Oil and Gas News Briefs
Compiled by Larry Persily
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Pennsylvania governor proposes gas severance tax for the 5th time

(Philadelphia Inquirer; Feb. 4) - When Pennsylvania Gov. Tom Wolf delivers his budget address Feb. 5, he is expected to call for more money for public schools, a higher minimum wage for Pennsylvania workers, and a new tax on natural gas production. In doing so, the Democratic governor who is unfettered by re-election concerns, will have to persuade a more conservative, Republican-controlled legislature to approve his plan.

Wolf will not ask for hikes in the income or sales tax, the state's two biggest revenue-generators. But he will try for the fifth time to persuade lawmakers to impose a severance tax on drillers — although with a twist. The state imposes a drilling fee but no severance tax on gas production. The state in November 2018 averaged 18 billion cubic feet of gas production a day, almost 20 percent of the nation's total output. The governor said last week that he plans to seek a severance tax on gas to help fund disaster recovery and infrastructure projects.

The governor is not proposing to use the new tax to balance the state's books, as he has in past years. Instead, if the measure were approved — a long shot in the historically resistant legislature — the money would funnel through a separate account. A severance tax has long been opposed as being detrimental to the industry. But the thinking this year is that dedicating the revenue to disaster recovery and infrastructure might convince lawmakers, who would be lured by the promise of more money in their district, to buy in.

Industrial property tax breaks an issue in Louisiana governor's race

(The Associated Press; Feb. 4) - More than two years have passed since Louisiana's Democratic Gov. John Bel Edwards rewrote the rules governing a decades-old industrial tax break, and the business community furor seems to have peaked just in time for election season. It could become a major influencer in the governor's race, in a state heavily tied to the chemical plants that benefit from the property tax break.

A school board vote to block two tax exemptions sought by ExxonMobil in Baton Rouge has triggered loud criticism of the governor's actions and hand-wringing over possible harm to Louisiana's business climate. One Republican running against Edwards in the October election — Eddie Rispone, whose company serves the manufacturers that benefit from the tax breaks — has made criticism of the changes a main talking point.

At issue is the 80-year-old Industrial Tax Exemption Program, which gives approved manufacturing facilities an exemption from local property taxes for up to 10 years. Together Louisiana, a group of faith-based and community leaders, has called for more scrutiny of applications, describing the state approval process as a corporate giveaway. In June 2016 Edwards issued an executive order tying the breaks to job creation and retention and giving local governments a say in whether exemptions are issued. But tax breaks continue. In December a company planning a $16 billion LNG export terminal in Calcasieu Parish won an exemption that could be worth up to $2 billion over 10 years.

Qatar and Exxon will build $10 billion LNG export terminal in Texas

(S&P Global Platts; Feb. 5) - Qatar Petroleum and ExxonMobil have agreed to build their long-proposed Golden Pass LNG export terminal in Texas, across the river from Cheniere Energy's Sabine Pass facility in Louisiana, ExxonMobil said Feb. 5. The $10 billion-plus redevelopment of the Golden Pass receiving terminal will be a significant addition to U.S. Gulf Coast export capacity when it starts up in 2024 with the ability to produce up to 16 million tonnes per year.

The terminal was initially built as an import facility, but after the shale revolution unlocked vast amounts of cheap gas, developers, especially those along the Gulf Coast, began looking at exports instead. Golden Pass has not imported any gas since June 2011. In its statement announcing the final investment decision, ExxonMobil said it will hold a 30 percent stake in the project, with Qatar Petroleum holding 70 percent. Houston's McDermott International, San Antonio's Zachry Group, and Japan's Chiyoda International said they will perform the engineering, procurement, and construction work.

In recent months, Qatar has stated an aggressive position toward expanding its gas and LNG operations in the United States. In addition, ExxonMobil said Qatar Petroleum will join it in exploration and development in Argentina, Brazil, and Mozambique. “For Qatar, this serves as a counterbalance to the Saudi-U.S. relationship,” Leslie Palti-Guzman, president of GasVista, a New York-based consulting firm, told The New York Times. “Saudi Arabia and Qatar right now are looking to invest in the U.S. liquefied natural gas play, and both think it’s going to carry favor with the Trump administration.”

