The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Oil Output Reaches Another Post-Soviet High

By The Moscow Times

September 04, 2011

Oil output in Russia hit a new post-Soviet high of 10.28 million barrels per day in August with production increases at TNK-BP and Gazprom, the Energy Ministry said Friday.

Overall crude production last month edged up 0.2 percent from 10.26 million bpd in July.

Russia retained its position as the world's top oil producer ahead of Saudi Arabia, which also increased production last month to 9.9 million bpd, up 50,000 bpd.

Oil production in Russia increased in August by 2.1 percent year on year, while output growth reached 1.3 percent in the first eight months of the year compared to the same period a year ago.

According to the International Energy Agency, Russia's oil production peaked at 11.41 million bpd in 1988, when it was still part of the Soviet Union. Russia accounted for 90 percent of total

Soviet oil output.

The Energy Ministry said in a presentation Friday that it still expects 2011 output to come in at 509 million tons (10.23 million bpd), up from 10.145 million bpd in 2010, expecting further growth in September to another record high of 10.29 million bpd.

Gazprom, suffering from a seasonal decline in gas production, contributed most to Russia's oil output with a 7.6 percent increase in condensate extraction month on month.

The Energy Ministry includes gas condensate, produced by Gazprom and other companies, in its oil production data.

"Gazprom surprised with increasing condensate production. TNK-BP also showed great operational results," Denis Borisov from Bank of Moscow said.

According to the statistics, TNK-BP increased its production by 1.3 percent month on month with 13 percent growth at its East Siberian Verkhnechonskoye oil field.

Far-flung East Siberian deposits are seen as a new source of crude production as traditional West Siberian mature fields become increasingly depleted.

Natural gas production plunged 6.1 percent to 45.42 billion cubic meters in August from 48.40 bcm in July, following seasonal cuts in demand.

Gas output at top gas producer Gazprom declined 8.2 percent last month to 32.83 bcm.

"This is the worst August in the history of Gazprom. Gazprom produces as much gas as it can sell. Low production reflects problems with sales," said Mikhail Korchemkin of East European Gas Analysis.

"Export sales are lower because Russian gas is the most expensive on the European market," he added, also saying domestic sales are affected by Russia's slow economic recovery and steady growth in regulated prices for gas.

Analysts expect Russia's gas production to fall further as consumers in Europe, its leading market, had stockpiled volumes in the spring in anticipation of price rises.

"But the decline in volumes is offset by growth in prices," said Oleg Maximov from Troika Dialog.

Original url:
https://www.themoscowtimes.com/2011/09/04/oil-output-reaches-another-post-soviet-high-a9320