

Report from Washington

U.S. and Allies Tighten Russia Energy Sanctions to Weaken the Russian War Economy

October 28, 2025

Executive Summary

On October 22, 2025, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") designated two of Russia's largest oil companies—Open Joint Stock Company Rosneft Oil Company ("Rosneft") and Lukoil OAO ("Lukoil")—and certain of their subsidiaries as Specially Designated Nationals ("SDNs"). A concurrently-issued general license authorizes wind-down transactions until November 21, 2025, but absent authorization, U.S. persons¹ are otherwise prohibited from transacting or otherwise dealing with, and must block property and interests in property of, these newly-designated entities, as well as any entity 50% or more owned, individually or in the aggregate, by one or more such designated entity.

OFAC's designations, described in greater detail below, were imposed to "increase pressure on Russia's energy sector and degrade the Kremlin's ability to raise revenue for its war machine and support its weakened economy."² As also discussed below, the United Kingdom similarly recently designated Rosneft and Lukoil and certain associated entities, but the European Union has not yet followed suit (though the EU's recent 19th sanctions package includes significant measures targeting Russia's energy sector).

U.S. Sanctions

SPECIFICS OF THE U.S. DESIGNATIONS OF LUKOIL AND ROSNEFT

Lukoil, Rosneft, and certain of their respective subsidiaries (listed in the Appendix to this memo) were designated as SDNs pursuant to Executive Order 14024, as amended by E.O. 14114 (the "E.O."). Accordingly, U.S. persons are prohibited from engaging in any dealings with these entities unless authorized by specific or general license. Any entities that are owned, directly or indirectly, individually or in the aggregate, 50% or more by one or more of these designated entities are also blocked and otherwise treated as SDNs, even if not explicitly named in the designation (collectively with Lukoil, Rosneft, and the subsidiaries listed in the Appendix, the "Lukoil and Rosneft

¹ The Russia Harmful Activities Sanctions Regulations defined U.S. Persons as "any United States citizen, lawful permanent resident, entity organized under the laws of the United States or any jurisdiction within the United States (including foreign branches), or any person in the United States." (31 C.F.R. § 587.314).

² *Treasury Sanctions Major Russian Oil Companies, Calls on Moscow to Immediately Agree to Ceasefire*, U.S. Department of the Treasury Press Release, Oct. 22, 2025, available at <https://home.treasury.gov/news/press-releases/sb0290>

Blocked Entities”). Additionally, all Lukoil and Rosneft Blocked Entities’ property or property interests within the United States, or in the possession or control of a U.S. person, are now blocked and must be reported to OFAC.

These designations also have implications for non-U.S. persons. Pursuant to E.O. 14024, any foreign financial institution that has conducted or facilitated any significant transaction for or on behalf of Lukoil and Rosneft Blocked Entities may be subject to U.S. correspondent accounts or payable-through accounts restrictions or may even itself be designated.³ Non-U.S. persons may also be held liable for “causing” a U.S. person to violate economic sanctions by, for example, failing to disclose the involvement of a sanctioned jurisdiction or person to a U.S. correspondent bank processing a U.S. dollar payment.

U.S. WIND-DOWN AND OTHER GENERAL LICENSES

Concurrently with the designation of the Lukoil and Rosneft Blocked Entities, OFAC issued general licenses [126](#), [127](#), and [128](#). These general licenses authorize, through 12:01 a.m. on November 21, 2025, a range of transactions that would otherwise be prohibited by the designations. These licenses authorize, with some exceptions and conditions:

- transactions ordinarily incident and necessary to the wind down of any transaction involving Lukoil and Rosneft Blocked Entities through November 21, 2025, provided that any payment to a blocked person is made into a blocked account. Generally, entering into new business opportunities is *not* authorized by wind down general licenses;
- the divestment or transfer, or the facilitation of the divestment or transfer, of debt or equity issued or guaranteed by the Lukoil and Rosneft Blocked Entities (“Covered Debt or Equity”) to a non-U.S. person;
- facilitating, clearing, and settling trades of Covered Debt or Equity that were placed prior to 4:00 p.m. EDT on October 22, 2025;
- the wind down of derivative contracts that include Lukoil and Rosneft Blocked Entities as a counter party, or are linked to Covered Debt or Equity; and
- the purchase of goods and services from, or the maintenance, operation, or wind down of Lukoil retail service stations located outside of the Russian Federation.

New U.K. Sanctions

On October 15, 2025, the U.K. Office of Financial Sanctions Implementation (“OFSI”) designated PJSC Rosneft Oil Company and PJSC Oil Company Lukoil, certain of their subsidiaries, and certain other entities pursuant to

³ As with most list-based sanctions programs, we also note that E.O. 14024 gives OFAC authority to designate as SDNs non-U.S. persons found to have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, persons designated under the E.O. Historically, OFAC has used this type of authority only under egregious circumstances, such as where an individual acts on behalf of SDN to help the SDN circumvent sanctions.

the Russia (Sanctions) (EU Exit) Regulations 2019. As a result of these designations, U.K. persons⁴ must freeze the assets of and are prohibited from making any economic resources available to the designated person (which is equivalent to a prohibition on all transactions involving these entities). Any entity that is more than 50% owned, directly or indirectly, individually or in the aggregate (if there is evidence of a joint arrangement between the designated persons), or controlled by, one or more of these designated entities is subject to the same restrictions.⁵

Concurrently, OFSI issued general licenses [INT/2025/7538856](#) and [INT/2025/7539056](#), which are valid through November 13, 2025, and November 28, 2025, respectively, and authorize the wind down of transactions involving designated entities. OFSI also amended two general licenses, [INT/2025/5886860](#)⁶ and [INT/2025/5635700](#),⁷ permitting certain dealings relating to petrol purchases and sales by U.K. persons and certain energy projects in Russia, Kazakhstan and Azerbaijan.

