The Moscow Times
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Russian Government Values Oil Reserves at $1.2 Trillion

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September 20, 2019



Russia has been stockpiling gold, oil and gas. **Pixabay**

Russia's Ministry of Natural Resources and Environment has estimated the total value of Russia's oil reserves at 74.5 trillion rubles ($1.2 trillion), almost doubling the valuation over one year, the RBC news website reported. The total value of hydrocarbons, gold, diamonds, copper, and iron ore is estimated at 93.4 trillion rubles ($1.5 trillion).

Previously the ministry put the value of oil reserves at the end of 2017 at 39.6 trillion rubles. The reserves of natural gas were valued at 11.3 trillion rubles, and coking coal at 2 trillion rubles.

RBC noted that in volume terms the discovered reserves grew by only 8.7% to 9.83 million metric ton of oil equivalent, making a 73% year-on-year surge in monetary value. In U.S. dollar terms, the valuation of oil reserves increased by $385 billion to $1.07 trillion.

The business portal also said the ministry included all reserves in its calculations, not only those that are commercially extractible. Experts surveyed by RBC criticised the pricing methodology for its treatment of tax, as it based its calculations on the sales price and not the netback.

The ministry's valuation sees a Russian oil production cost of about 1,000 rubles per barrel, or $15.5, in line with previous government estimates of $8-20 per barrel.

The value of gas reserves increased to 14 trillion rubles, gold to 614 billion rubles, iron ore to 1.2 trillion rubles and diamonds to 546 billion rubles.

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