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Russia's LUKoil Launches Siberian Oil Field Ahead of Schedule

By The Moscow Times

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LUKoil plans to produce 200 tons of oil per day at the Imilorskoe field this year.

IMILORSKOYE FIELD, West Siberia — Russia's No. 2 oil producer LUKoil launched an oil field in western Siberia ahead of schedule on Wednesday, a major step in its drive to prop up falling production and to weather U.S. sanctions over Ukraine.

The United States imposed sanctions on LUKoil and other Russian energy companies last month, preventing U.S. firms from supporting the Russian firms' activities in exploration or production from deep water, Arctic offshore or shale projects.

The sanctions have also limited the companies' access to Western capital markets.

"The field is launched, though there is a difficulty with raising finance," CEO Vagit Alekperov told reporters at the Imilorskoye field.

The ceremony was held near the town of Kogalym, which is represented by the letter "K" in

the LUKoil's acronym. The other two first letters stand for Siberian towns of Longepas and Urai.

The field, which is part of the Imilorskoye group of fields with total extractable oil reserves of 194 million tons (1.4 billion barrels), was originally due to be launched in March next year.

West Siberia is at the heart of Russia's oil industry, the world's largest by output. However, oil production there has been In decline due to depletion at the fields.

The company, controlled by Alekperov and his deputy Leonid Fedun, managed to halt a decline in oil production last year after three straight years of decreasing production thanks to its new assets in Russia.

LUKoil plans to produce 200 tons of oil per day at the field this year. In 2015, it plans to produce 300,000-400,000 tons, while in five years annual output is set to reach 3 million tons with a future maximum annual production of 5 million tons.

The company's investments into the field are set to reach 100 billion rubles ($2.5 billion) in 20 years, Alekperov said. He did not specify the concrete period.

LUKoil's oil production stood at 90.8 million tons in 2013. The company expects the output to stabilize this year.

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