

Russian Crude Production Hits Another Record Level

By [The Moscow Times](#)

November 02, 2011

The  Moscow Times

Cuts in the export duty pushed Russia's oil production, the world's largest, to a post-Soviet high of 10.34 million barrels per day in October, the Energy Ministry said Wednesday.

This compared with a previous record high of 10.3 million bpd hit in September.

But gas output at Gazprom slumped year on year on the back of high gas prices.

Russia has kept ahead of Saudi Arabia as the world's largest crude producer. Last month the kingdom's output declined to 9.4 million bpd from 9.5 million bpd.

October was the first month of the new "60-66" taxation regime for the Russian oil industry, which cut duties on crude oil and some refined products to stimulate output of high-grade oil products and crude.

TNK-BP contributed the most to the crude production increase, with output edging up 0.2

percent month on month to 6.27 million tons.

Overall daily natural gas production increased 13 percent to 1.80 billion cubic meters last month from 1.59 bcm in September. Gas output at Gazprom rose 15 percent month on month to 1.35 bcm a day.

But Gazprom's output dropped 9.2 percent from October 2010 as buyers in Europe struggled to cope with high gas prices — approaching \$500 per 1,000 cubic meters — and had bought volumes in advance.

"It is the lowest October production in the history of Gazprom," Mikhail Korchemkin of East European Gas Analysis said.

The state corporation has been suffered from competition with independent producers including Novatek, whose production jumped 54 percent year on year to an all-time high of 4.8 bcm last month.

Gazprom, which covers a quarter of Europe's gas needs, is also facing rivalry with the spot market, where prices are cheaper, and with alternative fuels, such as liquefied natural gas. It still aims to increase its gas export to Europe to 155 bcm this year from about 138.6 bcm in 2010.

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