

Russian Energy Sector in March 2026

Attacks

In March, there was both a quantitative and qualitative shift in the intensity and consequences of attacks by the Armed Forces of Ukraine on facilities of Russia's energy sector.

If during the first half of the month only two attacks on oil pumping stations, two attacks on electrical substations, and one attack on a gas carrier were recorded, then after March 14 an additional six oil refineries, one substation, an oil depot, and a tanker were attacked, as well as two ports—Primorsk and Ust-Luga (both on the Baltic Sea). During the period from March 23 to March 29, each of these ports was attacked at least three times.

Among the qualitative changes, the following can be highlighted:

Attack on a Gas Carrier. The attack was carried out in the Mediterranean Sea against the vessel "Arctic Metagaz" (IMO: 9243148). The tanker was sailing under the Russian flag and was fully loaded with gas. Attacks on gas carriers do not pose the threat of an environmental catastrophe, unlike attacks on oil tankers, which made it possible to strike a fully loaded gas carrier. A strike against a gas carrier is more painful for Russia than an attack on an oil tanker, since gas carriers are in short supply. It is known that at least three other gas carriers changed their routes after the attack and began sailing around Africa, which increases the duration of a single shipment and further exacerbates the shortage of gas carriers.

Attacks on Ports. As a result of the attacks, several storage tanks for crude oil and petroleum products, as well as oil-loading equipment and berths, were hit. For example, in the port of Primorsk, 8 out of 18 tanks were destroyed and 5 were damaged. In Ust-Luga, out of 33 large tanks, 5 were destroyed and 11 were damaged. Damage to three tankers that were being loaded at the time was also reported. As a result, in the last week of March, shipments amounted to only 4 tankers for Primorsk and 2 tankers for Ust-Luga, compared to 10 and 8 tankers respectively the week before. The suspension of shipments led to the redirection of oil flows to Black Sea ports; however, the volumes that need to be rerouted are such that it is likely impossible to ship all of the oil.

Intensification of Attacks on Oil Refineries. Considering that 6 attacks on oil refineries occurred within half a month, the intensity became significantly higher than during all winter months and nearly returned to the level of last autumn—10–16 attacks per month. This intensification is likely related to the deterioration of the balance between gasoline supply and demand in Russia. This is confirmed by the new ban on gasoline exports from Russia until 31 July. Ukraine is likely attempting to deplete resources and gasoline reserves in order to prevent storage facilities from being filled and thereby further aggravate the already traditional gasoline crisis in the second half of summer.

Another qualitative change is the beginning of arrests of sanctioned tankers off the coasts of various EU countries. In March, at least three tankers were arrested by the authorities of Sweden, France, and Belgium.

The **Druzhba oil pipeline** has still not been restored following the Russian attack in January 2026. "It is possible to restore the Druzhba oil pipeline only after a ceasefire," Zelensky stated in an interview with *Corriere della Sera*¹. It is likely that the operability of the southern branch of the pipeline supplying Slovakia and Hungary will not be restored soon.

