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INDEPENDENT NEWS FROM RUSSIA

October Oil Output Sets New Record

By The Moscow Times

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Oil output in Russia, the world's top crude producer, rose 4 percent to a record 10.26 million barrels per day in October as new fields went on stream on Sakhalin Island, Energy Ministry data showed on Tuesday.

October's oil output beat the all-time high of 10.16 million bpd the previous month.

Production has risen by more than 70 percent from a low of 6 million bpd in 1999 after years of underinvestment following the collapse of the Soviet Union.

Growth has kept surprising on the upside over the past few years as state national champion Rosneft and other Russian and foreign companies have invested in new fields.

Russia's crude output in October again exceeded Saudi Arabia's, whose production was limited by OPEC-imposed quotas and was broadly steady last month at 8.3 million bpd.

But the kingdom also has more than 4 million bpd of idle capacity, mothballed to prop up oil

prices, which in October were locked in a trading range between $80 and $85, up from between $72 and $80 in September.

An Iranian official said earlier this week that the Organization of Petroleum Exporting Countries needed the cooperation of Russia, which is not a member, to help improve oil market stability and increase crude prices.

Russian oil output slumped to 10.06 million bpd in August, largely because of maintenance at the Sokol field in the Pacific oil region of Sakhalin.

But in September, the ExxonMobil-led Sakhalin-1 project, working under a production-sharing agreement, commissioned a new field, Odoptu, which will produce 30,000 bpd in 2011.

"The new October record is purely due to the PSA projects, where production jumped 25 percent month on month," said Bank of Moscow analyst Sergei Vakhrameyev.

Oil exports via Russian pipeline monopoly Transneft jumped by 22 percent on the previous month to 4.97 million bpd.

Russia's daily gas output showed a seasonal recovery to 1.87 billion cubic meters in October, up almost 17 percent from September's output of 1.6 bcm per day as daily production at energy giant Gazprom rose 22 percent to 1.49 bcm.

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