FERC approves start-up process at Elba Island LNG in Georgia

(Houston Chronicle; Feb. 4) - Federal regulators have given Houston-based pipeline operator Kinder Morgan the green light to begin a weeks-long start-up process for the first production unit at the company's Elba Island liquefied natural gas export terminal in Savannah, Georgia. In a Feb. 1 order, the Federal Energy Regulatory Commission gave permission to start introducing gas into equipment at the $2 billion LNG plant.

The gas will be used to test the plant's equipment in a process known in the industry as "commissioning." Kinder Morgan hopes to have the first of 10 production units being built at Elba Island in service by the end of the first quarter. The facility will be able to produce up to 2.5 million tonnes of LNG per year once all 10 units are operational. Elba Island LNG is a joint venture between Kinder Morgan and Washington, D.C.-based private-equity firm EIG Global Energy Partners.

Originally built as an LNG import terminal in the 1970s, record gas production in U.S. shale basins prompted Kinder Morgan to seek permission to reconfigure the facility into an export terminal. Kinder Morgan found a partner in Shell, which holds a 20-year contract to market and export all the LNG produced at the Georgia facility.

Cameron LNG in Louisiana could start producing in next few weeks

(S&P Global Platts; Feb. 6) - Sempra Energy's $10 billion Cameron LNG export terminal is "very close" to start-up and could be ready to begin liquefying natural gas in the next few weeks, project officials said Feb. 6. At the facility in Hackberry, south of Lake Charles, Train 1 is 99 percent complete, officials said. The exact timing for first LNG production and first export is unclear and could be pushed into the second quarter that begins in April, as the operator continues to test equipment.

Cameron LNG will be able to move somewhat quicker than some of its peers. That's because its storage tanks already have a sizable amount of LNG in them that was left over from when the facility was an active receiving terminal a decade ago. The tanks already are cooled down, making it unnecessary for Cameron LNG to bring in an import cargo for that purpose, as Cheniere Energy did when it started up at Sabine Pass, Louisiana, and Dominion Energy did when it started up Cove Point, Maryland.

The project — a joint venture of affiliates of San Diego-based Sempra, France's Total, Japan's Mitsui, and a company jointly owned by Japan's Mitsubishi and NYK — faced delays in late 2017 and early 2018. As many as 11,000 workers were on site last year as contractors pushed to get the project back on track. Sempra's goal is to have Trains 2 and 3 producing by the end of 2019. Cameron would be the fourth LNG export facility to start operations in the Lower 48 states, with two more moving close to start-up.

Oregon received tens of thousands of comments on LNG project

(The Oregonian; Portland; Feb. 6) - Tens of thousands of people have weighed in on the Jordan Cove Energy Project's permit application for its liquefied natural gas export terminal in Coos Bay and 229-mile feeder gas pipeline that would stretch across southwest Oregon. The majority appeared to speak out against the $10 billion project that would affect a broad swath of the state.

Oregon’s Department of State Lands accepted public comments through Feb. 3 on the project’s removal-and-fill permit, and the outpouring of public sentiment on the project is testament to the passions it has aroused, pitting economic development and jobs versus property rights and the environment. Over the 15 years that various iterations of the project have been under consideration, it has become one of the most divisive issues since the spotted owl in southern Oregon.

If allowed by state and federal regulators, the LNG terminal would be one of the largest infrastructure projects ever undertaken in the state. The state agency’s technical review will scrutinize the impact of running the pipeline across some 485 waterways, including horizontal drilling under the Coos, Rogue, and Klamath rivers, as well as dredging in the Haynes Inlet and Coos Bay shipping channel, and the potential for environmental damage and public health consequences that entails.

Gas pipeline protest camp also serves as healing center

(The Canadian Press; Feb. 3) - Staring at a fire outside a sweat lodge at the Unist’ot’en camp, Johnny Morris passes snow between his hands until it melts. The 31-year-old Wet’suwet’en man said he’s almost three months sober for the first time in years and he attributes it to his time spent on the land focusing on activities like trapping and ceremonial sweats. The camp is where protesters blocked access to a natural gas pipeline project, but the healing center is what’s significant to Morris and some others.

“Coming back to the roots of our ancestors, having access to the land, I’m able to trap, go hunting, harvest what’s out on the land, reconnect with my culture,” Morris said. “It truly is a medicine for my spirit, for my soul.” The conflict is over plans to build a gas line from northeastern British Columbia to LNG Canada’s export terminal in Kitimat. After a court order and several arrests, clan chiefs reached an agreement allowing pipeline workers access to a road through the protest camp, while leaving the camp intact.

