

NEFTE COMPASS[®]

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SPOT CRUDE OIL PRICES

(\$/barrel f.o.b. terminal, or c.i.f. destination)

	Jun 7	May 31	Chg.
Dated Brent f.o.b. (38 API)	126.89	125.53	1.36
Russian Urals c.i.f. NWE (31 API)*	91.63	92.13	-0.50
Russian Urals c.i.f. Med (31 API)†	97.53	98.03	-0.50
Azeri Light (35 API)	132.13	133.23	-1.10
CPC Blend c.i.f. Med (45 API)†	121.48	121.98	-0.50
ESPO (35 API)	92.89	97.47	-4.58
Dubai (30 API)	115.60	112.35	3.25

PRODUCT PRICES

(\$/ton, c.i.f. basis)

	Jun 7	May 31	Chg.
ICE LSGO Futures (front month)	1,336.50	1,244.25	92.25
ICE LSGO Futures (second month)	1,269.75	1,199.00	70.75
0.1% Gasoil NWE*	1,321.50	1,237.75	83.75
0.1% Gasoil Med*	1,347.25	1,234.50	112.75
10 ppm Diesel NWE*	1,277.75	1,308.75	-31.00
10 ppm Diesel Med*	1,344.50	1,252.00	92.50
HSFO NWE*	601.00	628.00	-27.00

LSGO – low sulfur gas oil. *Basis Rotterdam. †Basis Augusta. Source: Energy Intelligence

GEOPOLITICS

St. Petersburg Forum to Feature New Goals, Friends

The 25th St. Petersburg International Economic Forum next week is going to be very different from previous prewar gatherings.

The delegations of Western executives and politicians that attended the event for years to meet with members of the Russian government and President Vladimir Putin to reassure them of their commitment to Russia are all gone. Those friends who remain, including neighbors from the former Soviet Union, are facing a choice between deepening their ties with Moscow or staying away to avoid possible complications because of Western sanctions against Russia over the invasion of Ukraine nearly four months ago.

In his address to the participants of the forum, which is being held under the slogan “New Opportunities in a New World,” Putin noted that it was taking place at “a difficult time” for the whole global community. He pointed to “the mistakes of Western countries in economic policy over many years and illegitimate sanctions,” which had led to “global inflation, the disruption of usual supply chains, and a sharp increase in poverty and food shortages.”

But Putin believes that the challenges also bring new opportunities and that the coming decade will usher in “a period of economic sovereignty” for Russia. The task for the country would be to expand and upgrade the national infrastructure and technology base, enhancing specialists’ skills and creating an independent and efficient financial system.

Those targets are to be at the center of discussions at the forum on Jun. 15–18. Reflecting Russia’s focus on internal development, the majority of deals to be signed on the sidelines of the forum are expected to be among domestic companies, although international cooperation would be on the agenda, too, as Putin assured that Russia remains open for such collaboration.

One of Moscow’s aspirations is a closer partnership among Eurasian Economic Union countries — which along with Russia includes Belarus, Kazakhstan, Armenia and Kyrgyzstan — and its expansion to cooperation with “big Eurasia,” including China, India, Iran and Turkey. According to a report by Russia’s Vnesheconombank cited by *RBC Daily*, the joint share of those states in global GDP could increase to 46% by 2035 from 39% in 2019, coming close to or even exceeding the share of Western economies, which now stands at more than 50%.

Friends in Need

The forum will host a number of sessions devoted to Russia’s relations with separate regions and countries, including Egypt, China, Turkey, Africa and Latin America.

It remains unclear in what format Middle Eastern delegations would participate. Last year, Qatar was a special guest at the forum with a grand pavilion presenting investment opportunities in the Gulf country.

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Saudi Arabia's Energy Minister Prince Abdulaziz bin Salman last year flew all the way from the kingdom just to participate in the session chaired by Russian Deputy Prime Minister Alexander Novak after which he immediately returned home. It was seen as a sign of great respect for Novak, who is to hold a similar session on global energy balances in the new environment again this year.

There have been talks about a Libyan delegation traveling to St. Petersburg. Tatneft has again said it would resume work in Libya by the end of this year.

Taliban representatives would attend. Recently, there have appeared reports that they are willing to buy Russian energy resources for Afghanistan.

African countries are to come to the forum. Putin met last week with the chairperson of the African Union, Senegal's President Macky Sall, while the chair of the Federation Council, or upper house of the Russian parliament, Valentina Matvienko, has just visited Zimbabwe and Mozambique in preparation for the second Russia-Africa forum. The first took place in Sochi in 2019.

