

Rosneft Reserves Replacement Ratio Rallies

By [The Moscow Times](#)

January 21, 2014

The  Moscow Times

Rosneft reported an almost 180 percent hydrocarbon reserves replacement ratio in 2013 thanks to acquisitions and increased drilling, though the company expected only modest growth in oil output.

Rosneft's reserves life — or the amount of time they would last at current rates of production — amounted to 24 years, with 20 years for oil and 50 for gas.

Kremlin-controlled Rosneft, headed by Igor Sechin, a long-time ally of President Vladimir Putin, produces 40 percent of all Russian oil, in part thanks to its \$55 billion acquisition of the British-Russian TNK-BP oil firm last year.

As a state company it enjoys privileged access to enormous offshore hydrocarbon reserves that are off limits to its private competitors. It plans to develop its Arctic reserves in alliance with ExxonMobil, Eni and Statoil.

Rosneft said on Tuesday that under Petroleum Resources Management System, or PRMS criteria, its proven hydrocarbon reserves — the largest among the world's listed oil companies — rose to 41.8 billion barrels of oil equivalent, or boe from 39.1 billion boe a year earlier.

"During the past five years, the company has been steadily replacing more than 100 percent of its production by adding new reserves. Resource base growth is one of the key elements of increasing shareholder value," Sechin said in a statement.

Under the more stringent U.S. Securities and Exchange Commission's methodology, its proven hydrocarbon reserves rose to 33.0 billion boe as of Dec. 31, from 29.6 billion a year earlier.

As part of its buying spree, Rosneft last year acquired oil producer Taas-Yuryakh in East Siberia as well as Itera Oil and Gas Company.

Despite its vast reserves, Rosneft is penciling in annual production growth of only 1 percent until 2017. Output growth should then accelerate to between 3 and 4 percent as new projects ramp up.

Rosneft plans to increase production of natural gas to 100 billion cubic meters by 2020 from about 40 bcm in 2013. It has several projects that are due to come on line in the next couple of years.

It also wants to increase production at its major Vankor group of oilfield in East Siberia, where it expects to reach an output plateau of 500,000 barrels per day by 2019.

Original url:

<https://www.themoscowtimes.com/2014/01/21/rosneft-reserves-replacement-ration-rallies-a31273>