Clients&FriendsMemo

Venezuela Sanctions Update: OFAC Expands Authorizations for Oil and Gas Activity

February 13, 2026

In early January 2026, U.S. forces captured Nicolás Maduro and brought him into U.S. custody on drug charges. In subsequent public statements, the Trump administration announced an intent to encourage private-sector participation and investment in Venezuela's energy sector, despite broad U.S. sanctions on the Venezuelan government.

In the last two weeks, the Office of Foreign Assets Control (OFAC) issued a series of Venezuela-related general licenses that expand the range of permissible oil- and gas-adjacent activities that otherwise would be prohibited under U.S. sanctions. Taken together, the licenses authorize qualifying U.S. entities to engage in specified Venezuelan oil- and gas-related activities across the upstream, midstream, and downstream segments. They also authorize BP, Chevron, Eni, Repsol, and Shell to engage broadly in transactions related to oil or gas operations in Venezuela.

Several of the new authorizations are subject to atypical licensing conditions that limit the scope of U.S. persons eligible to operate under the license and that impose new diligence and reporting obligations. Nonetheless, the new general licenses signal the current administration's goal to create space for U.S. commercial participation in a market that holds some of the world's largest proven oil reserves. We discuss the recent licenses below in chronological order.

General License 46A: Midstream and Downstream Activities

On January 29, 2026, OFAC issued GL 46, authorizing specified transactions by qualifying U.S. entities that otherwise would be prohibited because the activities involve blocked persons, including the Government of Venezuela (GoV), the state-owned oil company Petróleos de Venezuela, S.A. (PdVSA), or entities majority owned by PdVSA. On February 10, 2026, OFAC replaced and superseded GL 46 in its entirety with GL 46A, which made minor changes to permit monetary payments to blocked persons for local taxes, permits, or fees.

GL 46A opens a path for qualifying U.S. companies to handle Venezuelan-origin oil across the midstream and downstream segments. GL 46A authorizes all transactions "ordinarily incident and necessary to the lifting, exportation, reexportation, sale, resale, supply, storage, marketing, purchase, delivery, or transportation of Venezuelan-origin oil, including the refining of such oil[.]"

Persons seeking to rely upon GL 46A must navigate a number of atypical license conditions, including:

- **"Established U.S. entity."** The license is available only to entities formed under the laws of the U.S. or any jurisdiction within the U.S. on or before January 29, 2026. The license does not permit a later-formed U.S. entity to engage in otherwise prohibited midstream or downstream activities involving persons blocked under OFAC's Venezuela-related sanctions.

- **U.S. governing law.** For any contract entered into for transactions with the GoV, PdVSA, or a PdVSA entity, the parties must specify that U.S. law governs the contract and that any dispute be resolved in the U.S.

- **Monetary payments deposited in designated accounts.** Any monetary payment to a blocked person, other than payment for local taxes, permits or fees, must be deposited into a Foreign Government Deposit Funds account or another account as instructed by the U.S. Treasury.

- **Commercially reasonable payments.** GL 46A does not authorize payment terms that are "not commercially reasonable," including debt swaps, payments in gold, and payments denominated in digital currency, coin, or tokens issued by, for, or on behalf of the GoV. GL 46A does allow for "commercially reasonable" payment structures, including swaps of crude oil, diluents, and refined petroleum products.

- **Restricted jurisdictional ties.** GL 46A excludes any transaction involving a person located in or organized under the laws of Cuba, Iran, North Korea, or Russia, or any entity that is owned or controlled, directly or indirectly, by such a person, or in a joint venture with such a person. In addition, GL 46A excludes any transaction involving a U.S.- or Venezuela-based entity that is owned or controlled, directly or indirectly, by a person located in or organized under the laws of China, or in a joint venture with such a person. GL 46A does not define these ownership or control concepts; the license does not reference any qualitative or quantitative standard of ownership or control, and does not provide for any *de minimis* involvement of persons connected with the named jurisdictions. Compliance with this licensing condition may require companies to conduct new diligence on the ownership, control, and joint-venture relationships of entities connected with a potential transaction.