Due to Covid-19 restrictions, China could participate via video link. No major deals are expected to be inked with Russia's powerful neighbor, as Beijing currently provides political rather than economic support to Russia. Beyond increasing purchases of discounted Russian crude oil, Chinese companies and financial institutions are largely putting their relations with Russia on hold. Chinese state majors are not in any hurry to pick up assets from Western oil companies exiting Russia, either. Keen to avoid secondary sanctions, firms are waiting for the situation to become clearer, analysts say.

Energy and Bread

Those who would come to St. Petersburg seek Russia's grains, fertilizers, oil and gas. All those topics will be on the agenda.

Rosneft will still hold its traditional energy panel at which CEO Igor Sechin is to give a lengthy presentation devoted to the current trends on the global markets. Usually it was attended by Rosneft's partners, including top executives from international majors and traders, such as BP, Exxon Mobil, Eni, Equinor, Vitol, Glencore, Trafigura and others. It will be interesting to see who will speak this year.

The green agenda that dominated a lot of sessions last year is set to be among the top issues again, especially in light of the doubts about the ambitious strategies for an accelerated energy transition following geopolitical tensions this year. But there are no doubts the issue will regain its momentum again in the longer term.

Staff Reports

UPSTREAM

Russia Keeps Close Eye on Opec Balancing Act

The Opec-plus meeting last week proved to be more important for Moscow than usual. Prior to the gathering, Opec's de facto leader Saudi Arabia and other Gulf producers had been under huge pressure from the US to end market management cooperation with Russia and increase oil flows to global markets.

Citing a high-level source, Russia's *Izvestia* newspaper reported that the US had offered to lift a freeze on weapons supplies to Saudi Arabia in exchange for Riyadh agreeing to exclude Russia from the Opec-plus alliance and to ramp up production. Riyadh turned down the offer, according to the newspaper.

This followed a report by the *Wall Street Journal* claiming that some Opec members were considering suspending Russia from the producer alliance because of its inability to pump more oil under sanctions.

The issue was discussed during the visit of Russia's Foreign Minister Sergei Lavrov to Bahrain and Saudi Arabia last week. Lavrov said he had been assured that all Opec-plus participants remain committed to the deal.

Moscow officials have consistently said that market management cooperation is significant for Russia. Its importance would only grow following the EU embargo on Russian oil.

Still, Moscow will be watching carefully a possible revival of US-Saudi ties and a planned meeting between US President Joe Biden and Saudi Crown Prince Mohammed bin Salman later this year.

Bigger Output

The decision by the Opec-plus ministers to increase production by 648,000 barrels per day in both July and August — up from the monthly increments of 432,000 b/d that it was growing output in the last nine months — was a demonstration of a delicate balancing act being performed by Saudi Arabia. At the same time as offering a goodwill gesture to the Biden administration, Riyadh is also interested in keeping Russia on board.

Indeed, even if Russia's production falls by some 30% because of sanctions, as some expect, it would still be pumping 7 million–8 million b/d, which is significant enough to impact the global balance.

Russia's production of crude oil and gas condensate rose by 123,400 b/d in May to 10.184 million b/d compared with April.

Russian Deputy Prime Minister Alexander Novak repeated last week that in June, output could grow even more, although it is unlikely to be enough to offset the loss of almost 950,000 b/d in April.

Russian production of crude oil, excluding condensate, rose by 77,000 b/d to 9.231 million b/d last month, according to official data. However, this was far behind its 10.549 million b/d May quota under the Opec-plus deal, which will increase to 10.663 million b/d in June and 10.833 million b/d in July and August.

Steady Exports

Russian crude oil exports to non-FSU states, excluding transit of Kazakh, Azeri and Turkmen barrels, averaged 5.212 million b/d in May, down by 178,000 b/d from April when exports were extremely high due to higher demand in anticipation of new sanctions and because of a heavy maintenance season at Russian refineries. Despite the decline, May exports to non-FSU states were higher than those in March, February and prewar January.

Exports via the system of national oil pipeline operator Transneft stood at 4.632 million b/d in May, which was just 15,000 b/d lower than in April. Most of the decline in May was the result of a drop in exports that bypass Transneft's system. Those fell by 163,000 b/d versus April to just 580,000 b/d in May after Exxon Mobil declared force majeure at the Sakhalin-1 project in Russia's Far East, which had been exporting roughly 200,000 b/d of Sokol crude from the De-Kastri terminal. There were also no shipments to neighboring Belarus in May.

Port and pipeline exports in the western direction showed what traders said was an "impressive" performance by Russia. Exports from the Baltic Sea terminals of Primorsk and Ust-Luga totaled 1.588 million b/d, just slightly down from 1.595 million b/d in April. The May loading program for Primorsk was fully met, while there was less crude exported from Ust-Luga than initially planned. Some companies managed to receive additional allocations in the Baltics during the month to meet customer demand. In the Black Sea, exports rose to 576,000 b/d in May versus 547,000 b/d in April largely due to improved weather in the region.

