

Investment in Venezuela's Oil and Gas Sector

By Holland & Knight

From August 2026 through October 2026, Venezuela's oil and gas sector has been shaped by bilateral announcements, U.S. regulatory measures and domestic institutional processes affecting the environment for new investment. These developments demonstrate that evaluating a transaction in the country requires more than reviewing the underlying agreement with Petróleos de Venezuela S.A. (PDVSA); it also requires consideration of political instruments whose terms, in some instances, have not been officially disclosed.

U.S. President Donald Trump announced an agreement on August 28, 2026, with Venezuela's interim government led by Delcy Rodríguez that would grant the U.S. majority control over the development of 17 fields in the Orinoco Oil Belt and Lake Maracaibo basin, which are estimated to hold 65 billion barrels of proved reserves.

Subsequent reports indicate that the U.S. interest would be structured through U.S. Department of War warrants, representing a 35 percent equity interest in a company controlled by Venezuelan businesspersons, together with a preferential right to purchase 20 percent of production at cost. The text of the agreement, however, has not been made public. It is therefore not possible to determine how the arrangement would operate within Venezuela's constitutional framework, under which hydrocarbon resources are reserved to the state, or how it would account for PDVSA's role.

For investors, these developments may be significant because certain areas could become subject to bilateral arrangements and therefore may be unavailable to other operators. Observers have also noted that the agreement occupies uncharted legal territory and could be challenged by future administrations in the U.S. or Venezuela, creating uncertainty regarding the durability of any rights arising from the agreement.

U.S. Secretary of Energy Chris Wright visited Caracas on September 2, 2026, coinciding with the execution of the Hydrocarbon Production Participation Contract for the Junín 5 field and announcements by other companies regarding new commercial terms, with projected investment exceeding US$7 billion over five years. Against this backdrop, Venezuelan production was projected to exceed 2 million barrels per day by 2030 – below the government's official target of 3 million barrels per day.

On the logistics front, the Jones Act waiver was extended for 90 days on August 10, 2026. The Jones Act generally requires transportation between U.S. ports to be conducted by vessels built, documented and operated in accordance with U.S. requirements. The extension is effective from August 17, 2026, through November 15, 2026, and, unlike prior extensions, requires a voyage-by-voyage review rather than providing blanket exemptions. This may affect the cost of transporting Venezuelan heavy crude to U.S. refineries and the terms of supply agreements extending beyond that date.

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Domestically, the third round of political dialogue began on October 14, 2026, with the appointment of justices to the Supreme Court of Justice and reform of the electoral authority among the matters under discussion, but without an agreed date for the presidential election. Observers have noted that U.S. recognition of the interim government does not, by itself, resolve all questions concerning that government's domestic legal authority to bind the state. This issue may bear on the validity and stability of existing contracts.

Accordingly, Venezuela's bilateral and political landscape reflects tangible developments, including announced agreements, high-level visits and targeted logistical relief. At the same time, several key elements depend on unpublished instruments, temporary measures with fixed expiration dates and ongoing institutional processes. As a result, the assessment of oil and gas investments in Venezuela will depend to a significant extent on whether – and on what terms – these instruments are formally adopted and made public.

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