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U.S. Adds Russian Oil Field To Sanctions List

By The Moscow Times

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WASHINGTON — The United States has added a Russian oil and gas field, the Yuzhno-Kirinskoye Field, to its list of energy sector sanctions prompted by Moscow's actions in Ukraine, drawing a prompt rebuke from the Kremlin on Friday.

The federal government said on Thursday the field, located in the Sea of Okhotsk off the Siberian coast and owned by Russia's leading gas producer Gazprom, contains substantial reserves of oil in addition to reserves of gas.

"The Yuzhno-Kirinskoye Field is being added to the Entity List because it is reported to contain substantial reserves of oil," according to a rule notice in the Federal Register.

A Kremlin spokesman criticized the move.

"Unfortunately, [this decision] further damages our bilateral relations," spokesman Dmitry Peskov told reporters.

Gazprom declined to comment.

Adding the field to the list means a license will be required for exports, re-exports or transfers of oil from that location, it said. The gas and condensate field was discovered in 2010, according to Gazprom.

Douglas Jacobson, an international trade lawyer in Washington, said the addition "represents a new arrow in the quiver of U.S. sanctions on Russia."

He said the addition means that no U.S. origin items or non-U.S. origin items containing more than 25 percent U.S. content can be exported or re-exported to the field without a Commerce Department license, which he said was not likely to be issued.

"This goes beyond the current Russia sanctions, which prohibit certain items to be exported to Russia when they are used directly or indirectly in the exploration for, or production of, oil or gas in Russian deepwater [greater than 500 feet]," Jacobsen said in an e-mail.

The action builds on those taken since last year by the United States and the European Union after Russia's annexation of Crimea and its use of force in Ukraine.

Last week, the United States imposed additional Russia and Ukraine-related sanctions, adding associates of a billionaire Russian gas trader, Crimean port operators and former Ukrainian officials to its list of those it is penalizing in response to Russia's actions in Ukraine.

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