Belarus

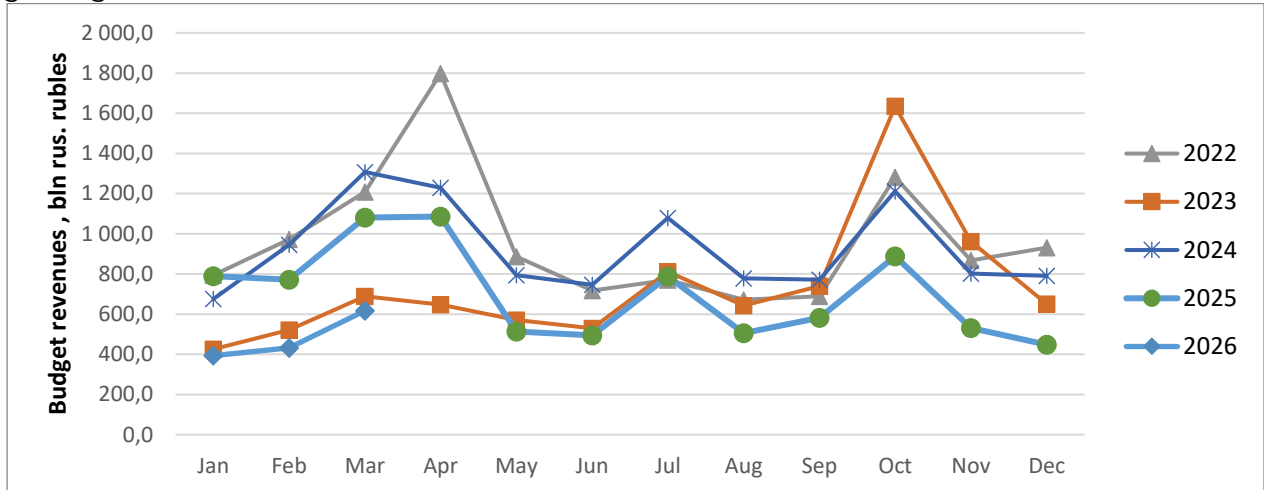
Attacks by the Armed Forces of Ukraine are also likely to affect Belarus. Belarus exported gasoline through the infrastructure of the port of Ust-Luga. The attack on the storage tanks and the subsequent fires may have destroyed a significant volume of products. The port's tank farm, with a capacity of 960 thousand cubic meters of petroleum products, was almost one-third destroyed, and additional tanks were damaged. Consequently, there is a high probability that Belarusian gasoline was destroyed.

¹ https://www.corriere.it/esteri/26_marzo_03/intervista-a-zelensky-lasciare-il-donbass-aprirebbe-la-via-a-mosca-putin-ha-perso-l-inverno-l-ue-da-sola-non-basta-3004ee60-a4ef-4ea2-83ae-1559b14d2xlk.shtml

Damage to loading infrastructure and berthing equipment will reduce the port’s throughput capacity, which may limit export volumes. However, restrictions on gasoline exports from Russia may somewhat alleviate the situation.

State of the Russian Energy Sector

Oil and gas revenues of the Russian federal budget in March were 43% lower than in the same period of the previous year. Overall, budget revenues remained at their lowest levels since the beginning of the full-scale invasion.



Budget revenues in March are formed based on revenues in February and therefore do not reflect changes associated with the sharp rise in global oil prices.

Oil Sector

In March, many Russian oil companies published financial statements for the previous year. Six of the largest companies were selected for analysis. According to estimates, these companies collectively produce about 370–380 million tons of oil (and condensate) per year, out of total Russian production of around 540 million tons. Not all companies publish their data regularly; therefore, estimates from different years were used.

Rosneft

In 2025, Rosneft produced 181.1 million tons of oil (about 40% of total Russian production). Gas production amounted to 79.6 billion cubic meters. The volume of oil refining in Russia reached 75.7 million tons. Supplies to the domestic market totaled 40.3 million tons (12.3 million tons of gasoline and 16.4 million tons of diesel fuel).

Revenue declined by 18.2% compared to 2024, to 8,160 billion rubles, while net profit fell by 73%, to 293 billion rubles.

These results are explained by the decline in oil prices in 2025, sanctions, and rising costs of insurance and transportation. “Systematic pressure on key buyers of Russian energy resources is being implemented through sanctions against the tanker fleet and mass refusals to insure vessels, which has led to insurance premiums increasing by tens of times.”² Costs in March 2026 exceeded \$20 per barrel, whereas supplies to European markets in early 2022 cost \$2 per barrel. Rosneft also refers to “systematic restrictions by Transneft on accepting crude into the pipeline system.”

Lukoil

In Russia, LUKOIL produced 76.5 million tons of oil and gas condensate in 2024, accounting for about 15% of total national production. An additional 3.9 million tons were produced in international projects (excluding the West Qurna-2 project in Iraq). Gas production totaled 34.3 billion cubic meters in 2024.

Revenue in 2025 amounted to 3.77 trillion rubles, 15% lower than in 2024. Overall, the company reported a loss of 2.2 trillion rubles in 2025, compared to a profit of 1.2 trillion rubles in 2024. This

² https://www.rosneft.ru/Investors/statements_and_presentations/Statements/

loss was formed, among other factors, by write-downs of foreign assets subject to U.S. sanctions. Losses from asset disposals and impairments in 2025 amounted to 1,523 billion rubles (97 billion rubles in 2024), or about \$20 billion.

