

Russia is Only 3 Years Away From Peak Oil, Energy Minister Warns

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Maxim Slutsky / TASS

Russia is only three years away from maximizing oil extraction output before costs and taxes drive down production, Russia's energy minister has warned.

The Russian economy has relied on its key export oil in the face of Western sanctions that drove down prices and weakened the ruble.

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"We expect about 553 million [metric] tons of oil production in 2018. We will reach a peak of 570 million tons in 2021," Interfax [quoted](#) Energy Minister Alexander Novak as saying Tuesday.

Almost half of current capacity could be lost in less than two decades, Novak said, with levels

expected to drop to 310 million tons by 2035. Current reserves stood at 29.7 billion metric tons of oil as of early 2017, he estimated.

Without stimulating oil production, the minister warned the budget risks losing 3.3 trillion rubles (\$46.2 billion) in taxes and 1.3 trillion rubles (\$19.4 billion) in investments beginning in 2022.

“This is the inevitable result of increased production costs and excessively high taxes in West Siberian oil fields,” Novak said.

The global benchmark Brent oil traded at \$79 a barrel following a rally of 1.25 percent on Tuesday. Crude prices consolidated after rallying the previous day on signs that OPEC would not be prepared to raise output.

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