Russian pipeline shipments via the Druzhba pipeline totaled 845,000 b/d in May compared to 870,000 b/d in April. Market players insist that at least till the end of 2022 Druzhba shipments should remain relatively stable. The EU oil embargo granted exemptions for pipeline imports.

Russian pipeline shipments to China totaled 837,000 b/d in May, slightly up from 828,000 b/d in April. At sea, Russian exports to Asia, including China, via the Pacific port of Kozmino dropped slightly by 20,000 b/d on the month to 787,000 b/d.

Staff Reports

EXPORTS

Russia Shifts Oil Sales Focus to Eastern Expansion

Russia is stepping up efforts to ensure that it would be able to reroute oil export flows to Asia once traditional Western customers are barred from buying its barrels following the recent oil embargo finalized by the EU last week. With the embargo not coming into force until Dec. 1, and with exemptions for pipeline exports, Russia has seemingly shifted its focus toward looking at upgrading existing infrastructure in the east rather than concentrating on long-term plans to build new pipelines.

Industry sources say that the issue of expanding the capacities of the Pacific port of Kozmino at the end of the East Siberia-Pacific Ocean (Espo) pipeline was high on the agenda at a meeting in the energy ministry last week, shortly after the Jun. 1 deadline to prepare a plan for new infrastructure development for the redirection of Russian hydrocarbons from the west that was ordered by President Vladimir Putin.

Expansion of the 1.6 million barrel per day Espo pipeline and Kozmino port is seen by Moscow as one of the ways that would allow it to quickly ramp up shipments to the Asia-Pacific market, mainly China, which is already absorbing more Russian barrels, attracted by the huge discounts on offer.

Respite for Murmansk

Industry sources say that the planned expansion now tops the agenda, while plans to build a new pipeline to the port of Murmansk to allow for further shipments via the Northern Sea Route in the Arctic have been slightly delayed. The aim is to give the Murmansk scheme time for more consideration, rather than drop it altogether.

Last year, exports from Kozmino totaled 35 million metric tons (702,000 b/d) but sources said the port was already able to handle almost 37 million tons/yr. Quick-fix solutions would allow the port to raise its capacity to 40 million-45 million tons/yr, while the authorities also discussed options to increase it to as high as 50 million tons/yr (1 million b/d).

While the 1 million b/d figure looks overoptimistic for some industry insiders, immediate solutions like the use of chemical additives are already helping to speed up flows to Kozmino via the Espo pipeline. Sources also say that dredging works have recently been completed in the port to allow both of the terminal's berths to load tankers with a higher deadweight. Espo crude from Kozmino is typically shipped in Aframax, of 80,000-120,000 deadweight tons, although Kozmino can also load Suezmax, typically of 160,000 tons. With two berths able to handle Suezmax, Russia could increase shipments from Kozmino simply by loading more crude, although questions still remain on the demand for such tankers.

Rail Option

The expansion of the Espo pipeline capacity itself is not high on the agenda as some crude can be shipped to Kozmino by rail from the Meget transshipment point in the Irkutsk region. Russian producers used to ship crude to Kozmino by rail from Meget when the Espo pipeline was under construction. Moscow was also considering using Meget for railway shipments to China through Mongolia.

In a sign that Moscow is focusing its efforts on expanding shipping capacities in the east, Reuters reported this week that exports from Kozmino might reach a record 880,000 b/d already in July, up sharply from 756,400 b/d planned for June. Kozmino export programs are no longer available as Moscow is closing access to all sensitive data, including mainly export data. However, shipping data show that exports from the port are running at high levels in early June.

Some industry players note cautiously, however, that a more systematic approach is required to allow Russian producers to increase shipments from Kozmino. Further construction work should be considered to increase both the port and pipeline capacity.

Quality is also a big issue as Espo crude has very strict parameters in terms of density and sulfur content. A direct rerouting of crude from the west to the east is not possible without damaging the quality of Espo crude, which has traditionally been traded at a premium to Dubai. Insiders say quality issues should also be high on the agenda when companies take the decision to reroute their barrels even if capacities allow.

