



2026

# Rebuilding the Venezuelan Energy Sector

Navigating Regulatory Change  
and Operational Risk

**The Venezuelan energy sector changed fundamentally in January 2026.** After years of isolation and industry decay, the country is entering a phase of reconstruction under U.S. administrative oversight.

For American producers, this is opening a historic opportunity to re-engage with the world's largest oil reserves, estimated at 303 billion barrels. **However, the environment remains complex: while new rules improve access to the market, the underlying sanctions framework remains in place.**

## **Financial Guardrails: Executive Order 14373 and FGDF**

One of the most critical changes for investors is a new financial system designed to protect investment capital from creditor claims tied to Venezuela's \$150 billion-\$170 billion external debt. On January 9, 2026, the U.S. President issued Executive Order 14373, which created "Foreign Government Deposit Funds" (FGDF).

These funds, derived from the sale of oil, are held in U.S. Treasury custodial accounts. By keeping these funds within a U.S.-regulated custodial framework, these mechanisms aim to provide a regulated framework for the protection of transactions. This structure is intended to assist companies seeking to operate in the country by mitigating risks associated with third-party claims.



# The 2026 Hydrocarbons Law: Ending State Monopoly

On January 29, 2026, Venezuela's National Assembly passed a major reform of the Hydrocarbons Law. The reform introduces three mechanisms for private-sector participation: direct government participation, "Mixed Companies" (Corporate Joint Ventures where the state has a 50%+ stake), and E&P Contracts or Production Sharing Agreement with private companies.

Under the reform, private companies may now conduct:

- **Operational Management:** Private companies can now be authorized to handle the technical and operational management of projects.
- **Commercialization:** Companies may be allowed to sell their produced hydrocarbons directly into the international market.
- **Financial Autonomy:** Partners can open and manage bank accounts in any currency and jurisdiction to run project funds.
- **Fiscal Terms:** Royalties are capped at 30%, and multiple old taxes have been replaced by a single "Integrated Hydrocarbons Tax" capped at 15% (with room to negotiate lower rates for profitability).

## The New OFAC Framework: GL 48A, 46B, 49A, 50A, and 52

To allow American industry to return, the U.S. Treasury (OFAC) issued several General Licenses (GLs). These licenses provide a clear but strictly supervised pathway for operations.

## Upstream Services and Infrastructure (GL 48A)

Issued on March 11, 2026, this is the primary license for service providers. It authorizes the supply of goods, technology, and services needed to find and produce oil and gas. It specifically allows for the "refurbishment or repair" of equipment to address the country's infrastructure.

# Oil Trading and Investment (GL 46B, 49A, 50A, and 52)

- **GL 46B:** Allows “established U.S. entities” (those organized before January 2025) to lift and export Venezuelan oil.
- **GL 49A:** Permits companies to negotiate “contingent contracts” for new investments, though they need separate approval before they can start work.
- **GL 50A:** Authorizes specific major oil companies (such as Chevron and Shell) to operate in the country.
- **GL 52:** Authorizes certain transactions and agreements directly with PDVSA (Petróleos de Venezuela, S.A.).

## The \$180 Billion Problem: A Crumbling Industry

While the legal path is opening, the physical reality on the ground is a major challenge. Decades of underinvestment and limited maintenance have resulted in widespread infrastructure degradation across upstream, midstream, and downstream assets.

Rehabilitating the sector will require substantial capital investment. By some estimates, it would cost \$50 billion over 15 years just to keep production from falling further. To get back to the 3 million barrels per day peak of the 1990s, the country would need about \$180 billion in investment between now and 2040.

The challenge is toughest in the Orinoco Belt, which holds 20% of the world's oil. This oil is extra-heavy. It is technically challenging and costly to transport and some experts think it could cost \$35 a barrel to produce and refine this oil, which is a problem if global oil prices are lower than that.

*Decades of underinvestment and limited maintenance have resulted in widespread infrastructure degradation.*



# Operational Efficiencies and Local Capabilities

Navigating the physical reality of a returning market requires profound local expertise. Instead of confronting logistical hurdles from scratch, U.S. companies need a model that leverages the established capacity of trusted local partners.

CH4 Systems, a U.S. engineering, procurement, and construction (EPC) firm, announced a landmark Strategic Alliance Agreement with Venezuelan industrial leaders specifically designed to provide U.S. energy companies with a turnkey, compliant pathway to restore Venezuela's critical oil and gas infrastructure and restart stalled well operations.

