

January Oil Production Achieves New High

By [The Moscow Times](#)

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Oil output from Russia hit a record high last month thanks to higher pumping rates at Rosneft and Gazprom.

Oil production growth in Russia, which is expected to flatten in coming years, again surprised analysts on the upside as it hit a post-Soviet record monthly high of 10.36 million barrels per day in January, the Energy Ministry said Thursday.

This was up from 10.32 million bpd in December. The previous monthly record in oil production of 10.34 million bpd was reached in November and October.

Overall daily natural gas production edged up to 2.04 billion cubic meters last month from 2.03 bcm in December, while gas production at Gazprom stood at 1.56 bcm a day in January compared with 1.55 bcm in the previous month.

According to the Energy Ministry, production at Rosneft's Vankor field in East Siberia increased 4.4 percent month on month in January to 330,000 bpd, while Gazprom's condensate output — an item that falls into the crude oil production category — shot up 11 percent to 342,000 bpd.

"The new record was quite unexpected if you look at the previous months' statistics. Gazprom's gas condensate helped a lot to improve the figures. It looks like we are in for a long upward trend with Gazprom," Denis Borisov from Nomos-Bank said.

Last year, oil output in Russia averaged a post-Soviet record of 10.27 million bpd as several new fields, which account for about 13 percent of total production, came on stream.

The Energy Ministry expects crude output to grow by about 1 percent against the backdrop of greenfield production ramp-ups and commissioning of Gazprom's Prirazlomnoye deposit — the first Arctic offshore field, which Russia is about to start developing.

This would be slower than the 2.2 percent rise in 2010 and 1.2 percent increase in 2011.

"I would expect flat production as output at new fields will offset a decline at mature deposits," Borisov said.

Prirazlomnoye will be the only major oilfield to be launched in Russia this year. Peak production at the field, with estimated reserves of 526 million barrels, stands at 120,000 bpd within several years.

Russia relies heavily on oil and gas revenues, which constitute about half of its budget.

According to a Reuters poll, tensions between Iran and the West over Tehran's nuclear program have pushed up expectations for the average price of Brent crude oil in 2012 to more than \$107 a barrel from a previous forecast of \$105.20. This compares to a record-high average of \$110.91 last year.

Rosneft plans to buy Sberbank's 35 percent stake in the Taas Yuriakh oil project for \$444 million, Bloomberg reported.

Rosneft chief executive Eduard Khudainatov and Sberbank CEO German Gref signed a preliminary agreement on the eastern Siberian oil project at a ceremony Thursday in Moscow.

Sberbank acquired stakes in Taas Yuriakh as well as the Dulisma oilfield from Urals Energy in a debt settlement in 2009.

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