Today, the largest building at the Unist’ot’en camp is the three-story healing center topped with solar panels. It has sleeping quarters, plumbing, a dining hall downstairs and a room upstairs for storage alongside foosball and pool tables. Down the path there’s a cabin and a bunkhouse with a mural of past Unist’ot’en leaders painted on its side. Members of the camp conduct “protocol” at the entrance into camp. Visitors and workers are asked questions such as who they are, how long they plan to stay and whether they’re doing work for government or industry that will destroy the land.

Anadarko signs up more buyers for Mozambique LNG

(S&P Global Platts; Feb. 5) - Centrica and Tokyo Gas have signed an agreement to jointly buy 2.6 million tonnes of liquefied natural gas per year from Mozambique LNG, U.K.-based Centrica said Feb. 5. The move follows a non-binding deal signed in June 2018 and marks an important step toward the final investment decision by the Anadarko-led Mozambique Area 1 partners, expected for the first half of 2019. The LNG will be delivered to either Europe or Asia. The contract runs to 2040.

With the deal, the companies want to take advantage of Mozambique's central location between Europe and Asia, whose gas markets have different supply and demand fundamentals. The agreement also represents the first long-term LNG procurement contract in Africa for both Tokyo Gas and Centrica, which is in line with their plans to diversify their respective supply portfolios. The onshore plant to liquefy and export Mozambique's prolific offshore reserves could be operational by 2024.

In addition, Anadarko last week agreed to sell 1.5 million tonnes per year of Mozambique LNG to China National Offshore Oil Corp. under a 13-year deal. It also has signed an agreement with Shell International Trading Middle East for 2 million tonnes a year for 13 years. Mozambique LNG is a two-train 12.88-million-tonne-per-year project. Partners include Anadarko (26.5 percent), Mitsui (20 percent), and with smaller stakes held by companies from India, Thailand, and Mozambique's national oil company.

BP sees expansion possibilities for LNG project in West Africa

(S&P Global Platts; Feb. 5) - BP expects its Greater Tortue Ahmeyim LNG project offshore Mauritania and Senegal to become increasingly cost-competitive as it moves into later expansion phases, a senior company executive said Feb. 5. BP and its partners took a final investment decision for the floating LNG project in December 2018.

It is designed in its first phase to export 2.5 million tonnes of LNG per year from an offshore area straddling the border between Mauritania and Senegal in West Africa before expanding to 10 million tonnes in later phases. "The real excitement comes in the next phases as we build the system out," BP upstream chief Bernard Looney said. "We will have pre-invested in the original infrastructure, so the subsequent phases will be extremely economic."

Looney said there is potential for addition gas finds in the region, with estimates of some 50 trillion to 100 trillion cubic feet of gas in place. The Greater Tortue Ahmeyim project is based on an estimated 15 tcf and is expected to produce its first gas in 2022. BP is developing the project with U.S.-based Kosmos Energy and local state energy companies Petrosen (Senegal) and SMHPM (Mauritania). BP Gas Marketing has been selected as the sole buyer for the LNG offtake in the first phase.

Industry group starts petition drive in support of Texas LNG projects

(Houston Chronicle; Feb. 6) - The Texas oil and gas industry is fighting against opposition to three proposed liquefied natural gas export terminals at the Port of Brownsville, with an online petition drive underway to support the projects. Texans for Natural Gas, an industry-funded group, has launched an online petition to counter opposition from a coalition of environmentalists, shrimpers, fishermen, and community groups working under the banner Save RGV (Rio Grande Valley) from LNG.

"Anti-LNG activists are trying to deny a transformational opportunity for families and workers in the Rio Grande Valley," said petition organizer Steve Everley. Houston-based NextDecade, Houston-based Texas LNG and Chicago-based Exelon are seeking to build LNG terminals in Brownsville. The projects' state and federal permit applications have generated hundreds of opposing comments from members of Save RGV from LNG compared to dozens of letters of support from politicians and business leaders.

Seeking to boost support for the projects from ordinary citizens, Texans for Natural Gas launched the petition drive less than a week after the Federal Energy Regulatory Commission granted Save RGV from LNG legal status to challenge the Texas LNG project. With financial sponsorship from oil and gas producers EOG Resources, EnerVest and ExxonMobil subsidiary XTO Energy, Texans for Natural Gas has launched 15 petition drives to support industry issues over the years.

