

Oil Output Remains High While Gas Output Is Down

By [The Moscow Times](#)

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Russia pumped 10.26 million barrels per day of crude oil in July, matching a post-Soviet high recorded in May and retaining the title of top producer as its closest rival, Saudi Arabia, rapidly closes the gap.

Russia also pumped 10.26 million bpd in October 2011. The June rate was 10.2 million bpd.

By comparison, Saudi Arabia pumped as much as 9.8 million bpd in June, an increase of as much as 900,000 bpd in response to the loss of Libyan supply after it failed to persuade OPEC of the need for a coordinated increase.

While the kingdom had the spare capacity to ramp up production by nearly 10 percent in a month, Russia's top oil companies are struggling to grow by just a few percent a year.

Rosneft said it hit a record 2.4 million barrels per day in July, with an increase in output at its

new Vankor field and extra drilling at its biggest unit, Yugansk, accelerating its current growth rate to 1.5 percent to 2 percent.

Russia's Soviet-era oil heartland is on the decline, and the government is working to provide incentives to coax capital-intensive new fields on line and staunch the declines.

Deputy Prime Minister Igor Sechin has pitched the case for multibillion-dollar foreign investment in harsh, remote new oil provinces as a means to guarantee supply during times of shock.

Natural gas output stood at 48.4 billion cubic meters, down from 50.67 bcm in June, a fall of 7.6 percent on a daily basis.

The decline is probably seasonal, but analysts are watching to see whether export customers who buy from Gazprom will reduce offtake in the second half, when the price they pay under Gazprom's oil-linked long-term contracts is set to rise sharply.

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