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Russian Oil and Gas Output Continues Rising Despite Setbacks

Production increased despite the dirty oil crisis and a recent dip in gas exports.

By bne IntelliNews

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Oil and gas production is up by 2% and 3%, respectively. **Yegor Aleyev / TASS**

Russian oil and gas production climbed further in the first seven months of 2019, despite cutbacks relating to the dirty oil crisis and a recent dip in gas exports.

Crude oil and condensate output from January to July grew by 2% year on year to more than 325 million tons (11.2 million barrels per day), according to data published by the energy ministry's CDU TEK department. Extraction was down 0.6% year on year in July, however, at 47.15 million tons.

Output had slumped 10.7% to 11.11 million barrels per day in May, as exports via the Druzhba

pipeline were disrupted after it was found that millions of barrels of crude had been contaminated with organic chlorides. It then fell to a three-year low of 10.8 million barrels per day in early July, after national pipeline operator Transneft stopped receiving oil from state-owned producer Rosneft. The move was believed to be part of a larger dispute between the pair over efforts to resolve the contamination crisis.

Overall production for July came to 47.15 million tons (11.15 million barrels per day), according to CDU TEK, indicating that supply bounced back during the second half of the month. But this still marked a 0.6% decline on the amount produced in July last year.

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Rosneft produced 112.8 million tons in the first seven months of 2019, while leading private oil companies Lukoil and Surgutneftegaz produced 47.9 million tons and 35.1 million tons respectively.

Meanwhile, Russian gas production increased 3% year on year from January to July at 431.9 billion cubic meters, according to CDU TEK. The output for July alone was 54.66 billion cubic meters, up 0.5% year on year.

These gains came despite a 5.6% year on year slump in state-owned supplier Gazprom's exports countries outside the former Soviet Union between Jan. 1 and Jul. 15, down to 102.8 billion cubic meters. The company's output was unaffected by weaker European sales, rising 1.9% year on year to 294.5 billion cubic meters.

Russia's top independent gas producer Novatek extracted 40.86 billion cubic meters of gas in the first seven months, while Rosneft produced 25.43 billion cubic meters, Lukoil 11.93 billion cubic meters and Surgutneftegaz 5.58 billion cubic meters.

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