

United States Issues Significant New Sanctions Relief for Venezuela's Oil & Gas Sector

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Although Venezuela remains subject to sanctions targeting the Government of Venezuela (GoV) and entities in which it holds a 50% or greater ownership interest, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) has issued a series of General Licenses (GLs) representing the broadest easing of Venezuela-related sanctions in years. These steps follow the January 2026 political transition in Venezuela and sweeping reforms to the country's hydrocarbons law. It appears that the relaxation of sanctions is going to be through a phased approach. The first phase is related to moving oil already in storage to the United States. We saw a GL for lifting, and then one for exports of diluents to Venezuela. The first licenses favor major traders, and smaller players continue to file specific license applications. Phase 2 appears to have begun as it focuses on revitalization of the oil and gas sector. We have seen GLs focused on support for existing fields and existing players in the industry – and for the entry into contingent contracts for new exploration and production. What remains to be seen is how fast specific licenses will be issued for new players to enter the sector.

OFAC ISSUES NEW GENERAL LICENSES COVERING OIL, GAS, AND DILUENTS

General License 46, superseded by 46A – Broad Authorization for Established U.S. Entities

On January 29, 2026, OFAC issued GL 46, which was superseded on February 10 by GL 46A, introducing a minor change. GL 46A now authorizes “established U.S. entities” (organized under U.S. law on or before January 29, 2025) to engage in a wide range of otherwise prohibited activities involving Venezuelan-origin oil.^[1] These authorized activities include lifting, exporting, reexporting, selling, re-selling, supplying, storing, marketing, purchasing, delivering, transporting, or refining Venezuelan-origin oil, even when such activities involve the GoV or Petróleos de Venezuela, S.A. (PdVSA), subject to detailed conditions.

For example, GL 46A authorizes transactions such as “arranging shipping and logistics services, including chartering vessels, obtaining marine insurance and protection and indemnity (P&I) coverage, and arranging port and terminal services, including with port authorities or terminal operators that are part of the Government of Venezuela.”^[2] GL 46A also authorizes “commercially reasonable payments in the form of swaps of crude oil, diluents, or refined petroleum products.”

Key conditions include:

- Contracts with the GoV or PdVSA must be governed by U.S. law and require U.S.-based dispute resolution.
- Payments to blocked persons must be made into Foreign Government Deposit Funds (FGDF) as set forth in Executive Order (E.O.) 14373 or another account as instructed by the U.S. Department of the Treasury. However, payments to or from third parties that are not sanctioned are permitted and there is no need to send such payments into FGDF. This excludes—as introduced in GL 46A—payments for local taxes, permits, and fees from the requirement that monetary payments to blocked persons be routed into FGDF.
- Prohibited terms include debt swaps, payments in gold, and any payments in Venezuelan state-issued digital currency (including the petro).
- Transactions involving persons or entities located in or organized under the laws of Russia, Iran, North Korea, or Cuba remain prohibited.
- Transactions involving an entity located in or organized under the laws of Venezuela or the United States that is owned or controlled, directly or indirectly, by or in a joint venture with a person located in or organized under the laws of the People's Republic of China are prohibited.
- Transactions involving blocked vessels are also prohibited.
- Any person that exports, reexports, sells, resells, or supplies Venezuelan-origin oil to countries **other than** the United States pursuant to GL 46 must provide a detailed report to the U.S. Department of State and Department of Energy.

OFAC issued several updated FAQs and amended GL 46A in early February to clarify the scope of authorized Venezuelan-origin oil activities, payment restrictions, and reporting obligations.^[3]

General License 47 – Authorizing Exports of U.S.-Origin Diluents

Issued February 3, 2026, GL 47 authorizes certain activities related to the sale of U.S.-origin diluents to Venezuela.^[4] Diluents are essential for transporting heavy Venezuelan crude. Again, the GL is subject to contract, reporting, and counterparty restrictions parallel to GL 46A. However, GL 47 does not prohibit transactions involving Venezuelan or American entities that are owned or controlled by, or in a joint venture with, persons located in or organized under the laws of China.

