

CLIENT ALERT: OFAC ISSUES GENERAL LICENSES AUTHORIZING CERTAIN ACTIVITIES INVOLVING THE VENEZUELAN OIL INDUSTRY

February 6, 2026

Introduction

Following the Trump Administration's recent operations involving the Maduro regime in Venezuela, OFAC has issued a series of General Licenses relaxing the current sanctions program aimed at Venezuela's oil sector.

Specifically, on January 29, 2026, OFAC issued General License No. 46, "Authorizing Certain Activities Involving Venezuelan-Origin Oil" ("G.L. 46"), which authorizes transactions between "established U.S. entities" (defined below) and the Government of Venezuela, including Petróleos de Venezuela, S.A. ("PdVSA"), involving Venezuelan-origin oil, provided that certain conditions regarding the identity of the parties involved, contractual language and payment terms are satisfied.

Following the issuance of G.L. 46, on February 3, 2026, OFAC issued General License 47, "Authorizing the Sale of U.S.-Origin Diluents to Venezuela" ("G.L. 47"). Generally speaking, General License 47 authorizes transactions involving the Government of Venezuela and/or PdVSA involving the sale of U.S.-origin diluents to Venezuela, provided that many of the same conditions regarding the identity of the parties involved, contractual language and payment terms as set forth in G.L. 46 are met.

General License 46: "Authorizing Certain Activities Involving Venezuelan-Origin Oil"

Paragraph (a) of G.L. 46 broadly authorizes "all transactions prohibited by the Venezuela Sanctions Regulations, 31 CFR part 591 (the VSR), including those involving the Government of Venezuela, Petróleos de Venezuela, S.A. (PdVSA), or any entity in which PdVSA owns, directly or indirectly, a 50 percent or greater interest (collectively, "PdVSA Entities"), that are 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, by an established U.S. entity," subject to certain conditions set forth below.

First, any contract for transactions authorized by G.L. 46 must specify that the laws of the United States, or any jurisdiction within the United States, govern the contract and that dispute resolution must occur in the United States.

Second, any monetary payment to a blocked person must be made into the “Foreign Government Deposit Funds” pursuant to E.O. 14373, or any other account as instructed by the U.S. Department of the Treasury.

G.L. 46 also contains two “notes” which clarify the scope of the authorizations set forth in paragraph (a).

First, note 1 to paragraph (a) defines the term “established U.S. entity” as “any entity organized under the laws of the United States or any jurisdiction within the United States on or before January 29, 2025.”

Second, note 2 to paragraph (a) details that the types of transactions authorized, including the following:

- Arranging shipping and logistics services;
- Chartering vessels;
- Obtaining marine insurance and P&I coverage;
- Arranging port and terminal services (including with authorities and operators that are part of the Government of Venezuela); and
- Commercially reasonable payments in the form of swaps of crude oil, diluents, or refined petroleum products.

Activities Not Authorized Pursuant to G.L. 46

Paragraph (b) of G.L. 46 further clarifies the scope of the authorization set forth in paragraph (a) by explaining the activities and matters expressly not authorized by G.L. 46, including:

- Payment terms that are not commercially reasonable, involve debt swaps or payments in gold, or are denominated by digital currency, tokens, or coins issued by, for, or on behalf of the Government of Venezuela.
- Transactions involving a person located in or organized under the laws of Russia, Iran, North Korea, Cuba, or any entity owned or controlled, directly or indirectly, by or in a joint venture with such persons. This prohibition also includes any transaction involving an entity located in or organized under the laws of the U.S. or Venezuela that is owned or controlled, directly or indirectly, or in a joint venture, with a person located in or organized under the laws of China.
- The unblocking of any blocked property or transactions with blocked vessels.