Spot-market natural gas price at West Texas hub crashes to 21 cents

(Reuters; Feb. 5) - Next-day natural gas prices for Feb. 5 at the Waha hub in the Permian Basin in West Texas tumbled almost 90 percent to a record low as demand declined with warmer weather and pipeline constraints limited the amount of gas that can leave the area. Spot prices collapsed to an average of just 21 cents per million Btu.

That compares with an average of $2.13 so far this year, $2.10 in 2018 and a five-year (2014-2018) average of $2.80, according to data available on the Refinitiv Eikon. The Permian is the largest oil-producing shale basin in the United States, and since much of that oil comes out of the ground with gas, it is also the nation's second-biggest shale gas producing region, behind Appalachia in Pennsylvania, West Virginia, and Ohio.

With production of oil and gas more than doubling to record highs over the past five years, the Permian's pipeline infrastructure has not been able to keep up with the rapid growth in output. That has caused the basin's existing oil and gas pipelines to become constrained and forced some producers to burn or flare off some of the gas associated with oil production. Drillers want the oil, which is much more valuable than gas. Those gas constraints have hit hard at gas prices earned by producers.

Australian LNG developer loses construction claim over 3 words

(Australian Financial Review; Feb. 5) - How much value can be placed on three missing words in a letter to a business partner? About $55 million according to an Australia Supreme Court judgment handed down on Feb. 5. Oil and gas giant Santos lost its appeal over a $55 million guarantee from French bank BNP Paribas on behalf of U.S.-based contractor Fluor. The bank rejected the request because the letter requesting the funds was not in the correct form — and the court agreed.

The victory is a small skirmish as part of a wider $1.5 billion damages claim by Santos against Fluor over work it was contracted to complete on the $18.5 billion Gladstone LNG project in Queensland. The Court of Appeal in Brisbane found that Santos' notice of demand to the bank to claim the guarantee on behalf of Fluor did not comply with the performance security contract. At stake were the key words — "authorised signatory of".

A letter from Santos in 2015 demanded payment of the $55 million bank guarantee. A Santos official signed the letter "yours sincerely," with his title as general manager for development of the LNG joint venture between Santos, Petronas, Total, and Korea Gas. BNP Paribas refused to pay. It said the letter was defective because it wasn't on Santos letterhead and the official did not purport to be an authorized representative of Santos.

The form of demand under the performance security agreement required that any request for payment from the bank must conclude with "yours faithfully," the signature and then the words "authorised signatory of Santos Limited". The court ruled: "The letter of demand failed to comply with the requirements of the performance security."

U.K. shale gas leaseholder calls fracking rules 'unworkable'

(Reuters; Feb. 4) - British chemical manufacturer Ineos has called on the U.K. government to change its "unworkable" rules on gas fracking, which the company said could force the closure of the industry. Ineos has the largest shale gas license acreage in Britain and wants to develop the resource to reduce the company's reliance on gas imports, which it said would dramatically reduce its manufacturing costs. "Ineos calls upon the government to either make shale workable or shut it down," the company said.

"The government is shutting down shale by the back door and is betting the future of our manufacturing industry on windmills and imported gas," Ineos said in a statement on its website Feb. 4. Ineos said Britain must change its so-called "traffic light" seismicity regulations that require a stop to fracking for 18 hours if seismic activity of magnitude 0.5 or above is detected at drilling sites. Ineos said the restriction "has no sound basis in science and betrays a total lack of understanding of the shale extraction process."

The company said the U.K. should adopt the loser standard in force in the United States.

Cuadrilla, the only company to have fracked for gas in Britain, had to halt operations several times last year at its site in Northwest England due to seismic events that exceeded the limit. Cuadrilla has also said the regulations are too stringent. However, the government, which initially supported fracking to cut Britain's reliance on imports as North Sea gas supplies dry up, said earlier this year it has no plans to change the rules.

U.K. shale driller says seismic restrictions are too limiting

(Reuters; Feb. 6) - Tests of the first shale well at Cuadrilla's site in Northwest England show a rich reservoir of high-quality and recoverable gas, the British firm said Feb. 6, adding that the rules which constrain its well testing work should be eased. Cuadrilla is using hydraulic fracturing at the well, but the water-injection can cause tremors and environmentalists oppose its use. The company repeatedly stopped operations last year at its site in Lancashire because of minor seismic events. British regulations demand work be suspended if seismic activity of magnitude 0.5 or more is detected.