- **Blocked vessels and property.** GL 46A excludes transactions involving blocked vessels and does not authorize the unblocking of any property blocked under the Venezuela sanctions program.

- **Reporting obligations.** GL 46A requires reporting from persons that export, reexport, sell, resell, or supply Venezuelan-origin oil to a country other than the U.S. Detailed reports must be made to the U.S. Department of State and the U.S. Department of Energy within 10 days after the first reportable transaction, and every 90 days thereafter while reportable transactions are ongoing. Notably, this reporting obligation appears to be limited to persons relying upon the license; transactions that do not involve a blocked Venezuelan person, such as subsequent midstream and downstream sales of Venezuelan oil, may not fall within the reporting requirement.

General License 47: U.S.-Origin Diluents

On February 3, 2026, OFAC issued GL 47, authorizing all transactions "ordinarily incident and necessary to the exportation, reexportation, sale, resale, supply, storage, marketing, delivery, or transportation of U.S.-origin diluents to Venezuela." GL 47 is important for U.S. commercial participation in Venezuela's energy sector because diluents often are needed to thin Venezuela's extra-heavy oil for transport and processing. The licensing conditions accompanying GL 47 are largely similar to those of GL 46A, with the following key differences:

- **Transactions with U.S. entities.** Unlike GL 46A, which authorizes dealings only for "established U.S. entities," GL 47 authorizes both previously-formed and newly-formed U.S. entities to engage in otherwise prohibited activity.

- **Restricted jurisdictional ties.** GL 47 includes the same restrictions as GL 46A regarding Cuba, Iran, and North Korea, but does not include any restrictions regarding China or Russia.

- **Reporting obligations.** GL 47 includes a reporting obligation for "any person that exports, reexports, sells, resells, or supplies U.S.-origin diluents to Venezuela" pursuant to GL 47.

General License 48: Upstream Activities

On February 10, 2026, OFAC issued GL 48, authorizing upstream activities, including transactions "ordinarily incident and necessary to the provision from the United States or by a U.S. person of goods, technology, software, or services for the exploration, development, or production of oil or gas in Venezuela." Unlike GL 46A, which authorizes specified activities relating only to oil, GL 48 authorizes specified upstream activities relating to both oil and gas. The licensing conditions accompanying GL 48 are largely similar to those of GL 46A, with the following key differences:

- **No new entities in Venezuela.** GL 48 does not authorize the formation of any new joint venture or other entity in Venezuela to explore or produce oil or gas.
- **Transactions with U.S. entities.** Unlike GL 46A, which authorizes dealings only for "established U.S. entities," GL 48 authorizes both previously-formed and newly-formed U.S. entities to engage in otherwise prohibited activity.
- **Restricted jurisdictional ties.** GL 48 includes broader jurisdictional restrictions than either of GL 46A or GL 47. GL 48 excludes any transaction involving a person located in or organized under the laws of China, Cuba, Iran, North Korea, or Russia, or any entity that is owned or controlled, directly or indirectly, by such a person, or in a joint venture with such a person.
- **Reporting obligations.** GL 48 includes a reporting obligation for "any person that exports, reexports, sells, resells, or supplies goods, technology, software, or services" pursuant to GL 48.

General License 30B: Port and Airport Operations

Also on February 10, 2026, OFAC issued GL 30B, which replaces and supersedes GL 30A and authorizes transactions "ordinarily incident and necessary to operations or use of ports and airports in Venezuela," including certain dealings involving the Instituto Nacional de los Espacios Acuaticos (INEA) that otherwise would be prohibited under the Venezuela sanctions program. GL 30B authorizes day-to-day port and airport transactions needed to move vessels and aircraft in Venezuela, including when that activity does not neatly fall within the scope of GL 46A, GL 47, or GL 48.

