Drilling Down Into The Uncertain Future Of Venezuelan Energy

By **Stephanie Connor, Andres Fernandez and Jim Noe** (January 16, 2026)

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After months of escalating pressure, U.S. military and law enforcement personnel captured Venezuela's disputed ruler, Nicolás Maduro, in a nighttime raid on Jan. 3.

Hours later, with Maduro en route to face federal narco-terrorism charges in New York, President Donald Trump promised that U.S. oil and gas companies would soon return to Venezuela to invest in the country's deteriorating infrastructure, and indicated that the move could usher in significant business opportunities for U.S. energy companies.

The operation to oust Maduro is the most recent example of the administration's strategic focus on stabilizing and securing the Western Hemisphere — a "Trump Corollary" to the Monroe Doctrine designed to discourage mass migration to the U.S., combat cross-border narcotics trafficking and undercut the interests of U.S. adversaries such as China, Iran and Cuba, all of which have significant economic interests in Venezuela.

In the near term, regional players such as Cuba, Curaçao, and Trinidad and Tobago could face interruptions in their oil supply, and U.S. policymakers must reckon with the glut of Venezuelan crude oil currently at sea in blocked tankers.

Several key issues will inform whether, when and how U.S. businesses enter, reenter or expand operations in Venezuela — including sanctions relief, economic incentives, and broader trends and conditions in the energy market.

Investments by U.S. oil and gas companies and other businesses in Venezuela will require powerful incentives, given the time and resources required to develop and modernize Venezuela's oil and gas extraction and refining capabilities. Meanwhile, open questions surround the future of Venezuela's political system.

Events over the next few weeks will affect energy markets, investors, companies engaged in protracted litigation regarding Venezuela's 2007 expropriation of assets and the Venezuelan people who have been subject to Maduro's policies.

Background

Venezuela holds the world's largest proven oil reserves — approximately 303 billion barrels, representing roughly 17% of global reserves, according to the U.S. Energy Information Administration.

The country was once among the world's leading oil exporters, and is a founding member of OPEC. However, production has declined significantly, from a peak of approximately 3.5 million barrels per day in the late 1990s to current levels of roughly 800,000 to 1.1 million barrels per day.

After decades of nationalization, underinvestment and mismanagement, Venezuela's oil and gas infrastructure has deteriorated significantly. Any effort to increase production will require systematic and sustained capital commitments from U.S. and international oil and gas companies and oilfield service providers, as well as access to equipment and supplies that have been restricted by years of sanctions.

Sanctions

Although the U.S. imposed limited, targeted sanctions on Venezuela as early as 2005, the first Trump administration expanded U.S. sanctions to include financial and sectoral restrictions, as well as blocking sanctions on the Maduro regime; the state-owned oil company Petroleos de Venezuela SA, or PDVSA; and its various subsidiaries.

These sanctions, among other things, restricted the ability of U.S. businesses to engage in investments or dealings involving Venezuela's substantial oil and gas sector, with limited exceptions.

In the intervening years, sanctions relief was provided to incentivize free and fair elections, then revoked in the wake of the Maduro regime's widespread electoral fraud and obstructions.

In 2025, the second Trump administration doubled down on sanctions pressure, designating Cartel de los Soles and Tren de Aragua as foreign terrorist organizations, alleging that Cartel de los Soles was run by Maduro and other high-ranking Maduro regime members, and that they were providing support to Tren de Aragua and the Sinaloa cartel.

Trump administration officials have indicated that they are moving toward relaxing some of the U.S. sanctions imposed on Venezuela to facilitate investments and engagement by U.S. companies in the country's energy industry and infrastructure. How this process of lifting sanctions proceeds, and how the U.S. government addresses several open questions, will affect the scope of opportunities available to U.S. companies.

Critically, the U.S. government will need to figure out what to do with the Venezuelan crude sitting idle on tankers due to the recent blockade, which cratered Venezuelan exports. Another issue is the latent production capacity in the country. U.S. Department of Energy Secretary Chris Wright has recently indicated that the U.S. would sell the country's oil "indefinitely."

These comments followed Trump's Jan. 6 announcement that Venezuela's interim authorities would soon turn over between 30 million and 50 million barrels of sanctioned oil to the U.S.

In a fact sheet published on Jan. 7, the DOE indicated that the U.S. government will "selectively" roll back sanctions to enable the transport and sale of Venezuelan crude and oil products to global markets. This may include authorizations to allow U.S. diluent into Venezuela, which is necessary to optimize the production and transport of Venezuela's heavy crude oil, and for the import of certain oilfield equipment, parts and services.

The DOE indicated that the U.S. government has "engaged the world's leading commodity marketers and key banks" to execute and provide financial support for sales of Venezuelan crude oil in the global marketplace "for the benefit of the United States, Venezuela, and our allies."

Because the Venezuela sanctions were imposed by executive action, not legislation, they can be licensed, suspended or revoked by the president at any time, unlike the Syria sanctions removed in 2025, which had been mandated in part by the U.S. Congress.

The U.S. government, primarily through the U.S. Department of the Treasury's Office of Foreign Assets Control, may move forward with a staggered approach to sanctions relief, following its approach to Syria.

This would involve issuing a broad general license for transactions and activities involving sanctioned Venezuelan entities and officials, followed by the revocation of certain executive orders and the contemporaneous redesignation of Maduro and a subset of his supporters, family members or associates under a new, more narrowly targeted authority. Counterterrorism sanctions imposed on Cartel de los Soles and Tren de Aragua are likely to remain in place.

As the Syria experience illustrated, however, even with sanctions relief, financial institutions, insurers and other companies may remain leery of reengaging in the country until the political and economic situation has stabilized and sanctions have been permanently removed.

