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Russia's Gazprom Neft Urges OPEC to Raise Oil Output

The company's chief said it is ready to restore its oil output.

By Reuters

June 14, 2019

Head of Gazprom Neft Alexander Dyukov **Maxim Shipenkov / TASS**

OPEC and non-OPEC producers should raise oil production starting from the second half of the year to balance the market and keep prices at an acceptable level, Alexander Dyukov, the head of Russia's Gazprom Neft, said on Friday.

An oil price at $55-$65 per barrel is "acceptable" for Russian producers, he told reporters, adding that the company is ready to quickly restore its oil output, curbed by a global agreement.

His comments add to the pressure on the Russian Energy Minister Alexander Novak, who said on Monday that he could not rule out a scenario in which oil prices could fall to $30 per barrel if the global oil deal was not extended.

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The Organization of the Petroleum Exporting Countries and other large oil producing countries led by Russia - known as OPEC+ - agreed to withhold their combined oil output by 1.2 million barrels per day (bpd) from Jan.1 and until the end of June.

Their next meeting is due to take place in Vienna at the end of June or early July. Saudi Arabia, the OPEC kingpin, has said that all the participants in the agreement except Russia have agreed to extend it until the end of this year.

"I think some quotas increase for the countries involved in the OPEC+ agreement would be acceptable," Dyukov said.

Gazprom Neft could restore production to 1 million tonnes annually, or 20,000 barrels per day, and add another 1 million tonnes by the end of the year.

Gazprom Neft, the oil business of gas giant Gazprom , is Russia's fastest-growing oil producer in terms of output.

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Speaking at the annual general meeting earlier on Friday, Dyukov also said that the company plans to boost its dividend payout to 50% of net income in the medium term.

Dyukov said the company was interested in expanding in Iraq, where it is developing the Badra field, adding that it is looking at the Mansuriyah gas field near the Iranian border.

Iraq's government is expected to launch a tender to develop the field this year.

Gazprom Neft said earlier this month that it would set up a joint venture with Shell to develop an oil field in Yamal peninsula, estimated to hold reserves of around 1.1 billion tonnes of oil.

Vadim Yakovlev, Gazprom Neft's first deputy CEO, said its initial investment is seen at 100 billion roubles, with plans to increase it.

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