

Congress of the United States
Washington, DC 20510

October 18, 2024

The Honorable Janet Yellen
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, DC 20220

The Honorable Antony J. Blinken
Secretary of State
U.S. Department of State
2201 C Street NW
Washington, DC 20520

Dear Secretary Yellen and Secretary Blinken:

We write regarding alarming findings that the U.S.-based company and world's largest oilfield services firm SLB, widely known as Schlumberger, is expanding in Russia. Since Russia's unjustified and illegal full-scale invasion of Ukraine in February 2022, SLB has signed new contracts, recruited hundreds of staff, and imported nearly \$18 million in equipment into Russia.¹ This U.S.-based company is keeping Vladimir Putin's war machine well-oiled with financing for the barbaric invasion of Ukraine. We urge you to continue supporting our Ukrainian allies by pursuing more rigorous oil sanctions to effectively restrict Putin's profits.

SLB has supplied equipment to some of Russia's largest oil companies and provided services to support Russian fossil fuel exploration. In 2022 and 2023, SLB provided Lukoil with drilling tools and hydraulic packers. Of the nearly \$18 million in equipment SLB imported into Russia between August and December 2023, \$3.3 million is in categories that could be subject to controls if exported from the U.S. or EU to Russia.² In December 2023, SLB signed a contract with the Russian oil and gas research institute VNIGNI to help it build models of oil and gas deposits. The document listed the SLB subsidiary's banking details as a PJSC Rosbank account, which was sanctioned by the U.S. government in 2022.³

¹ Jamie Smyth. "Top US oil group expands in Russia as rivals pull out." August 16, 2024. *Financial Times*. <https://www.ft.com/content/c7bc6486-964f-40d9-9179-c5c9d8adeddb>.

² Ibid.

³ Global Witness. "Oil services group SLB digs deeper in Russia." August 16, 2024. <https://www.globalwitness.org/en/campaigns/fossil-gas/us-oilfield-company-slb-digs-deeper-russia/>.

In concert with our allies in the G7, we must tighten oil sanctions to prevent the billions in revenue currently flowing into the Kremlin’s budget. A State Department official is reported to have said that SLB had not breached the sanctions, and the company had a clear understanding of “where the guard rails are.” When asked to define these “guard rails,” the State Department pointed to a Treasury Department statement that outlined Russia-related General License (GL) 8C, which authorizes U.S. persons to process energy-related transactions that involve certain sanctioned Russian financial institutions.⁴ We are cognizant of the arguments often cited that Russian oil provides a critical and irreplaceable segment of the global oil supply. However, allowing Russia to benefit from Western technology and expertise only increases the resiliency of their oil and gas sector against Western sanctions and prolongs its ability to finance its illegal offensive. Permitting Western investment in the oil and gas sector strengthens Russia’s wartime economy and its military strength.

We request an explanation regarding the basis for approving these transactions, including which provisions were referenced for approval. We request your prompt answer to the following questions:

1. Is it accurate that SLB has a clear understanding of “where the guard rails are” with respect to current U.S. sanctions? If so, what exceptions to the current sanctions regime has SLB utilized? In your response, please provide any communication from or to SLB by any method regarding these actions.
2. If current sanctions permit SLB or other American companies to acquire equipment from third countries such as China and India, and then import that equipment into Russia, what does this sanctions regime accomplish other than encouraging such companies to purchase their equipment abroad, rather than in America, while still conducting business in Russia?
3. For any exception upon which you relied, advise what other investments by SLB or any other company have been similarly authorized. Please provide a list of all transactions that you have approved or acquiesced in that constitute exceptions to American sanctions, including any copies of Russian customs import records where the importer's tax identification number is either 7709413265 or 9909012867.
4. Though the damage SLB’s investments have caused for Ukraine cannot be fully undone, what steps are being implemented to close exceptions to prevent further U.S.-based companies from enriching Russian state coffers at the expense of Ukrainian lives?