Cuadrilla said it could only partially test the horizontal shale well because of the government's seismic operating limits. It said it fully fractured 2 out of 41 stages along the horizontal well and less than 14 percent of the required sand was injected. Cuadrilla said more production data is needed to refine the preliminary results and this can only be done if seismicity limits are lifted to allow more effective fracturing.

The firm has asked the regulator to review its seismic rules to allow more thorough testing of exploration wells. Depending on the outcome, Cuadrilla plans to finish fracking its first well, start a second and carry out flow tests of both later this year. The British Geological Survey estimates shale gas resources in north England could reach 1,300 trillion cubic feet, 10 percent of which could meet Britain's demand for about 40 years.

Rwanda wants to harvest methane from 'Killer Lake'

(Reuters; Feb. 5) - Rwanda said on Feb. 5 it had signed a $400 million, seven-year deal to produce bottled gas from Lake Kivu, which emits such dense clouds of methane it is known as one of Africa's "Killer Lakes." The project by Gasmeth Energy, owned by U.S. and Nigerian businessmen and Rwandans, would suck gas from the lake's deep floor and bottle it for fuel. In theory, this should help prevent toxic gas bubbling to the surface. Rwanda already has two companies that take gas from Lake Kivu to fuel power plants.

Clare Akamanzi, CEO of the Rwanda Development Board, said bottled methane would help cut local reliance on wood and charcoal, the fuels that most households and tea factories use in the East African nation of 12 million. “We expect to have affordable gas which is environmentally friendly,” she said. “It’s part of our green agenda.”

The deep waters of Lake Kivu, which lies in the volcanic region on Rwanda’s border with the Democratic Republic of Congo, emit such dense clouds of methane that scientists fear they might erupt, killing those living along its shore. Eruptions from much smaller methane-emitting lakes in Cameroon, one causing a toxic cloud and another sparking an explosion, have killed a total of nearly 1,800 people. The shores of Lake Kivu are much more densely populated.

Canadian, Kuwaiti partners OK $4.5 billion plastics plant in Alberta

(The Canadian Press; Feb. 4) - A C$4.5 billion project to turn propane into plastic will help deliver world prices to land-locked Western Canadian oil and gas producers, said Calgary-based Pembina Pipeline. The company said Feb. 4 it has decided with its joint-venture partner, Kuwait’s Petrochemical Industries Co., to go ahead with their integrated propane dehydrogenation plant and polypropylene upgrading facility near Edmonton.

The plants’ plastic pellets will be sent by rail and shipping containers to manufacturers worldwide to be turned into recyclable products used in automobiles, medical devices, food packaging and electronics. The plants will be built next to Pembina’s Redwater fractionation complex, which extracts liquids such as propane, ethane, and condensate from gas. They will consume about 23,000 barrels per day of propane. The project is part of a resurgence in spending on chemical industry projects in Canada.

Pembina was awarded $300 million in royalty credits in 2016 as an Alberta government incentive for the project. At the same time, Calgary-based Inter Pipeline Ltd. received $200 million in credits for its nearby $3.5 billion polypropylene project, which is now under construction. The credits allow producers to reduce their royalty payments to the government and, as such, can’t be directly claimed by petrochemical plants themselves, but Pembina has struck a deal with gas producers to share in the royalty-credit benefits.

China bought too much LNG as warm winter hurts demand

(Reuters; Feb. 5) - China’s imports of liquefied natural gas rose to monthly record in January, even as the country grapples with high gas inventories amid a warmer-than-usual winter, according to shipping data and industry sources. The world’s second-largest LNG importer took 6.55 million tonnes of LNG in January, beating the previous record in December by nearly 2 percent, according to Refinitiv Eikon shipping data.

China’s imports last year surged 41 percent from 2017 after gas shortages last winter prompted buyers to stock up on supplies and pre-order cargoes, with Beijing continuing to push millions of households to switch to gas from coal for heating. But the import growth is not without problems, an industry source said. “When people see these numbers, they think Chinese demand is up ... but actually it is causing a headache (for importers) as (they) have overbought and can’t find demand to absorb the cargoes.”