New EU Sanctions

On October 22, 2025, the EU adopted its [19th package](#) of sanctions against Russia, focusing on key sectors of the Russian economy including the energy and financial sectors. Unlike the U.S. and the U.K., the EU neither designated Lukoil or Rosneft entities nor otherwise specifically targeted Lukoil. Instead, it removed exemptions for oil and gas imports and related transactions involving Rosneft and Gazprom Neft, effectively preventing EU operators from importing oil and gas from Rosneft and Gazprom Neft. The EU 19th package also imposes a total ban on the import into the EU of Russian liquefied natural gas by January 1, 2027 (long-term contracts) and within six months (short term contracts) by April 23, 2026.

Interestingly, the EU's 19th package also designated entities in India and China, among other third countries, due to their direct or indirect support of Russia's military-industrial complex or their involvement in Russian sanctions circumvention. EU persons⁸ must freeze the assets of and are prohibited from making any economic resources available to these designated persons, any entities that are owned, directly or indirectly, individually or in the aggregate by more than 50%, or controlled by, one or more of these designated entities are subject to the same restrictions. The EU High Representative Kaja Kallas has already indicated that "the 19th package will not be the last."

⁴ U.K. persons include U.K. nationals, or a body incorporated or constituted under the law of any part of the United Kingdom, as well as branches of U.K. companies operating overseas (Section 21 of the Sanctions and Anti-Money Laundering Act 2018; see [UK Russia Sanction Guidance](#)).

⁵ U.K. operators should review their counterparties cautiously, particularly entities that may be affiliated with the designated entities, as the control test may capture entities not majority owned by the designated entities.

⁶ General license [INT/2025/7539056](#) was amended to add Lukoil and Rosneft to the list of designated persons from whom U.K. person may purchase petrol at any petrol station on Kyrgyzstan or Tajikistan that is owned by or sells to the designated person, provided that the petrol is for the U.K. person's personal vehicle.

⁷ General license [INT/2025/7538856](#) was amended to add Lukoil and Rosneft to the list of entities subsidiaries with whom U.K. person may continue business operations relating to energy projects listed in schedule 1 of the general license.

⁸ EU person includes EU nationals or person located in the EU, companies or organizations incorporated under the law of a Member State (including branches of EU companies in non-EU countries). The EU sanctions against Russia also apply to business done in part of or in the whole in the EU

Conclusion

These actions are a reminder that organizations should exercise increased caution in counterparty due-diligence, know-your-customer, and similar exercises when transacting with Russian related entities, particularly in the energy sector. Russian SDNs may employ fairly sophisticated sanctions evasions techniques, such as using complex ownership structures specifically intended to obscure the involvement of sanctioned parties. Additionally, the scope and intensity of existing sanctions may increase including through additional designations, as the U.S., U.K., and EU continue seeking to weaken the Russian wartime economy.

Appendix

LUKOIL AND ROSNEFT SUBSIDIARIES DESIGNATED BY OFAC ON OCTOBER 22, 2025

- Limited Liability Company Lukoil Perm
- Lukoil Aik A Limited Liability Company
- Lukoil Kaliningradmorneft
- Lukoil West Siberia Limited
- Russian Innovation Fuel and Energy Company
- Uraloil
- Aktsionernoe Obshchestvo Kuibyshevskii Neftepererabatyvayushchii Zavod
- AO Sibneftegaz
- Bashneft Dobycha
- CJSC Vankorneft
- Joint Stock Company East Siberian Oil and Gas Company
- Joint Stock Company Grozneftegaz
- Joint Stock Company Rospan International
- Joint Stock Company Ryazan Oil Refinery Company
- Joint Stock Company Samaraneftgaz
- Kharampurneftgaz
- Limited Liability Company Bashneft Polus
- Limited Liability Company Kynsko Chaselskoe Neftegaz
- Limited Liability Company RN Purneftegaz
- Limited Liability Company RN Tuapse Oil Refinery
- Limited Liability Company RN-Krasnodarneftgaz
- OJSC Achinsk Refinery
- OJSC Novokuybyshevsk Refinery
- OJSC Orenburgneft
- OJSC Samotlorneftgaz
- OJSC Syzran Refinery

- PJSC Verkhnechonskneftegaz
- Public Joint Stock Company Saratov Oil Refinery
- Publichnoe Aktsionernoe Obschestvo Udmurtneft Imeni VI Kudinova
- RN Komsomolskiy Refinery
- RN Nyaganneftegaz
- RN Uvatneftegaz
- RN Yuganskneftegaz
- Taas Yuryakh Neftegazodobycha

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