Consorcio de Cogestión Venequip (CCV) and Servi Compresores (SC) bring decades of operational presence, nationwide networks of ISO 9001, 14001 and 45001 certified workshops, and highly trained technical talent.

This alliance minimizes the learning curve, accelerates project deployment, and ensures that complex equipment repairs meet strict American engineering standards right on the ground. The focus is centered on three key areas:

1. Repair and rehabilitation of oil and gas infrastructure
2. Power generation to support energy operations
3. Structured financing for energy projects

*U.S. companies need a model that leverages the established capacity of trusted local partners.*

## Role and Expertise

### CH4 Systems

U.S. standards, EPC  
Turnkey projects, project financing, and legal compliance.

### Servi Compresores

ISO 9001, 14001 and 45001 certified for Manufacturing and Repair of parts for Compressors, Motors and Equipment.

### CCVenequip

With decades of market experience and ISO 9001, 14001 and 45001 certifications, it offers a national network and an extensive fleet of U.S. machinery.

### The Alliance

An integrated infrastructure rehabilitation approach aligned with U.S. legal, financial, and compliance standards.

# CH4 Systems: Proven Success in the Region

CH4 Systems has a track record in the region and was recently honored by the Export-Import Bank of the United States (US EXIM) with the “Deal of the Year” award for their work on the \$759 million Guyana Gas-to-Energy project.

## The Guyana Success Story

In 2025, CH4 and its partners were recognized for their work in the Gas To Energy Project, which included a 300MW power plant and NGL extraction and distribution facility in Guyana. This project is expected to cut electricity costs in that country by 50%. This success in Guyana serves as a model:

- Engineer and deploy complex gas technology quickly in tropical environments.
- Work successfully with national governments, U.S. agencies, and major oil and gas companies like ExxonMobil.
- Maintain the highest safety and quality standards (QHSE).

## The “EPC+Financing” Model

One of the biggest hurdles in emerging markets such as Venezuela is securing capital. CH4 solves this with its “EPC+Financing” model. Our proven track record in securing funding through U.S. government programs like EXIM Bank for projects elsewhere in the region, demonstrates that our engineering and compliance standards meet the highest global requirements. For the Venezuelan market, we leverage this same rigorous structuring capability to align private international capital and partner banks with projects that operate in strict compliance with U.S. Treasury (FGDF) mechanisms, providing a transparent and reliable pathway for investment.

# CCV and Servi Compresores: Deep Roots in Venezuela

The strength of the alliance comes from the deep history of its local partners. While CCV’s origins trace back to 1927 when General Electric, launched its business in Venezuela, CCV today is a major industrial force.

## Industrial Capacity and Support

CCV’s network of workshops provides the support industrial clients need. Their inventory includes:

- **Power:** Authorized Generac distributor with specialized support for Cummins and FG Wilson.
- **Compression:** Global compression partnerships (500-5,000 BHP).
- **Logistics:** Service for International Trucks, which are vital for moving equipment in oil fields.
- **Service:** Dedicated centers capable of rebuilding engines and heavy machinery locally.

## Technical Precision

Servi Compresores (SC) brings the high-level technical skill needed to fix specialized equipment. They work under ISO 9001, 14001 and 45001 quality standards, which is important for U.S. companies that must follow strict engineering rules (API, ASME) even when working abroad. In the Orinoco Belt, where broken gas plants are a major bottleneck, SC’s teams are essential for getting production back on track.



## How U.S. Companies Can Succeed

The 2026 opening of Venezuela's energy sector is a generational opportunity but, even with changes in both U.S. and Venezuelan policies, companies should proceed with caution. This includes:

- 1. Protect Proceeds:** Use the U.S. Treasury (FGDF) system to make sure your project funds are safe from creditors' claims.
- 2. Partner with Local Experts:** Use alliances like CH4/CCV/SC to bridge the gap and provide immediate access to established tools and experience.
- 3. Start with Repairs:** The quickest way to see results is to fix and modernize existing equipment like power and compression plants.
- 4. Put Compliance First:** The rules are strict and change often. Working with a leader like CH4, which has a proven track record with the U.S. government, ensures your project stays on the right side of the law.

**By following this model, U.S. energy producers can return to Venezuela with confidence, helping to stabilize the region while meeting the highest safety and legal standards.**



CH4 is a U.S.-based engineering, procurement, construction (EPC) specializing in advanced, sustainable energy generation projects in emerging markets, including the Caribbean, South America and the Middle East. Founded in 2016, the company offers turnkey solutions from project design and financing to ongoing operations and maintenance for governments and private industry.

[ch4-systems.com](http://ch4-systems.com)



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