Staff Reports

GAS

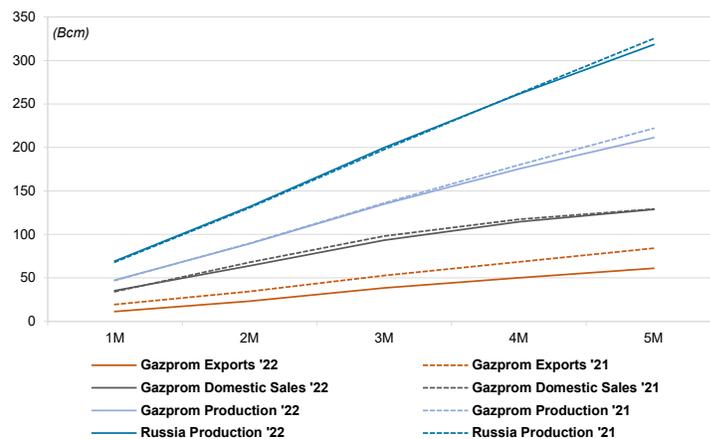
Russian Gas Production Hit by Export Decline

Falling gas exports to Europe have started pulling down Russia's overall natural gas production. Even the strong demand inside Russia cannot provide enough support, while domestic gas storage appears to be almost full and unable to take much more.

Russia's five-month production decreased 2.2% on the year to 318.2 billion cubic meters, while one month ago the year-to-date production was almost flat versus the first four months of 2021 (see graph).

In May, production fell year on year for the second consecutive month and totaled around 57 Bcm, down 10% from May 2021, according to industry sources (table).

RUSSIA'S YEAR-TO-DATE GAS PRODUCTION



Source: Gazprom, Energy Intelligence

The economic development ministry estimates full-year production to fall 5.6% to 720.9 Bcm in 2022.

Gazprom Bears the Brunt

Top producer and sole pipeline gas exporter Gazprom is mainly responsible for the decline in Russia's overall production. The state-run giant has seen its own production decline since February, although before April it had managed to avoid a sharp decrease despite a drop in exports.

Gazprom might have been relying more on new production this past winter and taking less from storage than a year ago. Indeed, Gazprom kept producing close to its maximum capacity of 1.5 Bcm/d in January-March, before going down to 1.35 Bcm/d in April.

In May, Gazprom produced 36 Bcm, or 1.16 Bcm/d, down 14% on the year and less than in any month of 2022 and 2021. Its five-month production fell 4.8% year on year to 211.4 Bcm.

Unusually cold weather in Russia pushed Gazprom's domestic sales up 17.7% on the year to 14.2 Bcm in May, but that couldn't offset a 31% drop in combined exports to Europe and China to 10.9 Bcm.

Diversification Challenge

The company had expected its full-year production to drop by 4% to 494.4 Bcm in 2022, but analysts suggest that production may fall further in the next several months, as domestic storage might already be brimming over, and there are no immediate alternative markets to replace the shrinking exports to Europe.

Growth in pipeline exports to China is limited to the planned Power of Siberia pipeline ramp-up to 15 Bcm this year from around 10 Bcm in 2021. More volumes will be added next year with the launch of the Kovyktinskoye field and an extra 800 km section of Power of Siberia, but the 38 Bcm/yr contract plateau is only expected in 2025.

Longer term, Russia seeks to intensify diversification through expansion of pipeline gas exports to China, LNG and petrochemical projects in response to the EU's plans to phase out Russian gas imports by 2027. A detailed plan for new infrastructure development was expected to be prepared by Jun. 1.

Exports Keep Falling

Gazprom's exports have kept declining in the beginning of June. The cutoff of three buyers from Northwest Europe on May 31 and Jun. 1 did not result in an immediate drop in gas flows via the Nord Stream pipeline supplying the region on Jun. 1-3. But flows did decrease on Jun. 4 due to a regular internal inspection that started on Jun. 3.

The inspection is scheduled to affect 11% of Nord Stream's technical capacity of slightly above 170 million cubic meters per day, from Jun. 3-17, 18.6% from Jun. 17-29 and 7.5% from Jun. 29 to Jul. 1. From Jul. 11-21, Nord Stream will fully shut down for annual maintenance.

The flows were at around 169 MMcm/d on Jun. 1-2, dropping to 166.2 on Jun. 3 and to around 155 MMcm/d on Jun. 4-5 and 157.2 on Jun. 6. They remain above the pipe's nameplate capacity of 55 Bcm/yr, or some 151 MMcm/d.

Ukrainian transit flows are also down in early June, falling to an average 41.7 MMcm/d from an average 66.8 MMcm/d in May. In mid-May, Ukraine stopped transit via one of the two entry points on the Russian border, reducing the available capacity by 30% to 77 MMcm/d, which Gazprom still doesn't use in full.

Staff Reports

CASPIAN

Kazakhs Push New Oil Blend to Beat Russia Ban

Kazakhstan has relabeled as Kazakh Export Blend Crude Oil (Kebco) the oil that it transports to world markets via the Russian pipeline system. The move is aimed at minimizing the impact on its export flows of EU sanctions against Moscow.