U.S. businesses are likely to be even more wary of investing in Venezuela, given the history of the U.S. offering, then revoking, sanctions authorizations.

Trump administration officials have suggested that the oil will be sold at market prices, with proceeds held in U.S. banks until the administration determines Venezuela is ready to receive the funds.

Other Incentives

The Trump administration has signaled its expectation that U.S. oil companies will invest in rebuilding Venezuela's oil and gas infrastructure. Wright and U.S. Department of the Interior Secretary Doug Burgum have been tasked with engaging U.S. energy companies about potential opportunities in Venezuela.

According to recent reports, the administration is organizing meetings with U.S. oil and gas executives to discuss plans for rebuilding Venezuelan oil and gas infrastructure. To attract meaningful investment, the administration will likely need to offer significant incentives or protections for investors, or other support for the industry.

The administration recently indicated that energy companies may be expected to invest significant capital in rebuilding Venezuela's oil and gas infrastructure as a prerequisite to recovering billions of dollars in outstanding claims against the Venezuelan government arising from the 2007 expropriations, though details remain unclear.

Many U.S. companies lost considerable investments in 2007, when then-President Hugo Chávez required that foreign oil companies provide PDVSA a majority stake in all Venezuelan holdings. Several companies, including Total Gas & Power North America Inc., Chevron Corp., Statoil ASA and BP PLC, accepted the new terms and retained a minority interest.

Exxon Mobil Corp. and ConocoPhillips Co. declined and exited the country. Their assets were expropriated, leading to protracted international arbitration proceedings.

Exxon and ConocoPhillips pursued international arbitration through the World Bank's International Centre for Settlement of Investment Disputes. Exxon was awarded approximately $1.6 billion, while ConocoPhillips secured an award of approximately $8.7 billion, plus interest.

This history, and Venezuela's failure to pay the resulting arbitration awards, loom large as U.S. companies consider whether to reenter the market.

With respect to outstanding claims held by U.S. energy companies whose assets were previously expropriated in particular, recent events may present opportunities to monetize claims or arbitral awards against Venezuela and its instrumentalities down the road.

However, an executive order issued by the Trump administration on Jan. 9 makes clear that, at least for the time being, claimants cannot receive payment on those claims by accessing certain Venezuelan assets held in U.S. Treasury accounts.

Specifically, the Jan. 9 order prohibits any attachment, judgment, decree, lien, execution, garnishment or other judicial process against "Foreign Government Deposit Funds," which include the revenues "derived from either the sale of natural resources from, or the sale of diluents to, the Government of Venezuela or its agencies or instrumentalities" that are held in U.S. Treasury accounts.

A fact sheet accompanying the executive order indicates that the administration is concerned that the seizure of these funds "could undermine critical U.S. efforts to ensure economic and political stability in Venezuela."

Whether and how a framework for foreign investment protection will be created to give U.S. companies security if they invest in Venezuela is another open question. Venezuela is not currently a party to any bilateral investment treaties or free trade agreements with investment chapters with the U.S.

Among other things, these would typically establish procedures and venues — e.g., international arbitration — for investors to address cross-border disputes and recover assets resulting therefrom that were previously inaccessible to litigants or creditors; provide for compensation in the event of expropriation by the host state; guarantee fair and equitable treatment for foreign investors and their investments; and provide for full protection and security of qualifying foreign investments.

The administration's game plan for affording investors these types of protections remains to be seen. If such assurances are provided, this could help incentivize significant investment by U.S. companies in Venezuela.

It is possible that the Trump administration could seek to enter into a new bilateral investment treaty with Venezuela's government that would establish such protections formally and with robust enforcement mechanisms. The administration might instead establish a specialized U.S. government-administered mechanism for handling and processing claims in an effort to reassure and incentivize U.S. investors.

The Foreign Claims Settlement Commission, an agency within the U.S. Department of Justice, previously played a role in adjudicating claims of U.S. nationals against foreign governments such as Cuba, Libya, Hungary and Czechoslovakia.

This commission could ultimately be asked to address outstanding claims against Venezuela's government as well, although it would need to be granted jurisdiction to do so either by Congress or under an international agreement.

Notably, recent and future actions by the Venezuelan government could give rise to claims from foreign investors from other countries that have their own bilateral investment treaties with Venezuela, including China. This could further complicate the investment environment for U.S. businesses.

Market and Industry Conditions

Even though the administration may seek to provide sanctions relief, incentives and protections to U.S. businesses and investors, initial industry response has been cautious, as evidenced by the statements of several oil and gas executives who met with Trump and administration officials on Jan. 9.

Several additional factors appear to be contributing to this measured approach.

Political and Security Uncertainty

The political situation in Venezuela remains fluid, with questions about governmental authority and long-term stability. The safety of personnel and security of equipment remain an initial focus for industry participants.

Market Conditions

Global oil prices are currently low, and U.S. oil and gas companies are closely guarding capital for investments even in mature, stable fields in the U.S. and in other areas of growth in South America, such as Guyana.

Infrastructure Requirements

Restoring Venezuela's production to historic levels of 3 million to 4 million barrels per day could require substantial and sustained investment over many years, including an aggressive inspection and repair program for wellheads, production systems and pipelines.

Contractual and Legal Considerations

Companies will need clarity on the terms under which they would operate, the viability and enforceability of contracts, and the status of existing arbitration awards and outstanding debts owed by PDVSA.

Prior Expropriation Experience

U.S. oil companies have not forgotten the 2007 nationalizations. Companies that hold outstanding arbitration awards may be reluctant to reinvest absent clear legal protections and assurances regarding prior claims.

Chevron is currently the only major U.S. oil company with significant operations in Venezuela. Other majors, including Exxon and ConocoPhillips, have indicated they are monitoring developments, but have not committed to new investments.

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