The permissibility of these contracts highlights an alarming weakness in what has been a united effort with our allies to crush Russia’s ability to continue its illegal war. Our sanctions cannot be symbolic; our enforcement at home and in concert with our partners must continue to improve. In April, almost 80% of Russian oil exports, or three million barrels per day, were transported on

⁴ Ibid.

tankers operated by companies that were not based in the G7 or backed by Western insurance.⁵ The International Monetary Fund upgraded its 2024 outlook for Russia's growth to 3.2 percent, noting that most of its oil was exported at prices above the \$60 cap.⁶ In May, the volume of Russian oil exports was the highest it had been since December 2022, and tax revenues from oil had doubled in the past year to \$14 billion.⁷

It is alarming that SLB, an American company, is still free to help Russia produce and export its oil to fund the war chest of an authoritarian regime. Its investment in the Russian energy sector is so harmful that Ukraine's National Agency on Corruption Prevention justifiably added SLB to an "international sponsor of war" blacklist.⁸ We and our G7 allies can hold SLB accountable for its complicity in Russian war crimes while still preserving stability in the global oil market. We look forward to your prompt answers to our specific questions, as well as the requested documents. We strongly urge further action to effectively restrict Putin's profits and aid in Ukraine's defense.

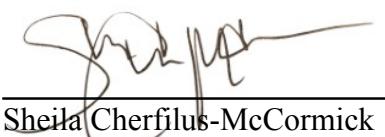
Sincerely,



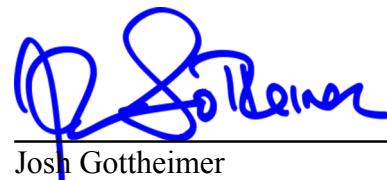
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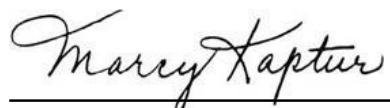
Josh Gottheimer
Member of Congress

⁵ S&P Global. "Russian crude exports by non-G7 tankers hit new high in April since price cap." May 10, 2024. <https://www.spglobal.com/commodityinsights/en/market-insights/latest-news/shipping/051024-russian-crude-exports-by-non-g7-tankers-hit-new-high-in-april-since-price-cap>.

⁶ International Monetary Fund. "Chapter 1." April 16, 2024. *World Economic Outlook, April 2024: Steady but Slow: Resilience amid Divergence*.

⁷ Alan Rappeport. "Russia's War Machine Revs Up as the West's Plan to Cap Oil Revenues Sputters." May 20, 2024. *The New York Times*. <https://www.nytimes.com/2024/05/20/business/russia-oil-price-cap-policy.html>.

⁸ The New Voice of Ukraine. "Ukraine lists world's largest offshore drilling company as international sponsor of war." April 10, 2023. <https://english.nv.ua/business/offshore-drilling-company-slb-added-to-list-of-war-sponsors-by-ukraine-news-50316871.html>.



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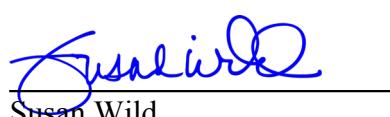
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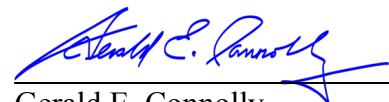
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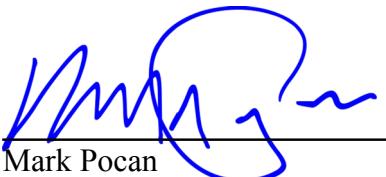
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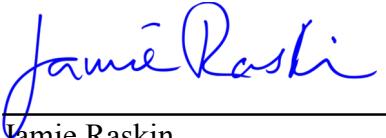
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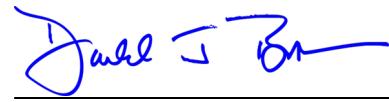
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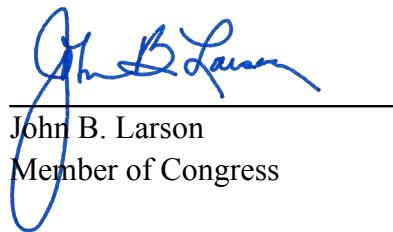
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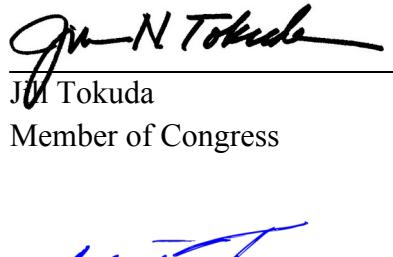
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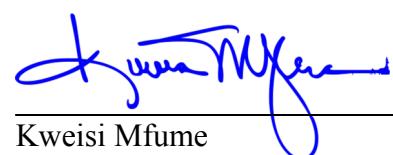
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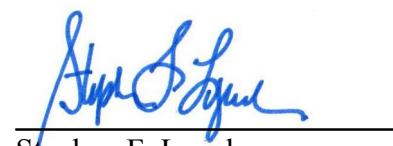
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