The switch, which takes effect this month, was welcomed by Kazakh oil producers, especially national champion Kazmunaigas (KMG), which rely on Russian state pipeline operator Transneft to get their barrels to market.

From now on, all the Kazakh crude that travels via the 300,000 barrel per day pipeline from Atyrau in Kazakhstan to the Samara blending station in Russia and is then shipped as standard Russian Urals crude out of the Baltics and Black Sea, will be known as Kebco.

KMG's deputy head of finance, Dauren Karabayev, told a briefing this week in Nur-Sultan that the purpose of the exercise was to make clear to the buyers of the crude that it originates from Kazakhstan, and not Russia. Under the previous system, the Kazakh barrels transiting Russia were designated as Russian Export Blend Crude Oil (Rebco), meaning they would be lumped together with Russia's own oil exports.

Kebco Price Hopes

The hope among Kazakh producers and traders is that Kebco, as a separate export stream, will sell at a lower discount to the dated Brent benchmark than Urals — even though they are of identical quality.

"Let's see how it works in practice," a European buyer of Kazakh crude says. "It's all the same oil, but customers and shipowners will now have definitive proof that it comes from Kazakhstan." The source says the switch also alleviates concerns that Kazakh-origin crude could mistakenly be included in the EU embargo on Russian seaborne oil imports, which comes into force in early December.

While most of the Kazakh crude going through Atyrau-Samara is heavy oil that is blended by Transneft into Urals, there are some lighter barrels that go through the pipeline and are then lifted as Siberian Light, which is of superior quality to Urals, from the Russian Black Sea port of Novorossiysk. Most of the light crude comes from the giant offshore Kashagan field, industry sources say.

One of the largest lifters of the new Kebco grade will be Swiss trading giant Vitol, which has been a prolific offtaker of Kazakh barrels for over 15 years, buying from big Kazakh producers such as Mangistaumunaigas and CNPC Aktobemunaigas. Much of the business is handled via an affiliated entity called EuroAsian Oil, trading sources say. KMG also ships its own oil out of the Black Sea to its Petromidia refinery in Romania.

Sunrise Pressure

The Kazakh government had been under pressure from a group of Kazakh oil producers, including KMG, to make the change as soon as possible. One of these is London-listed independent Caspian Sunrise, which exports all its oil from the BNG contract area in western Kazakhstan via the Transneft system and then sells it on to Western traders. In a statement, Caspian Sunrise said it has suffered a "significant" loss in revenue over the past few months because of sanctions against Russia, with Urals now selling at a discount of \$30-\$35 per barrel to Brent.

Caspian Sunrise, whose largest shareholder, with a 48% interest, is the family of Kazakh tycoon Kuat Oraziman, said it expected the discount to narrow as the rebranding takes effect and as India and China, which are not subject to any embargoes, step up their purchases of Urals crude.

The emergence of Kebco will have no impact on flows of CPC blend crude out of the Black Sea, which are running at around 1.4 million b/d and account for over two-thirds of Kazakhstan's overall oil exports. CPC exports via the Caspian Pipeline Consortium pipeline were disrupted for several weeks in March and April after a storm damaged two of three single point moorings at the South Ozereyevka terminal, but operations are now back to normal.

Paul Sampson, London

OIL MARKETS

India Props Up Russian Crude Exports

Under pressure from tightening sanctions, Russian key Urals crude oil is leaning harder on Indian refiners as crucial buyers at a time when the EU is phasing out Russian imports.

Indian imports of Russian crude, the bulk of which is likely Urals, more than doubled from April to May and appear poised to rise again sharply in the first half of June.

Russian crude arriving at Indian ports spiked to 850,000 barrels per day in May from 360,000 b/d in April, said Serena Huang, head of Asia-Pacific analysis at data analytics firm Vortexa. In contrast, India imported less than 50,000 b/d of Russian crude in 2021.

Preliminary shipping data indicate that Indian imports of Russian crude could spike to 1.3 million b/d in the first half of June, Huang added.

Indian refiners have continued to buy quietly, with Urals expected to arrive in India in June and July, including some cargoes bought "way in advance," said two traders.

One of them added that Indian refiners had bought Urals cargoes loading through July.

Tankers carrying Urals crude from export ports in the Black Sea and Baltic Sea take around 49 days to get to India's west coast if they round the Cape of Good Hope.

So any July-loading Urals that take the longer route would arrive in India in August or September.

Some Indian refiners are believed to have signed semi-term contracts for Urals for the second half of the year, said two trading sources.

The volumes are thought to total around 500,000–600,000 b/d, one of them added. Market talk has pegged the volumes at around

400,000–600,000 b/d, said the second trading source, adding that it's possible for volumes to rise above 600,000 b/d, given how cheap Urals is.

