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Russia Sets Oil Production Record in 2016

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AP Photo/ Geoffrey Smith

Russia set a record for annual oil extraction in 2016 amid some of the lowest oil prices in recent history.

In 2016, Russia extracted 527,499 million tons of oil and gas condensate, a 2.5 percent increase from 2015. The figure represents a previously unseen high, according to data from Russia's Fuel and Energy Complex.

Natural gas extraction also grew to 640 billion cubic meters, a 0.7 percent increase from 2015.

However, according to the Fuel and Energy Complex, the record may not be the result of a true increase in production: The year 2016 was a day longer than 2015.

Since mid-2014, crude oil prices have fallen sharply, causing serious budget deficits and an economic recession in Russia. During the second half of 2016, oil prices largely hovered between $45 and $50 per barrel.

Russia's 2017 budget is predicated upon oil prices of $40 a barrel. The Russian government expects a deficit of 2.75 trillion rubles ($44.9 billion) this year, according to projections made in October.

The International Energy Agency predicts that Russia will produce up to 11.37 barrels of oil a day in 2017.

In November 2016, the OPEC countries agreed to decrease oil production by 1.2 million barrels a day to 32.5 million tons. In December, non-OPEC countries, including Russia, agreed to decrease production by 600 thousand barrels a day. Russian production cuts would account for 300 thousand barrels.

The cuts are set to begin this month. However, experts have doubted that the agreement will bolster the price of crude in the long run.

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