

Russia's Oil Reserves Will Last Through 2080 – Government

Country also has a century of gas deposits under its soil, but unclear how much will be profitable to extract.

May 11, 2021



Russia vies with Saudi Arabia to be the world's second-largest oil producer. **Dmitry Verkhorobin / Gazprom Neft / TASS**

Russia's vast oil reserves are enough to last until at least 2080 at current production levels, the head of Russia's Natural Resources Ministry said Tuesday.

In an [interview](#) with the RBC news website, Natural Resources Minister Alexander Kozlov said Russia has the equivalent of 59 years of oil deposits and 103 years of gas reserves. The true scale of fossil fuel deposits under Russia's soil could be even larger, but will require additional state support to accelerate exploration in hard-to-reach areas, such as beneath the Arctic permafrost, Kozlov added.

State-controlled oil giant Rosneft is at the head of Russia's ambitious plans to develop its

Arctic energy resources through a \$110-billion investment [program](#) that the company hopes will deliver 100 million tons of oil a year — equivalent to around a fifth of Russia's current annual production — create 130,000 jobs and involve the construction of 15 new towns and two regional airports.

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But the project has been criticized by environmentalists and faces budgeting challenges, with Rosneft having lobbied for billions of dollars in tax breaks it says are needed to make the project financially viable.

The Natural Resources Ministry [estimates](#) only around a third of Russia's known reserves will be profitable to extract with currently available technologies. Under U.S. and EU sanctions on Russia's energy sector over the 2014 annexation of Crimea, Western energy companies are banned from sharing advanced extraction technology which could have helped Russia exploit its tricky Arctic deposits.

Russia's economy is heavily dependent on sales of oil and gas, with energy taxes set to account for a quarter of the government's budget in 2021 and mining activity making up 40% of Russia's GDP.

The sector is also expected to come under increased pressure in the coming decades from decarbonization efforts in Europe, Russia's largest market. Analysts at Russia's Central Bank have recently warned about the heavy [impact](#) Brussels' plans for an EU carbon border tax could have on Russia's fossil-fuel heavy exports to the bloc.

After oil output declined for the first time in a decade last year, Russia's Energy Ministry forecasts oil production will never again hit pre-coronavirus levels and is [expected](#) to enter terminal decline from 2029 onwards.

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