Traders Sound Alarm Over Russian Diesel

Europe's ultra-low-sulfur diesel (ULSD) traders are sounding the alarm about how the region will struggle to handle a full embargo on Russian fuel imports by the end of this year.

"Europe can't cope without Russian, it's nonsense to think it can," says a leading middle distillates trader bleakly.

"For sure flows will change ... [but] ... people don't seem to be thinking of the knock-on effects," he warns. "You are suddenly adding 400% to vessel transit times if [those] flows happen: four to six-day voyages are now 20–25 days [and] you soon run out of boats," he explains.

More replacement ULSD is already coming from East of Suez, especially Saudi Arabia and India, but the volumes would need to rise dramatically to cover the 800,000 b/d of ULSD Europe previously imported from Russia. Key export refineries at Jamnagar in India and Jubail in Saudi Arabia are both 25 days sailing to Rotterdam compared to just five days from Primorsk.

Russian ULSD is itself likely to have to travel longer distances to find new homes outside of Europe. Some is expected to flow to South America, potentially freeing up more US Gulf Coast barrels for Europe, with the remainder likely to be pushed into markets in Africa.

Most Russian ULSD is still heading into European tanks but brokers flag recent shipments from Rotterdam to Nigeria that they say are almost certainly re-exports of Russian fuel.

Self-sanctioning by Western oil firms and tougher rules around doing business with Russia in Europe's banking and insurance markets are starting to take their toll on Russian export volumes.

Less than 1 million metric tons of Russian ULSD are now expected to load from the main Baltic port of Primorsk in June, down from 1.6 million tons per month prior to Russia's invasion of Ukraine. Smaller Black Sea loadings have been even harder hit with Novorossiysk shipments down from 500,000 tons/month to barely 100,000 tons in June.

Pricing agency Platts dropped Russian ULSD from its benchmark price assessment on Jun. 1, triggering an overnight jump in cash differentials from minus \$5.50 per ton to plus \$43/ton and emptying the pricing window of offers. Premiums against the front-month ICE low-sulfur gasoil contract have continued to rally over the short trading week, with cargoes now comfortably in the \$50s/ton.

Freddie Yap, Singapore, Kerry Preston, London

IN BRIEF

Lukoil Rebrands Shell Outlets

After buying Shell's downstream business in Russia, Lukoil said it would keep it as a separate subsidiary and develop it under the Teboil brand name.

The Finnish brand has belonged to Lukoil since 2005 following its acquisition of the fueling station network in Finland.

Lukoil said that the Teboil Russia team will be led by the former head of Shell filling stations in Russia, Vitaly Maslov.

Lukoil acquired 411 retail stations in central and northwest Russia, and the Torzhok lubricants blending plant, located 200 km northwest of Moscow, as a result of the deal with Shell. The plant will manufacture Teboil-branded products, too. Keeping the business as a separate subsidiary could make it easier to divest in future if needed.

US Bars Gazpromneft Shelf

The US Department of Commerce has added Gazpromneft Shelf, a subsidiary of Gazprom Neft, to its SDN list of entities under sanctions. The move limits the company's ability to receive technology and equipment from US companies.

Gazpromneft Shelf is developing Russia's so far only producing offshore field, Prirazlomnoye, and is responsible for the company's future offshore developments. These include the giant Neptun and Triton discoveries made offshore Sakhalin as well as the Severo-Vrangelievsky (North Vrangelievsky) license area in the Arctic offshore, which Gazprom Neft is developing with independent gas producer Novatek, and a number of other offshore license areas in the Arctic offshore.

Gazprom Neft itself has been under US financial and technology sanctions since 2014, but it is not on the SDN list.

Rosneft Sells Georgia Assets

Rosneft has sold its 49% stake in Petrocas Energy, a holding company dealing with oil products trading, retail and aviation fuel dis-

tribution, and logistics business in the Black Sea, South Caucasus, Caspian and eastern Mediterranean. The stake was acquired by the founding managing partner and the CEO of the Petrocas Energy group, Vano Nakaidze.

"As a result of the transaction, Rosneft exited completely its equity position in Petrocas Energy Group and two of its board representatives resigned from their directorship positions," Petrocas said.

Rosneft acquired a stake in Petrocas in 2014 as part of its regional expansion from businessman David Iakobachvili, who was supposed to remain the majority shareholder.

Being under EU sanctions, Rosneft could have become a toxic partner for Petrocas, whose assets include the oil terminal in the Georgian Black Sea port of Poti.

The group has offices in Cyprus, Moscow and Kazakhstan as well as Tbilisi, and owns one of the largest retail fuel station networks in Georgia operating under the brand name of Gulf Oil International.