Mandatory Reporting of Transactions to Non-U.S. Countries

Pursuant to paragraph (c) of G.L. 46, any person that exports, reexports, sells, resells or supplies Venezuelan-origin oil to countries other than the U.S. must provide a detailed report that identifies: “1) the parties involved; the quantities, values and countries of ultimate destination; 3) the dates the transactions occurred; and 4) any taxes, fees, or other payments provided to the Government of Venezuela”. These reports are to be submitted to Sanctions_inbox@state.gov and VZReporting@doe.gov and are due ten days after execution of the first transaction. If the transactions are ongoing, reports must be submitted every 90 days thereafter.

To date, OFAC has issued no FAQs related to G.L. 46 or any guidance related to sample compliant reports required under section (c) of G.L. 46.

The full text of General License 46 can be found at the following link:
<https://ofac.treasury.gov/media/934886/download?inline>.

General License No. 47: “Authorizing the Sale of U.S.-Origin Diluents to Venezuela”

Pursuant to section (a) of G.L. 47, all transactions prohibited by the VSR, including those involving the Government of Venezuela, PdVSA, or any entity owned, directly or indirectly, by PdVSA pursuant to OFAC’s “waterfall” effect, that are ordinarily incident and necessary to the exportation, reexportation, sale, resale, supply, storage, marketing, delivery, or transportation of U.S.-origin diluents to Venezuela are authorized, provided that “any contract for such transactions with the Government of Venezuela, PdVSA, or PdVSA Entities specify that the laws of the United States or any jurisdiction within the United States govern the contract and that any dispute resolution under the contract occur in the United States.”

Note 1 to paragraph (a) details that the types of transactions authorized by G.L. 47, including the following:

- Arranging shipping and logistics services;
- Chartering vessels;
- Obtaining marine insurance and P&I coverage; and
- Arranging port and terminal services (including with authorities and operators that are part of the Government of Venezuela).

Importantly, we note that G.L. 47 only applies to ***U.S.-origin*** diluents, and does not apply to any non-U.S. origin diluents. OFAC has not defined U.S.-origin diluents at this time.

Activities Not Authorized Pursuant to the General License

Paragraph (b) of G.L. 47 further clarifies the scope of the authorization set forth in paragraph (a) by explaining the activities and matters expressly not authorized by G.L. 47, including:

- Commercially unreasonable payment terms;
- Payment terms that involve debt swaps, payments in gold, or are denominated in digital currencies, coins or tokens issued by, for or on behalf of the Government of Venezuela;
- Transactions involving persons located in, or organized under the laws of, Iran, North Korea or Cuba, or any entity that is owned or controlled by or in a joint venture with such persons; or
- Transactions involving blocked vessels.

Unlike G.L. 46, G.L. 47 does not limit transactions involving persons located in or organized under the laws of China.

Mandated Reporting

Pursuant to paragraph (c) of the G.L. 47, any person that exports, reexports, sells, resells or supplies U.S.-origin diluents to Venezuela authorized by G.L. 47 must provide a report that identifies: “1) the parties involved; the quantities, values and countries of ultimate destination; 3) the dates the transactions occurred; and 4) any taxes, fees, or other payments provided to the Government of Venezuela”. These reports are to be submitted to Sanctions_inbox@state.gov and VZReporting@doe.gov and are due ten days after execution of the first transaction. If the transactions are ongoing, reports must be submitted every 90 days thereafter.

As with G.L. 46, OFAC did not issue any press releases, guidance or sample reports clarifying the scope of G.L. 47.

The full text of General License 47 can be found at the following link: <https://ofac.treasury.gov/media/934891/download?inline> .

Conclusion

We continue to monitor developments in this area given the evolving nature of the current situation in Venezuela and the potential for additional sanctions relief. We will provide further updates as the developments warrant.

If you have any questions about the contents of this alert or would like further information regarding U.S. sanctions, please feel free to contact the authors, Bill Pallas at pallas@freehill.com, or Mike Dehart at dehart@freehill.com.

This Client Alert is only a general summary for informational purposes. It and its content are not intended to be and should not be used or construed as legal advice. Readers should seek specific legal advice before acting with regard to the subjects mentioned herein.

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