

LUKoil Pushes Russian Oil Output to Record Volumes

By [The Moscow Times](#)

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A recovery in LUKoil's crude production nudged up oil output in Russia, the world's largest producer, to 10.53 million barrels per day, or bpd, in September to match the post-Soviet record high, Energy Ministry data showed Wednesday.

That was up from 10.52 million bpd in August and matched the previous record reached in June. In tons, Russia's crude production was 43.08 million last month.

Output was above the 10.05 million bpd pumped last month by quota-bound Saudi Arabia which, unlike Russia, has spare capacity to increase its oil output significantly and which is still the world's No. 1 oil exporter.

Russia aims to keep oil output at least 10 million bpd this decade.

Unconventional oil production, such as hard-to-recover "tight oil," is seen as the next major

source of increased output, helped by new tax breaks.

But the government, faced with budget cuts amid faltering economic growth, is considering changes to the tax system that would eventually lead to a higher tax burden for most oil companies.

LUKoil has been struggling with declining oil production for the past three years. Depleted deposits in west Siberia, which account for over half of the company's upstream portfolio, have prevented the company from stabilizing its output.

The company has been expanding its business abroad to halt the production decline. It expects to start production at Iraqi's huge West Qurna-2 oilfield later this year or at the beginning of 2014. It forecasts its total hydrocarbon output to rise this year by about 2 percent.

The ministry data showed that LUKoil's oil production in Russia edged up by 0.5 percent in September, month on month, thanks to an improvement at its Komi and Perm units.

Russia's fourth-largest oil company, Gazprom Neft, the oil arm of the world's top natural gas producer Gazprom, also contributed to the overall production rise in the country, with a 0.6 percent increase last month.

Natural gas production in Russia jumped by 15 percent to 1.77 billion cubic meters, or bcm, a day in September on the back of healthy seasonal demand. There was a 20 percent increase at Gazprom, to 1.26 bcm per day, and a 9 percent rise at Novatek, to 138.5 million cubic meters a day.

LUKoil wants to leave a Russian consortium developing a large oil project in Venezuela, Kommersant reported Wednesday, citing sources close to the project.

A LUKoil spokesman declined to comment.

Lukoil is developing heavy oil in Venezuela's Orinoco basin as part of the Junin-6 consortium, led by Russian state oil major Rosneft.

LUKoil's president Vagit Alekperov discussed the company's exit from the project and the sale of its 20 percent stake with Rosneft's head Igor Sechin about a month ago in order to "optimize its assets portfolio," Kommersant reported.

Surgutneftegaz and TNK-BP, which was bought by Rosneft for \$55 billion earlier this year, have also decided to leave the consortium, citing the need to focus on domestic business.

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