Venezuela NRG Insights

The myth of the quick oil production ramp-up in Venezuela, and no free barrels

HOUSTON, TEXAS (By Pietro D. Pitts, Editores Latin Petroleum C.A.) — OIL prices have breached the $100 per barrel mark, while the national average gasoline price in the US reached $3.79/gallon as of 17 Mar. 2026, according to **AAA**.

For ordinary consumers, that's the headline: fuel is expensive again, and everything tied to fuel — from foodstuffs to freight — is getting more expensive.

Behind those numbers sits a miscalculation in Washington: the belief aggressive moves toward Venezuela first and then Iran second could be politically choreographed in a way that did not rattle energy markets. The reality, as we see at the pump, is very different.

Against this backdrop, the idea that political moves in Caracas could rapidly flip Venezuelan production from weak to strong is more fantasy than strategy.

To treat Venezuela as a back-up barrel, 3 assumptions would need to be true: 1) infrastructure can be quickly restored; 2) investment capital and technology can flow in smoothly; and 3) policy, contracts, and governance are predictable enough to support multi-year multi-million project plans.

None of these is straightforward as I argue here.

INFRASTRUCTURE: MORE RUST THAN CUSHION

Venezuela's production system — from projects in the prolific Orinoco Belt heavy oil or Faja to conventional fields and refineries and complex upgraders — has been degraded by decades of under-maintenance, cash shortages and cannibalization.

— wells and gathering systems have suffered from corrosion, leaks, and poor work over frequency.

— processing facilities and upgraders need substantial refurbishment or reconfiguration, especially to handle heavy and extra-heavy blends.

— refineries are in a state of partial functionality at best, plagued by fires, unplanned outages, and a chronic shortage of spare parts.

— export infrastructure, including terminals and loading facilities, has also faced technical and operational constraints.

None of this can be fixed overnight. And, Chris Wright should know this. Even under ideal political conditions, field rehabilitation and facility restoration are multi-year, capital-intensive processes. It's not a case of just "turning the valves back on."

CAPITAL AND TECHNOLOGY: SANCTIONS AND SKEPTICISM

Then there is the question of who pays to restore Venezuelan capacity, and under what terms.

— sanctions have scared off many traditional investors and service companies, and even as licenses or waivers continue to be granted, boardrooms remain cautious. Many companies remember how quickly policy has flipped in the past.

— potential investors must factor in the following risks related to: **s**anctions, contract stability, payments, and politics — all of which are elevated.

— technology and service providers, from drilling contractors to EPC firms, must decide whether the potential upside justifies the legal, reputational, and financial risks of returning.

In short, even if the political leadership in Caracas changed completely tomorrow, or if Washington continued to pursue a more flexible sanctions regime, capital would not flood in automatically. It would trickle in, cautiously, and only around carefully structured projects that show clear risk-adjusted returns. Plus, the socialist are still in charge, whether you like it or not.

GOVERNANCE AND CONTRACTS: TRUST HAS BEEN BROKEN

International oil companies (IOCs) and traders have long memories. They remember: arbitrary contract revisions and expropriations, payment delays, opaque JV accounting, and commercial disputes, and swings in policy and rhetoric, oscillating between investor-friendly language and aggressive resource nationalism.

Any new deals in Venezuela will be evaluated against that backdrop. And, even as new political arrangements promise stability, investors will ask: for how long? And what happens if relations with the US, China, Russia, or regional neighbors shift again?

All of this erodes the notion that Venezuelan oil can be mobilized quickly and predictably to support foreign policy plays elsewhere.

CONCLUSION: VENEZUELA REQUIRES STRATEGY, NOT SHORTCUTS

From the perspective of **Editores Latin Petroleum, C.A.** the 100% owned Caracas-based affiliate of **Energy Analytics Institute (EAI),** the bottom line is clear:

— Venezuela still matters — as a large resource holder, as a potential future supplier, and as a key variable in regional stability;

— but it cannot be treated as a quick, clean solution to short-term geopolitical gambits elsewhere; and

— any serious re-engagement with Venezuela's oil sector will require time, capital, technical work, and credible governance reforms, not just a change of rhetoric or leadership (the second long-time leaders are no more but the regime remains in great part intact).

Until US policymakers acknowledge Venezuela is not a simple back-up barrel, they will continue to underestimate the fragility of global energy balances — and overestimate how much their political maneuvers can achieve without incurring real economic costs.

In energy, as in geopolitics, there are no free barrels. Venezuela is proof.

Contact Energy Analytics Institute or Editores Latin Petroleum C.A. for pricing details related to longer ad hoc reports to compliment your company's analytics and due diligence around investing in Venezuela.