

Russia Posts Highest-Ever Natural Gas Output in Expansion Drive

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Yegor Aleyev / TASS

(Bloomberg) — Russia registered its highest-ever natural gas production last year amid plans to expand into China and boost sales of liquefied natural gas.

The nation's output of the fuel jumped 7.9 percent to 690.5 billion cubic meters, according to data emailed Tuesday by the Russian Energy Ministry's CDU-TEK unit. That beat the previous record, set in 2011, by 2.9 percent.

Russia, the world's largest gas exporter, is working to boost output with plans to increase production of LNG with new plants in an area that stretches from the Baltic region to its Pacific coast.

That will put the country up against the biggest producers of the super-chilled fuel, including Qatar, Australia and the U.S. Russia has resources to increase its LNG production almost 10 times by 2035, led by the privately-owned Novatek PJSC in the Arctic, according to the nation's Energy Ministry.

The country is also working to keep shipments to Europe near record levels this year as state-run Gazprom PJSC, the continent's biggest supplier, plans to start pipeline exports to China in late 2019.

Gazprom meets more than a third of Europe's demand for natural gas, Russia's biggest and most lucrative market worth some \$37 billion in revenue this year.

The U.S. became the world's largest natural gas producer in 2009, leapfrogging Russia thanks to its fracking revolution. It pumped 22.1 trillion cubic feet (about 626 billion cubic meters) of dry gas in first 10 months of 2017, according to December data from the U.S. Energy Information Administration. This was 11 percent higher than Russia for the same period.

The U.S. imposed financial sanctions against Novatek PJSC in 2014 after Russia annexed Crimea and last year added export pipelines to the list of sanctions against Russia, setting risks for Gazprom's projects. Russian President Vladimir Putin ordered the government in December to identify economic and political "threats" to the nation's gas projects as well as steps to take to overcome or minimize them.

Russia has resources to increase its LNG production almost 10 times to about 100 million tons by 2035, led by the privately-owned Novatek in the Arctic, according to the nation's Energy Ministry.

Officials in Moscow are also planning to improve gas-output forecasts in the nation's long-term energy strategy, adding planned and potential liquefied natural gas projects.

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