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Start Me Up – Venezuela Seeing Early Signs of Oil-Industry Rebound

Production and Exports Tick Higher, But Much More Could be Done



- Upgrader repairs could offer surest route to higher domestic production
- Export terminals need minor fixes, major overhauls to boost volumes
- As crude oil output rises, more barrels finding their way to U.S. refiners
- Plans for revival may not include long-neglected refining sector
- Oil in the spotlight, but Venezuela has major natural gas reserves too

1. Introduction

For decades, Venezuela's oil industry was one of the most important in the Western Hemisphere, supplying massive volumes of crude oil and refined products to markets across the Americas and beyond. At its peak, the country produced more than 3 MMb/d of crude oil, operated the largest refining system in Latin America and served as a critical supplier of heavy sour crude to U.S. Gulf Coast refiners. But after years of political instability, chronic underinvestment, operational mismanagement, sanctions and the collapse of key infrastructure, Venezuela's energy sector entered one of the steepest and most prolonged declines ever experienced by a major oil-producing nation. Crude production fell by more than two-thirds from late-1990s levels, refinery utilization collapsed, export infrastructure deteriorated and the country's once-powerful state oil company — Petróleos de Venezuela (PDVSA) — became increasingly incapable of sustaining even basic operations.

Now, however, the situation is changing. Following the removal of President Nicolás Maduro earlier this year and the rapid reopening of Venezuela's energy sector to foreign investment, the

first signs of a potential recovery are emerging. Crude exports have rebounded sharply in 2026, U.S. refiners are once again importing significant volumes of Venezuelan crude, and international energy companies are evaluating new investments across the country's upstream, midstream and natural gas sectors. The changes have occurred against the backdrop of an increasingly tight global heavy-sour crude market, ongoing instability in the Middle East and strong refinery demand for heavier feedstocks capable of maximizing diesel and jet fuel production.

That said, the challenges facing Venezuela's oil and gas sector remain enormous. The country still suffers from widespread infrastructure degradation, unreliable electricity supply, damaged pipelines and export terminals, chronic labor shortages, corruption concerns and years of deferred maintenance across nearly every part of the energy value chain. While production and exports have improved this year, the industry remains highly fragile, and many facilities operate well below their original design capacity — if they operate at all. In some cases, the damage may simply be too extensive for full restoration to make economic sense. That is particularly true in refining, where utilization rates have remained below 20% for years and rehabilitation costs could rival the expense of building entirely new facilities.

Still, Venezuela retains extraordinary long-term resource potential. The country possesses the world's largest proved crude oil reserves, centered in the massive Orinoco Belt, along with some of the largest natural gas reserves in the Western Hemisphere. If infrastructure can be stabilized, export capacity expanded and investment conditions improved, Venezuela could once again become a major force in global energy markets. But the path forward is unlikely to be quick, linear or easy.

In this Drill Down Report, we examine the current state of Venezuela's energy sector and evaluate where recovery efforts are most likely to succeed — and where they may continue to struggle for years to come. We analyze the outlook for the country's refineries, crude upgraders, export terminals and natural gas infrastructure, along with the implications for U.S. Gulf Coast refiners, global heavy crude balances and future LNG development. Most importantly, we assess what Venezuela's potential rebound could mean for energy markets at a time when heavy crude supply remains increasingly constrained worldwide.

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