

# Transneft Chief Says Oil Output to Keep Growing

By [The Moscow Times](#)

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**The**  **Moscow Times**

Russian oil output will continue to grow in coming years, helped by new fields in East Siberia, the head of oil pipeline monopoly Transneft said Tuesday, adding that the current oil price was fair and should not go higher.

Russia overtook Saudi Arabia as the world's largest oil producer earlier this decade and is pumping more than 10 million barrels per day despite predictions that it could face an output collapse as West Siberian reserves become depleted.

"If you note who speaks about apocalyptic prospects [of output decline], you will see that these are mainly representatives of foreign companies," said Nikolai Tokarev, who heads the world's largest pipeline monopoly.

"They are limited in reserves additions, production increases and increases in market capitalization. I would not share this point of view that we will face dark times," said Tokarev,

a close ally of Prime Minister Vladimir Putin.

Russia has put large strategic fields outside the reach of foreign companies as part of its drive to strengthen its grip over natural resources and boost its national champions.

"Even during the tough, difficult years of 2008-09, we had a growth of 1.5 to 2 percent. So production was not falling. ... I'm sure [production will grow]," said Tokarev, often dubbed Russia's oil export tsar.

He said incremental production would come from the giant East Siberian Vankor field and neighboring deposits, which all together will be producing 1 million bpd later this decade.

He said oil firms had scaled back investments over the past two years because of stretched finances but have recently boosted capital expenditures again.

In the short term, this may mean lower-than-expected output in West Siberia and increased sulfur content in Urals, Russia's main export grade, he said. Tokarev said he was happy with the current oil price.

"We have been living the whole year within this price range [about \$78 per barrel]. ... It means the price is fair," he said.

"This price covers all costs of oil companies, makes sure their business is profitable. It makes no sense to push it higher. Otherwise speculation and bubbles will begin," he said.

Tokarev also said Russia had not abandoned the idea of creating large oil stockpiles to become a swing producer.

But he added that the ideal size of the stockpiles should be about 15 million to 25 million tons, and given Transneft's current heavy investments in new pipelines, the project was too expensive to be completed any time soon.

NIZHNY NOVGOROD — Russian oil production will hit a new post-Soviet high this year of more than 500 million metric tons, Energy Minister Sergei Shmatko said Tuesday.

He also said a more moderate ruble appreciation will offset the negative impact from tax hikes in the domestic oil industry.

Russian oil output grew by about 1.5 percent in 2009 to a post-Soviet high of 494.228 million tons, putting the world's largest crude producer on an upward trend again after a 2008 blip.

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