

Eurasia Drilling Warns of Possible Drop in Rosneft Work

By [The Moscow Times](#)

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Eurasia Drilling Company, Russia's largest provider of onshore drilling services, said Tuesday that it expected full-year revenues of between \$3.4 billion and \$3.5 billion, in line with last year, due to high drilling activity.

Eurasia said it drilled a record 6.26 million meters last year, up 3.5 percent on 2012. Eurasia operates in Russia, in the Caspian Sea and Iraq and was created when the country's No. 2, LUKoil, spun off its drilling assets in 2004.

But it warned negotiations with Rosneft may end up reducing its cooperation with the state oil company, which now accounts for a quarter of its drilling, sending Eurasia's shares 6 percent lower in London trade.

Eurasia accounts for about 30 percent of the total number of meters drilled in Russia and its largest clients are LUKoil and Rosneft. For 2013, it preliminarily posted \$3.5 billion

in revenues.

"We expect our overall market share to be maintained with strong demand for our services," Eurasia's chief financial officer Richard Anderson said in a statement.

Rosneft, the world's top listed oil company by output, is teaming up with international majors such as ExxonMobil, Statoil and Eni for developing unconventional oils and Russian offshore production.

Analysts say Russian oil production, the world's largest with a daily average of 10.5 million barrels last year, needs new technologies to develop hard-to-recover oil, including hydraulic fracking, along with offshore drilling rigs.

As Russia hopes to at least maintain its oil output with up to 90 percent of production still coming from its increasingly depleted West Siberian fields, the next couple of years are set to become a golden age for drilling companies.

"2014 will to be another busy year ... as the market fundamentals continue to be excellent," CEO Alexander Djaparidze said in the statement.

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