Surgutneftegaz

In 2024, oil production amounted to 53.7 million tons, and gas production to 6.2 billion cubic meters. Oil refining at the company's refinery totaled 17.5 million tons in 2024, while 2.9 billion cubic meters of gas were processed at the gas processing plant.

Surgutneftegaz has not published consolidated IFRS statements since 2023. According to RAS reports, the company posted a loss of 251 billion rubles in 2025, compared to a profit of 923 billion rubles in 2024.

Tatneft

PJSC Tatneft is a Russian oil company whose key production assets are located primarily in the Republic of Tatarstan. In 2024, oil production amounted to 27.28 million tons, while gas production totaled 871 million cubic meters. Oil production volumes have been steadily declining (29.1 million tons in 2022 and 28.45 million tons in 2023). Production of petroleum products reached 17.1 million tons and increased compared to 2022 (16 million tons).

Revenue in 2025 declined to 1,818 billion rubles (2,030 billion rubles in 2024). Net profit fell by 55%, to 142 billion rubles.

Slavneft

In 2020 (the latest official data), Slavneft produced 647 thousand tons of oil.

Revenue in 2025 declined to 371 billion rubles (-19%). In 2025, the company reported a net loss of 13 billion rubles, significantly exceeding losses in 2024, which amounted to 1.8 billion rubles.

RussNeft

Oil production in 2024 amounted to 6 million tons, natural gas production to 0.277 billion cubic meters, and associated petroleum gas to 1.7 billion cubic meters. Over the past three years, production of all three main products has been declining. Oil production in 2022 amounted to 6.7 million tons and has since decreased by 12%.

Revenue in 2025 declined to 218 billion rubles (-27%). Net profit amounted to 23.8 billion rubles, compared to 59.6 billion rubles in 2024.

Transneft (Transportation Company)

In 2024, PJSC Transneft transported 84.4% of oil produced in Russia and 28.4% of light petroleum products, as well as significant volumes of hydrocarbons and petroleum products from CIS countries.

Transneft's revenue is more stable, as transportation tariffs change insignificantly and production and transportation volumes are more stable than oil prices. Revenue in 2025 increased by 1.4% to 1,534 billion rubles, while profit declined to 241 billion rubles (-20%).

Gas-Producing Companies

Gazprom

Gazprom is Russia's largest gas company and holds a monopoly on pipeline gas exports. Gas production in 2024 amounted to 420.1 billion cubic meters, higher than in 2023 (359 billion cubic meters) and 2022 (412.9 billion cubic meters). The group also includes Gazprom Neft, which produces oil. Total oil production across the Gazprom Group in 2024 amounted to 76 million tons.

The company has not yet published its annual consolidated IFRS financial statements; therefore, data for the first nine months of 2025 are used. Revenue amounted to 7.1 trillion rubles, 5% lower than in the same period of the previous year. At the same time, profit increased by 11% to 1.18 trillion rubles, primarily due to growth in financial income.

NovaTEK

In 2025, NOVATEK produced 84.57 billion cubic meters of gas and 14.11 million tons of liquid hydrocarbons (oil and condensate), slightly exceeding the 2024 level by 0.9%.

Revenue from sales in 2025 amounted to 1,402 billion rubles, down 6.5%. Net profit for 2025 totaled 186 billion rubles, 2.7 times lower than in 2024, when it reached 500 billion rubles.

Coal Companies

Analyzing the coal sector in Russia is significantly more difficult than analyzing oil and gas companies. This is because coal companies are often holdings managing individual open-pit mines or underground mines, making it difficult to aggregate data accurately for a given year.

The task is further complicated by the lack of public reporting for many large companies and the broader range of activities they often conduct, including metallurgy or heat and power generation. Therefore, the largest coal companies in Russia are presented, primarily with financial data for 2025, allowing at least a qualitative assessment of the sector.