China National Offshore Oil Corp. resold at least one LNG cargo in January and possibly another, an unusual move during what is typically a peak demand period and highlighting this year’s warmer weather, industry sources said. Meanwhile, James Taverner, of energy consultancy IHS Markit, said he expects China’s gas demand growth should decelerate from the past two years. “Coal-to-gas switching mandates are moderating due to... security of supply concerns, and weakening economic growth.”

North American oil-by-rail averaged 718,000 barrels a day last fall

(Wall Street Journal; Jan. 31) - The use of trains to carry oil is surging after dropping in recent years amid concerns about spills and safety, as drillers in parts of North America produce more than area pipelines can handle. An average of 718,000 barrels of crude a day traveled America’s railways as of October, the latest data available, an 88 percent increase from a year earlier, according to the U.S. Energy Information Administration. That compares with a peak average of 1.1 million barrels in October 2014.

Much of the recent oil-train growth is due to record shipments from Canada, where pipeline expansion projects have stalled amid environmental opposition and legal delays. Rail shipments also have ticked up from North Dakota’s Bakken and the Permian Basin of West Texas and New Mexico, according to energy-monitoring firm Genscape. The rail comeback is expected to last through late this year in the Permian, and longer in North Dakota and Canada, as companies struggle to lay new pipe.

Shipping by train is more expensive than sending it by pipeline, so producers often avoid making long-term commitments to rail companies. It costs about $20 a barrel to send oil by rail from Canada to the U.S. Gulf Coast, compared with about $12.50 by pipeline, said energy investment bank Tudor Pickering Holt & Co. But pipeline projects typically lag behind growth in oil and gas output. North American oil production topped 15.6 million barrels daily in August, a 17 percent annual increase, according to the EIA.

Permian success story now up to 4 million barrels a day

(New York Times; Feb. 3) - In a global collapse of oil prices five years ago, one field withstood the onslaught and even thrived: the Permian Basin, straddling Texas and New Mexico. A combination of technical innovation, aggressive investing, and copious layers of oil-rich shale have transformed the Permian, once considered a worn-out patch, into the world's second-most-productive oil field.

Even now, with prices still far below their peak, the Permian is bursting with production and exploration. The biggest concern is how to create more pipeline capacity to get all that oil to market. The drilling frenzy in the Permian has enabled the U.S. not only to reduce oil imports, but to become a major exporter for the first time in half a century. Mounting Texas exports have pressured global prices down and are a major reason that Russia and Saudi Arabia recently cut their own production to push oil prices back up.

Last year alone Permian output rose by a million barrels a day, and it could surpass the Ghawar field in Saudi Arabia, the world's biggest, within three years. Now producing 4 million barrels a day, the Permian generates more oil than any OPEC member except Saudi Arabia and Iraq. Companies found ways to cut exploration and production costs in tapping the Permian. New technologies for drilling and hydraulic fracturing helped bring the breakeven price for the best wells from over $60 a barrel to as low as $33.

The Permian is distinct from other shale fields because of its enormous size, the thickness of its multiple shale layers — some as fat as 1,000 feet — and its proximity to refineries on the Gulf of Mexico. Today the biggest risk, at least for producers, is that too much output might drive down prices too much and jeopardize their profitability.

Russia may take longer to fulfill oil production cutback pledge

(Bloomberg; Feb. 5) - Russia's oil producers may take longer than expected to achieve the production cuts the country agreed to under the OPEC+ deal. Russia's compliance with the pact between the Organization of Petroleum Exporting Countries and its allies is crucial to the success of the entire agreement. In December when the details of the deal were being agreed to in Vienna, Energy Minister Alexander Novak was instrumental in smoothing out differences between the group of producing countries.

So far Russia has lagged behind its OPEC partners. Last month Saudi Arabia, which made the largest output reductions of the group, criticized the pace of Russia's production cuts. Saudi Arabia expects to reduce oil output once again in February and pump for six months at levels "well below" the production limit it accepted under the OPEC accord, Energy Minister Khalid Al-Falih said.

In January, Russia produced 11.376 million barrels a day, according to Bloomberg calculations, a 42,000 barrel-a-day decline from October. Novak has said that Russia aims to curb its oil production by 228,000 barrels a day from the October baseline within the first quarter. But not all Russian oil majors complied with the cutback agreement last month, preliminary data from the Energy Ministry unit showed. Novak has said the production cuts are voluntary for producers and that they need to be implemented gradually due to the harsh climate and challenging geology in Siberia.