General License 48 – Newly Expanded Relief for Upstream Activities

On February 10, 2026, OFAC published GL 48, significantly expanding sanctions relief to include upstream oil and gas exploration, development, and production activities in Venezuela.^[5] This authorization applies to transactions ordinarily incident and necessary to the provision of “goods, technology, software, or services” for upstream activity.

Like GL 46A, GL 48 includes:

- Requirements for U.S.-law-governed contracts and U.S.-based dispute resolution;
- Payments to blocked persons must be made into FGDF as set forth in E.O. 14373 or another account as instructed by the U.S. Department of the Treasury;
- Prohibited terms include debt swaps, payments in gold, and any payments in Venezuelan state-issued digital currency (including the petro); and
- Extensive limitations on dealings with specified foreign jurisdictions (Russia, Iran, North Korea, Cuba **and China**).

However, importantly, GL 48 **does not** authorize the formation of new joint ventures in Venezuela to explore or produce oil or gas, and transactions or dealings related to the exportation or reexportation of diluents, directly or indirectly, to Venezuela. It is also unclear how payments from PdVSA to U.S. service providers are to be structured.

General License 49 – Negotiation and Entry into Contingent Contracts for Certain Investments in Venezuela

Issued February 13, 2026, GL 49 authorizes U.S. persons to negotiate and enter into “contingent contracts” for new investment in Venezuela’s oil and gas sector, so long as actual performance remains prohibited unless separately

authorized by OFAC.^[6] Key points:

What is authorized:

- Negotiation and execution of “contingent contracts” including “executory contracts, executory pro forma invoices, agreements in principle, executory offers capable of acceptance such as bids or proposals in response to public tenders, binding memoranda of understanding, or any other similar agreement” relating to *new* oil and gas exploration, development, production, expansion of existing operations, and formation of new joint ventures.
- Related prefatory steps, including commercial, legal, technical, safety, and environmental due diligence and assessments.

What is *not* authorized:

- Any transaction involving persons or entities in Russia, Iran, North Korea, Cuba, **China, or any entity that is owned or controlled by or in a joint venture with such countries.**
- Transactions involving a blocked vessel.

GL 49 does not waive compliance with the requirements of other agencies (e.g., BIS). To consummate those contingent contracts, an entity must obtain a specific license from OFAC. It is unclear how long the licensing process will take as license applications pre-dating January 29 generally appear to remain in interagency review.

General License 50 superseded by 50A – Certain Transactions Related to Oil or Gas Sector Operations of Listed Entities in Venezuela

On February 18, 2026, OFAC also issued GL 50 A authorizing transactions related to oil and gas operations in Venezuela by specific companies listed in an Annex (BP, Chevron, Eni, Repsol, Shell, and Établissements Maurel & Prom SA), subject to strict structural and payment-based conditions. GL 50A authorizes transactions otherwise prohibited under the VSR that relate to the Venezuelan oil/gas operations of the Annex entities *and* their subsidiaries provided that:

- Contracts with the GoV or PdVSA are governed by U.S. law and require U.S.-based dispute resolution.
- Payments to blocked persons (excluding routine local taxes/fees) go into FGDF established under E.O. 14373.
- Payments of oil or gas taxes or royalties to the GoV, PdVSA, or any PdVSA entity go into the FGDF or any other account as instructed by the U.S. Department of the Treasury.

Prohibited terms include:

- Payment terms that are not commercially reasonable, debt swaps, payments in gold, and any payments in Venezuelan state-issued digital currency (including the petro).
- Transactions involving persons or entities located in or organized under the laws of Russia, Iran, North Korea, Cuba, **China, or any entity that is owned or controlled by or in a joint venture with such countries.**
- Transactions involving blocked vessels.

Importantly, any person that engages in transactions pursuant to GL 50A must provide a detailed report to the U.S. Departments of State and Energy within **10 days of the first transaction**, and **every 90 days thereafter**, identifying counterparties, transaction details, and any payments to the Venezuelan government.