General License 49: Contingent Contracts for New Investment

On February 13, 2026, OFAC issued GL 49, which authorizes transactions "related to the negotiation of and entry into contingent contracts for new investment in oil or gas sector operations in Venezuela," provided that performance under the contract is expressly contingent upon OFAC providing separate authorization. OFAC has previously required the use of contingent contracts when issuing general licenses under the Cuba, Iran, Russia, and Sudan sanctions programs, providing the office with visibility and control over proposed and licensed activity. Subject to the contingent contract requirement, GL 49 authorizes negotiations and contracts to engage in new exploration, development, and production activities in Venezuela, to expand existing operations in Venezuela, and to form new joint ventures or other entities in Venezuela. GL 49 also authorizes prefatory steps, including commercial, legal, technical, safety, and environmental due diligence and assessments.

GL 49 does not limit the types of U.S. entities that may rely upon the license. Nor does GL 49 require any contingent contract to be governed by U.S. law. However, beyond its threshold requirement for contingent contracts, GL 49 contains several key licensing conditions:

- **Restricted jurisdictional ties.** Like GL 48, GL 49 broadly excludes any transaction involving a person located in or organized under the laws of China, Cuba, Iran, North Korea, or Russia, or any entity that is owned or controlled, directly or indirectly, by such a person, or in a joint venture with such a person.

- **Blocked vessels and property.** GL 49 excludes transactions involving blocked vessels and does not authorize the unblocking of any property blocked under the Venezuela sanctions program.

General License 50: Broad Authorizations for Named Majors and Supermajors

Also on February 13, 2026, OFAC issued GL 50, which authorizes all transactions otherwise prohibited by the Venezuela Sanctions Regulations "related to oil or gas sector operations in Venezuela" for five named entities—BP PLC, Chevron Corporation, Eni S.p.A., Repsol S.A., and Shell PLC—and their subsidiaries.

GL 50 does not include any U.S. governing law requirement. Similar to GL 46A, GL 50 requires most monetary payments to be deposited into a Foreign Government Deposit Funds account, and that commercial payments be reasonable. In addition, GL 50 includes the following license conditions:

- **Restricted jurisdictional ties.** Like GL 48 and GL 49, GL 50 broadly excludes any transaction involving a person located in or organized under the laws of China, Cuba, Iran, North Korea, or Russia, or any entity that is owned or controlled, directly or indirectly, by such a person, or in a joint venture with such a person.

- **Blocked vessels and property.** GL 50 excludes transactions involving blocked vessels and does not authorize the unblocking of any property blocked under the Venezuela sanctions program.

- **Reporting obligations.** GL 50 includes a reporting obligation for "any person that engages in transactions" pursuant to GL 50.

Key Takeaways & Conclusion

Taken together, OFAC's recent general licenses reflect a deliberate move toward expanding authorized commercial involvement in Venezuela's energy sector, while keeping the broader Venezuela sanctions framework in place. There is certainly more opportunity today to conduct business involving Venezuelan oil and gas than there was a month ago. However, the recent general licenses authorize different activities for different persons. Relying upon the licenses will require careful navigation of their precise terms and conditions.

Key considerations for companies include:

- The licenses authorize activity that otherwise would be prohibited, but do so **through specific, atypical requirements that will shape deal structure and execution** in practice.

- **Baseline guardrails.** Many of the recent OFAC licenses impose similar, but nonidentical baseline guardrails. Many contracts with GoV, PdVSA, or PdVSA entities must be governed by U.S. law and subject to U.S. jurisdiction and venue. OFAC specifies clear restrictions around payment structures. And OFAC expects persons relying on the license to report their activities.

- **Heightened due diligence.** The licenses' exclusions tied to China, Cuba, Iran, North Korea, and Russia may require companies to conduct new diligence on the ownership, control, and joint-venture relationships of entities connected with a potential transaction.

As with any dealing that involves a blocked person, companies should proceed carefully when relying on a general license.

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If you have any questions, please feel free to contact any of the following Cadwalader attorneys.

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