The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

LUKoil Chief Says Russia Not Coordinating Policy With OPEC

By The Moscow Times

May 19, 2015



Vagit Alekperov

SOFIA — Russia is not coordinating its oil policy with OPEC, the chief executive of LUKoil, the country's second biggest oil producer, said on Tuesday.

Some producers in the Organization of the Petroleum Exporting Countries, keen to preserve their market share, have said they would only consider cutting output to defend oil prices if others outside the group did so too.

Vagit Alekperov also told Reuters in an interview that Russia and OPEC might, however, exchange views on technology and market forecasts.

"Neither the Soviet Union nor the Russian Federation have ever been OPEC members and the Russian Federation doesn't plan to join this organization," Alekperov said on a visit to Bulgaria, where the company is launching a new $1.5 billion plant.

"Therefore ... the Russian government does not coordinate its actions with OPEC members."

Russia's Energy Minister Alexander Novak will take part in an OPEC seminar in Vienna on June 3-4, ahead the group's policy-setting meeting on June 5.

Russia, the largest oil producer outside OPEC, was seeking closer ties with the group as oil prices collapsed last year but was unwilling to cut production or exports to support prices.

Alekperov's company pumps around 2 million barrels of oil per day — a little more than Norway as a whole.

LUKoil was on track to increase its oil production by 1 percent this year and planned to spend around $15 billion in investments, envisaging an oil price of $60 per barrel, Alekperov said.

"We are currently producing about 2.2 million barrels per day. This year we will stabilize production or increase it by 1 percent. This will only depend on what volumes Iraq will take from West Qurna project," he said. "But at present we are on track for 1 percent growth," he added.

Oil and gas sales account for about half of Russia's state budget revenues. The oil price has fallen sharply from a June 2014 level of $115 per barrel, though at below $66 it is off earlier lows.

LUKoil operates Bulgaria's only refinery and will launch a new plant in the Black Sea port of Burgas on Wednesday, helping raise the amount of crude processed there by more than 1 million tons to 6.8 million a year from 2016.

Original url:
https://www.themoscowtimes.com/2015/05/19/lukoil-chief-says-russia-not-coordinating-policy-with-opec-a46680