General License 30B – Authorization for Port and Air Operation Activities

On February 10, 2026, OFAC replaced GL 30A that authorized transactions “ordinarily incident and necessary to operations or use of ports and airports in Venezuela,” including those involving the GoV and the Instituto Nacional de los Espacios Acuáticos (INEA).^[7] The amendment was necessary to be consistent with the newly issued authorization in GL 47 because GL 30A specifically prohibited the use of ports or airports for “any transactions or activities related to the exportation or reexportation of diluents, directly or indirectly, to Venezuela.” These payments do not need to be

made into FGDF. This is critical because many newly authorized oil- and gas-related activities cannot function without lawful access to INEA-controlled maritime infrastructure and other port and airport government-run facilities.

TAKEAWAYS AND ADDITIONAL CONSIDERATIONS

- **Meaningful Opening, Not Full Liberalization:** Please note that the GoV and PdVSA remain blocked entities, and therefore any activity outside the scope of these licenses continues to be prohibited. Also, any transaction records must be kept for 10 years per OFAC's Statute of Limitations and record-keeping requirements for sanctions purposes.
- Negotiations with PdVSA or the GoV for contracts or agreements not fitting squarely within the GLs also must be specifically licensed.
- **Venezuela's Domestic Oil Sector Reform Aligns with U.S. Sanctions Easing:** On January 29, 2026, the Venezuelan National Assembly approved sweeping reforms to the Hydrocarbons Law, aimed at reversing decades of nationalization and encouraging private and foreign investment.^[8] These changes, including lower taxes, enhanced autonomy for private producers, and allowance for asset transfers, have aligned with OFAC's incremental sanctions relief. It remains untested and there are some questions as to how it will work in practice given that it does not appear to align with the Venezuelan Constitution.
- **Bribery Risk Continues:** Venezuela continues to be ranked as a high risk for bribery and corruption. U.S. and foreign companies operating in the country or planning to open operations given the sanctions relaxation with respect to the oil and gas sector, should approach third-party relationships with caution and enhanced due diligence. As a best practice, client agreements should include comprehensive anti-bribery and anti-corruption provisions, or counterparties should be required to execute standalone certifications affirming compliance with applicable laws and internal policies.
- **General License Conditions Are Strict and Shall be Met prior to Use:** For instance, only "established U.S. entities" qualify to use GL 46A, and companies formed after January 29, 2025, remain excluded from engaging in such transactions. Further, certain GLs require specifically that the parties agree to submit the agreement to the laws of the United States (or any jurisdiction within the United States) and for dispute resolution to occur in the United States.
- **Negotiation and Dispute-Resolution Clauses Should be Carefully and Deliberately Constructed:** Companies and individuals should conduct comprehensive screening and enhanced due diligence before entering negotiations to avoid dealing with, or executing agreements with, Specially Designated Nationals (SDNs) who may hold signing authority for non-SDN entities or for entities falling under newly issued GLs. In addition, choice-of-law and dispute-resolution provisions must be drafted with particular care to ensure compliance with both U.S. and Venezuelan law and the GL conditions and to protect the U.S. company's strategic interests in the event of a dispute. In most circumstances, arbitrations seated in the United States and governed by U.S. law will offer significant advantages over litigation in U.S. courts, including more predictable enforcement, greater confidentiality, and reduced exposure to forum-shopping.

[1] Venezuela-related General License No. 46, available here: <https://ofac.treasury.gov/media/934886/download?inline>

[2] See *id.* Note 2 to Paragraph (a).

[3] See Venezuela-related FAQs 1226-1235, available here: <https://ofac.treasury.gov/faqs/added/2026-02-06>

[4] Venezuela-related General License No. 47, available at: <https://ofac.treasury.gov/media/934891/download?inline>

[5] Venezuela-related General License No. 48, available at: <https://ofac.treasury.gov/media/934986/download?inline>

[6] Venezuela-related General License No. 49, available at: <https://ofac.treasury.gov/media/935011/download?inline>

[7] Venezuela-related General License No. 30B, available at: <https://ofac.treasury.gov/media/934996/download?inline>

[8] Marianna Parraga, *Sweeping oil reform in Venezuela approved, operators expected to gain autonomy*, Reuters (Jan. 29, 2026), <https://www.reuters.com/business/energy/sweeping-oil-reform-venezuela-approved-operators-expected-gain-autonomy-2026-01-29/>

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