Belarus Oil Imports Crash

Russian crude oil supplies to neighboring Belarus dropped to zero in April and May as planned maintenance at the Mozyr refinery was rescheduled due to the current political turmoil, including sanctions.

Russia was supposed to send 157,660 b/d to Mozyr in April-June. That is half the volume of Russia's usual supplies to the neighboring state as a result of US sanctions against the Naftan refinery reimposed last June. But even supplies to Mozyr fell to zero in April and May, while total supplies to the refinery stood at just 62,100 b/d in the first five months of 2022.

The planned maintenance at the Mozyr plant had been scheduled to end in April, but now the aim is to complete the work in late September. The refinery was earlier forced to reduce runs as a result of sanctions that limit exports of petroleum products and is in no rush to complete the maintenance.

Russia Sees Reserves Growth

Russia's natural resources ministry says that oil companies are so far not changing their exploration plans, which suggests there will be no decline in reserves growth this year.

Natural Resources Minister Alexander Kozlov said there would be no decline in exploration investment in the first six months of 2022 at least, while plans for the second half of the year have yet to become clear. The ministry believes that Russia will be able to show reserves growth this year in line with last year. Figures for 2021 were not officially published but preliminary data show that Russian oil reserves grew by 540 million metric tons and gas by 700 Bcm during the year.

Although Russian officials acknowledge the future is shrouded in uncertainty, the head of the commission on reserves, Igor Shpurov, said that Russia's reserves might grow by 27 billion toe by 2050 due to the development of hard-to-recover reserves and new technologies.

Gazprom Starts New Amur Unit

Gazprom is gearing up for the imminent launch of the third 7 Bcm/yr train of the Amur gas-processing plant in Russia's Far East.

The overall progress of the six-train 42 Bcm/yr Amur plant is 85.44%. The plant processes Power of Siberia pipeline gas for 38 Bcm/yr of exports to China. Both exports and Amur processing capacity should reach their plateaus in 2025.

The first two Amur trains are now undergoing restoration and pre-commissioning. The trains, combined into the first start-up complex, were launched in June and September 2021, but faced two fire incidents in October 2021 and January 2021.

The plant has now also started commissioning works at the second of three 20 MMcm/yr helium separation, liquefaction and packaging units. The first helium unit was launched in September 2021.

NEFTE COMPASS DATA

DATA: Comprehensive Nefte Compass datasets are available for download in the Nefte Compass Data Service, including FSU crude production, exports, refinery activity, prices, natural gas production and other fundamentals. Click [here](#) to access.

RUSSIAN REFINERY ACTIVITY, APRIL 2022

('000 b/d or metric tons)	Year-To-Date		Processing		Change From Previous Month		Apr Crude Oil Deliveries	
	(b/d)	(tons)	(b/d)	(tons)	(b/d)	(tons)	(b/d)	(tons)
Bashneft	272.9	4,473.3	195.6	801.7	-90.5	-409.9	163.6	670.3
Lukoil	847.3	13,890.0	842.6	3,453.1	31.0	16.2	787.1	3,225.9
Gazprom Neft	636.9	10,440.3	653.8	2,679.6	57.0	152.1	591.0	2,422.2
Surgutneftegas	378.9	6,211.0	415.5	1,702.8	48.7	149.5	414.8	1,700.0
Slavneft	296.3	4,858.2	231.8	949.9	-85.6	-394.2	226.3	927.4
Rosneft	1,300.4	21,318.3	1,014.7	4,158.6	-211.6	-1,034.9	959.9	3,934.0
TAIF-NK	126.8	2,078.2	40.8	167.1	-98.1	-421.0	36.7	150.4
Gazprom Neftekhim Salavat	133.6	2,190.3	118.8	487.0	7.1	14.0	0.0	0.0
Gazprom Refineries	137.9	2,260.0	127.5	522.6	-10.2	-60.4	0.0	0.0
IPC	95.8	1,570.6	92.9	380.8	-6.8	-41.4	95.4	391.0
Russneft	0.3	4.5	0.0	0.2	-0.3	-1.5	0.0	0.0
Tatneft	323.8	5,308.5	327.8	1,343.6	-2.4	-54.9	300.9	1,233.0
Novatek	141.9	2,326.9	135.2	554.2	-8.9	-56.1	0.0	0.0
FortelInvest	232.6	3,812.7	205.5	842.3	-19.5	-110.8	166.9	684.0
Rusinvest	108.9	1,785.9	96.5	395.5	-5.3	-35.5	90.3	370.0
Petrosakh	0.6	10.1	0.5	2.2	-0.1	-0.4	0.0	0.0
Mariisk	3.7	60.6	3.3	13.4	-5.5	-23.5	0.0	0.0
Krasnodareconeft	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Yaroslavl-Mendeleyev	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	387.0	6,343.6	351.2	1,439.3	70.7	251.6	304.6	1,248.3
Russia Total	5,425.5	88,942.8	4,854.1	19,893.7	-330.1	-2,061.3	4,137.4	16,956.5

