



## Russian Arctic Oil Vital to Russian Economy

**OE Watch Commentary:** Arctic oil and gas extraction is paying off for Gazprom and Gazprom's majority stock holder, the Russian government, as the accompanying excerpted article from *The Independent Barents Sea Observer* reports. The Gazprom CEO, Alexey Miller, reported the good news directly to President Putin. In a time of Western economic sanctions, this can only be good news from the Russian perspective. **End OE Watch Commentary (Grau)**

*“As Gazprom, celebrates its 25-year anniversary, it can also record a historical high in natural gas exports. In a meeting with President Putin last week, company CEO Aleksey Miller confirmed that exports in 2017 amounted to 194.4 billion cubic meters, the company's biggest annual volume ever. According to Miller, the 2017 result is 90 percent higher than the result in 1993, the year when Gazprom was privatised. The biggest part of the export growth - as much as 30 percent – was during the last three years.”*

**Source:** “Gazprom's Export from Arctic Goes Record High,” *The Independent Barents Sea Observer*, February 2018. <https://thebarentsobserver.com/en/industry-and-energy/2018/02/gazproms-exports-arctic-goes-record-high>

*Russian natural gas now accounts for as much as 34.7% of the European market, its biggest share ever. And volumes are likely to continue to grow... With new export pipelines North Stream-2 and the TurkStream, more natural gas can be sold to European consumers. The Arctic constitutes an increasingly important priority for Gazprom. In 2017, the company's flagship project in the region, the Bovanenkovo field in the Yamal Peninsula, produced as much as 82.8 billion cubic meters of gas. And more is to come. By year 2020, the company intends to produce an annual of 115 billion cubic meters from the field.*

*According to Aleksey Miller, the ... Yamal Center is becoming its most important priority.... Huge additional reserves have been added to its resource portfolio. Further, the regional Tambey fields hold an estimated 7.7 trillion cubic meters...*

*Gazprom previously estimated its potential natural gas exports from Yamal to up to 360 billion cubic meters. In 2017, the company's total production amounted to 471 billion cubic meters. Gazprom was originally established in 1989. It originated from the Soviet Ministry of Gas Industry, and became the Soviet Union's first state run corporate enterprise. On 17 February 1993, Gazprom became a joint stock company. It is majority owned by the Russian government.*



Gazprom Headquarters in Moscow (2010).

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