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Government Unfazed by Upcoming Influx of U.S. Oil

By The Moscow Times

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ST. PETERSBURG — Russian officials said they saw little threat from future U.S. exports of a type of ultra-light oil, approved last month after a 40-year ban, and that prices should hold up despite the extra supply.

With a budget dependent on oil revenues, Russia closely watches any changes in world supply, and news of a U.S. ruling that American companies can now export the light gaseous petroleum known as condensate prompted some analysts to see a fight for market share in Asia.

"I think it is not very sensitive [for global oil markets]," Elvira Nabiullina, the head of the Central Bank, told reporters at a conference in St. Petersburg.

"[Volumes] are likely to play on the side of keeping [oil] prices from rising further rather than depressing them," Nabiullina said.

A spokeswoman for the Energy Ministry agreed.

Analysts at Citi forecast that the U.S. could export as much as 300,000 barrels each day by the end of the year, but the Energy Ministry spokeswoman said this would not affect global markets.

Rosneft, Russia's top oil producer and the world's largest listed oil company by output, declined to comment.

Last year, global oil consumption rose by 1.4 percent to 91.3 million barrels per day, or BPD. The U.S. led last year, consuming almost 19 million bpd, followed by China with about 11 million bpd, according to BP statistics.

Russia, the world's second-largest oil exporter behind Saudi Arabia, sent about 16 percent of its total oil exports to Asia last year. Moscow plans to double this volume over the next 20 years.

A Reuters monthly poll forecast Brent crude oil would average $108 a barrel in 2014 — the highest average forecast of a Reuters poll so far this year and well above the $105.90 average projected last month due to unrest in Iraq and Ukraine.

Oil and gas account for more than half of budget revenues and officials have estimated the average price for Russia's main export blend, Urals, at $104 per barrel this year and $100 from 2015 to 2017.

Up to 1 million barrels of condensate is produced each day in the U.S., all of which can be exported after some basic refining to reduce volatility, known as stabilizing, according to the U.S. ruling.

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