('000 b/d or metric tons)	Mazut		April Output		Gasoline		Jet Fuel	
	(b/d)	(tons)	(b/d)	(tons)	(b/d)	(tons)	(b/d)	(tons)
Bashneft	13.9	62.6	74.7	300.2	58.8	207.4	0.0	0.0
Lukoil	91.0	411.0	372.5	1,498.0	209.0	736.8	22.7	85.2
Gazprom Neft	45.8	207.0	225.4	906.3	186.1	655.9	60.0	224.9
Surgutneftegas	141.0	637.0	167.8	674.6	70.1	247.2	5.7	21.6
Slavneft	87.8	396.7	53.8	216.4	40.4	142.3	21.1	79.1
Rosneft	175.1	791.2	319.9	1,286.5	215.7	760.5	25.0	93.9
Taif-NK	4.9	22.1	17.9	71.9	5.5	19.6	0.0	0.0
Gazprom Neftekhim Salavat	9.0	40.6	43.8	176.0	32.5	114.7	0.0	0.0
Gazprom Refineries	6.6	29.7	27.6	110.8	56.7	200.0	4.2	15.7
IPC	30.5	137.8	21.1	85.0	7.4	26.0	2.6	9.6
Russneft	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0
Tatneft	0.0	0.0	179.5	721.7	56.2	198.1	7.2	27.0
Novatek	0.0	0.0	0.0	0.0	0.0	0.0	22.9	85.9
FortelInvest	33.3	150.6	24.0	96.6	13.2	46.6	0.0	0.0
Rusinvest	0.0	0.0	42.8	172.2	1.0	3.7	0.0	0.0
Petrosakh	0.0	0.0	0.0	0.0	0.2	0.7	0.0	0.0
Mariisk	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Krasnodareconeft	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Yaroslavl-Mendeleyev	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	49.0	221.2	4.8	19.2	13.3	46.9	0.2	0.7
Russia Total	687.8	3,107.6	1,575.5	6,335.8	966.2	3,406.1	171.6	643.5

Table is based on the following factor for conversion to barrels: Crude oil and gas condensate - 7.32; Mazut - 6.64; Gas Oil - 7.46; Gasoline - 8.51; Jet Fuel - 8.00. Crude deliveries include deliveries via the Transneft pipeline system only. Totals may not add due to rounding. Data for the previous month were revised. Download full dataset [here](#). Source: Energy Intelligence.

NEFTE COMPASS DATA

DATA: Comprehensive Nefte Compass datasets are available for download in the Nefte Compass Data Service, including FSU crude production, exports, refinery activity, prices, natural gas production and other fundamentals. Click [here](#) to access.

RUSSIAN GAS PRODUCTION, MAY 2022

(MMcm)	Year-To-Date	May	Change From Previous Month
Lukoil	7,843.9	1,568.4	78.4
Surgutneftegas	3,566.8	706.1	9.0
Rosneft	18,781.5	3,918.5	396.8
Gazprom Neft	14,481.3	2,953.2	78.8
Slavneft	342.0	70.3	1.6
Russneft	893.1	179.8	4.5
Tatneft	375.9	78.5	3.0
Bashneft	323.0	57.7	-2.4
IPC (Neftegasholding)	2,450.0	530.3	26.2
Russian Oil Company Total	49,057.6	10,062.8	596.1
Novatek	33,594.5	6,529.4	174.6
Gazprom	211,400.0	36,000.0	-4,400.0
Other Producers	11,338.7	2,170.6	-290.3
PSA Operators	12,791.1	1,875.6	-595.7
Russia Grand Total	318,181.9	56,638.4	-4,515.3

Download full dataset [here](#). Source: Energy Intelligence

RUSSIAN CRUDE OIL AND GAS CONDENSATE PRODUCTION

('000 b/d)	May 22	%Chg.	Apr 22
Rosneft	2,986.9	-16.63%	2,710.2
Lukoil	1,606.9	7.84	1,609.7
Surgutneftegas	1,171.2	6.95	1,193.3
Gazprom Neft	804.4	5.15	790.3
Tatneft	573.6	0.67	573.6
Other Producers	3,040.5	3.34	3,183.1
Russian Grand Total	10,183.6	-2.57%	10,060.2

Change from May '21. Table is based on conversion rate of 1 metric ton = 7.32 barrels. Source: Energy Intelligence