Overall coal production in 2025 declined by 1% to 440 million tons. This was influenced by sanctions, difficulties in transporting coal by rail, low export prices, and rising production costs. As a result, industry-wide losses already amounted to 112 billion rubles in 2024, and in 2025 the situation worsened, with losses reaching 408 billion rubles. These losses would have been even greater had the coal sector not received support of 66 billion rubles.

Despite these indicators, coal production in Russia has declined only slightly—by 12 million tons (2.7%) from the peak levels of 2022. However, some companies have begun not only reducing production at existing facilities but also shutting down individual mines³.

Kuzbassrazugol

JSC “UK Kuzbassrazugol” conducts open-pit coal mining in the Kemerovo Region (Siberia). Revenue in 2025 amounted to 157 billion rubles (–27% year-on-year). The company recorded a loss of 20 billion rubles in 2025, compared to a profit of 12 billion rubles in 2024. At the same time, the company received 7 billion rubles in support in the form of a deferral of corporate income tax payments.

Raspadskaya

The company produces approximately 18.5–19 million tons of coal per year. Revenue in 2025 amounted to 116.8 billion rubles, compared to 158.9 billion rubles in 2024 (a decline of 11%). Cost of sales increased from 89.3 to 100.7 billion rubles, resulting in a loss of 53.5 billion rubles in 2025, compared to 11 billion rubles in 2024. The company received tax benefits totaling 8.6 billion rubles.

Mechel

PJSC Mechel was established based on production assets in the mining and metallurgical sectors and unites producers of coal, iron ore, steel, rolled products, ferrosilicon, thermal and electric energy. Therefore, its financial statements reflect not only the coal segment but the company.

Coal production in 2024 amounted to 10.9 million tons, of which 6.9 million tons were coking coal for metallurgy. Revenue in 2025 declined to 287 billion rubles (387 billion rubles in 2024). The operating loss amounted to 33 billion rubles, compared to operating income of 14 billion rubles in 2024. The result was losses of nearly 80 billion rubles. The company was also loss-making in 2024, with losses of 36.2 billion rubles.

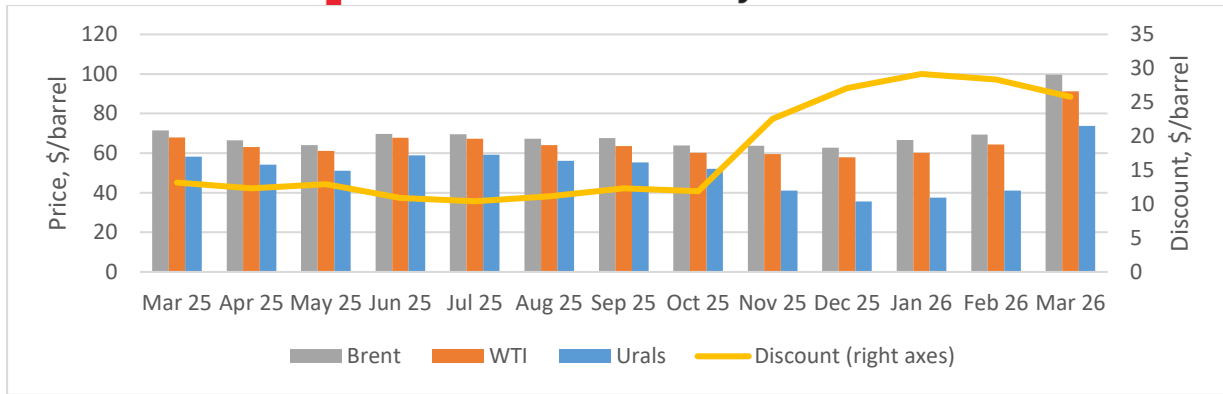
International Situation

Oil prices rose significantly in March due to U.S. and Israeli military actions against Iran and the blockade of the Strait of Hormuz, through which up to 20% of global oil production was exported. According to OPEC, the price of Russian Urals crude rose proportionally to other benchmarks; however, the discount narrowed only slightly—from \$28.3 to \$25.8 per barrel.

This may also be related to the fact that the discount includes transportation costs. European countries have not resumed imports of Russian oil, meaning it continued to be sold primarily in Southeast Asia. At the same time, tanker freight rates nearly doubled. Thus, despite the oil shortage, rising transportation costs have prevented a significant reduction in the discount.

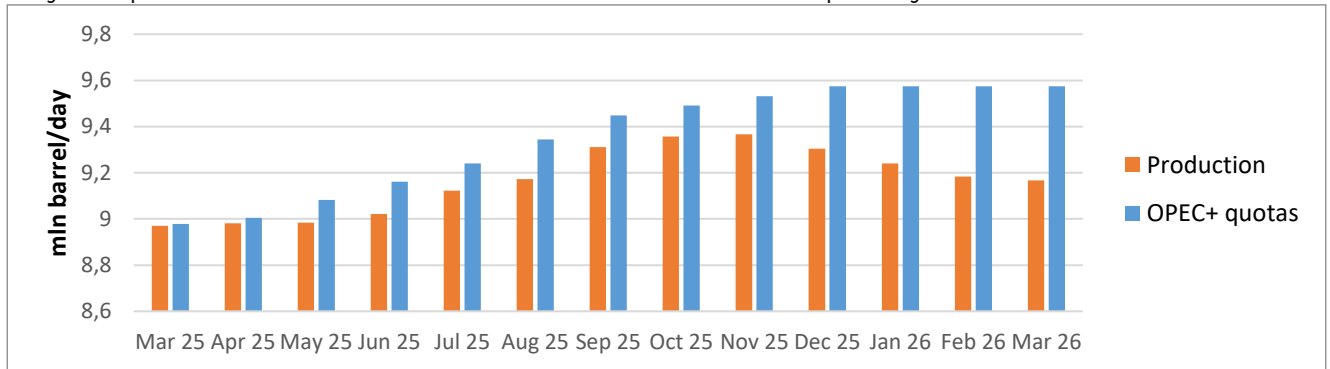
The discount was also expected to be influenced by the partial lifting of sanctions on Russian oil that had already been loaded onto tankers and was at sea. The volume of such oil sharply declined from 140 million barrels to 105 million barrels. However, it is unlikely to fall below 85–90 million barrels (the average level prior to the introduction of sanctions in November 2025), as this volume corresponds to oil in tankers in route along delivery routes.

³ <https://www.interfax.ru/business/1076532>



Oil production in Russia continues to decline. According to OPEC, production in March increased by 3 thousand barrels per day compared to February; however, data for February were also revised in the new report. Without this revision, the decline in Russian oil production in March amounted to 17 thousand barrels per day.

In March and early April, two OPEC meetings were held at which decisions were made to increase production quotas. At each meeting, quotas were raised. In April, the target production level will increase by 206 thousand barrels per day compared to March, and in May by another 206 thousand barrels per day compared to April. The permitted increase in Russian production in May compared to March will amount to 124 thousand barrels per day.



Thus, in March Russia was producing 400 thousand barrels per day less than allowed under the OPEC+ agreement.

In March, the IEA monthly oil market report was also published⁴. According to this report, Russian oil production in February fell by 700 thousand barrels per day compared to January, and the gap between actual production and OPEC quotas exceeded 1 million barrels per day. The report also provides data on Russia’s oil production capacity—9.4 million barrels per day—compared to actual production of 8.55 million barrels per day in February and OPEC+ quotas of 9.57 million barrels per day. Thus, the IEA suggests that Russia is no longer capable of producing oil at the levels stipulated under the OPEC+ agreement.

Conclusion

In the second half of March, the Armed Forces of Ukraine intensified attacks on Russian oil refineries and oil ports.

Russian budget revenues from the oil and gas sector remain at minimal levels despite rising oil prices. This is due to payment delays: taxes transferred to the budget in March were based on February performance, when prices were still relatively low.

The blockade of the Strait of Hormuz and the sharp rise in oil prices did not lead to a significant increase in Russian oil production or a substantial reduction in the discount. The high discount on Russian oil is sustained by high transportation costs (rising tanker freight rates). Oil production continued to decline, indicating geological rather than economic causes for this trend.

⁴ https://iea.blob.core.windows.net/assets/a25ddf53-cd6c-4910-ac90-16bfd28399e7/-12MAR2026_OilMarketReport.pdf