UPSC & STATE PCS CURRENT AFFAIRS · UJIYARI.COM

DAILY CURRENT AFFAIRS

A Fifth of a Country's Oil: The United States Takes Majority Control of 65 Billion Barrels in Venezuela

30 August 2026 · IR ECONOMY · GS2 GS3

CURATED & WRITTEN BY

Bharat Choudhary

UPSC Educator & Content Creator

linkedin.com/in/epicbharat

A Fifth of a Country's Oil: The United States Takes Majority Control of 65 Billion Barrels in Venezuela

30 August 2026 · 8 min read ·

Every fact web-verified against primary sources

> *On* **Friday, August 28, 2026**, *United States President* **Donald Trump** *announced an agreement with Venezuela giving the United States* **majority control over 17 oil fields with a proven potential of 65 billion barrels**. *He called it "the biggest oil deal in world history". Venezuela's* **acting President Delcy Rodríguez** *confirmed the agreement, saying it would have "a significant impact on our nation's revival". It was negotiated by* **Secretary of State Marco Rubio**, **Defense Secretary Pete Hegseth** *and Rodríguez.*

> *A state has transferred long-term control over roughly* **a fifth of its national petroleum reserves** *to another state, through a private vehicle,* **eight months after that state's military removed and detained its president**. *Whatever the commercial merits, that is the fact pattern an examiner will ask you to analyse.*

THE TERMS

ELEMENT	DETAIL
Fields covered	**17**
Proven potential	**65 billion barrels**
Concession length	**100 years**
United States government share	**55 per cent** of the new venture
Form of the US share	Ownership stake **plus rights to buy oil at cost**
Operator	A **new private company**, partnered with an **unnamed private operator** in Venezuela
Promised investment into Venezuela	Nearly **$100 billion**
Projected tax revenue to Caracas	Over **$209 billion**, per Rodríguez's government

> *The line that the new venture would be the world's second-largest holder of proven reserves "after Saudi Aramco" comes from* **an unnamed United States official**, *whose actual formulation was the second-largest* **private** *oil company by reserves.* **Saudi Aramco is state-owned**, *so the two statements are not equivalent. Attribute it; do not print it as an established ranking.*

The structural oddity that specialists have flagged. Jorge Piñón of the Energy Institute at the University of Texas called the arrangement unconventional, noting that questions remain about how the oil assets would be transferred, "not to a private enterprise, but to another country." A sovereign state taking a majority position in another state's petroleum reserves through a commercial vehicle does not fit the usual categories of concession, nationalisation or production-sharing.

THE CONTEXT NOBODY SHOULD OMIT

Venezuela has been under extreme pressure since the start of 2026. On **January 3, 2026**, United States forces captured then-President **Nicolás Maduro** in Caracas, along with his wife Cilia Flores, and took him to New York to face **federal narcoterrorism and cocaine trafficking charges**. His Vice-President since 2018, **Delcy Rodríguez**, was **sworn in as acting President on January 5, 2026**. She has condemned the capture as a kidnapping while simultaneously pursuing cooperation with Washington, a position that explains a good deal about the agreement announced this week.

> *Rodríguez is the* ***acting President****. The circumstances of the transfer of power are contested, and both Caracas and Washington have taken positions on Maduro's legal status. State the sequence of events and let the reader weigh it.*

THE PARADOX AT THE HEART OF THIS STORY

Venezuela is not oil-poor. It is the opposite, and it always has been.

COUNTRY	PROVEN RESERVES	SHARE OF WORLD TOTAL
Venezuela	**About 303 billion barrels**	**Roughly 17 per cent, the largest in the world**
Saudi Arabia	About 267 billion barrels	Second
Iran	About 209 billion barrels	Third
Canada	About 163 billion barrels	Fourth
Iraq	About 145 billion barrels	Fifth

And yet Venezuela ranked about 21st in world oil production, at roughly **960,000 barrels per day**. It has the **most extreme reserve-to-production ratio on earth**, exceeding 800 years at recent rates.

Why. Most of the oil sits in the **Orinoco Belt** and is **extra-heavy crude**: costly to extract, requiring upgrading and specialised infrastructure. Two decades of underinvestment, sanctions and the departure of technical expertise did the rest.

The consequence for this deal. The constraint was never geology; it was capital and engineering. **Analysts have repeatedly warned that a substantial increase in Venezuelan output will not happen quickly**, because repairing and expanding the infrastructure takes years and billions of dollars. A deal signed in 2026 does not put barrels on the market in 2026.

The dissenting reading

Not everyone accepts the framing. Oil researcher **Rory Johnston** has called the 65-billion-barrel figure **"a red herring"**, on the ground that reserves in the ground are not production and Venezuela's constraint has never been how much oil exists. **Gregory Brew** has likened the structure to **early twentieth-century British imperial concessions**. The arrangement also faces **legal challenge inside Venezuela**, where the constitution and hydrocarbons law reserve core petroleum activity to the state.

Venezuela is a founding member of OPEC, which it helped establish in **1960** alongside Iran, Iraq, Kuwait and Saudi Arabia.

WHY WASHINGTON WANTED IT NOW

The timing is explained by a different war.

United States petrol prices stood at about **$4.09 a gallon** on Friday, against **$3.21 at the same time last year**. The **Strategic Petroleum Reserve fell below 300 million barrels in early August 2026**, down by more than **100 million barrels since the start of the year**.

The cause is the **conflict with Iran, which reached its six-month mark on the day the deal was announced**, having begun in **late February 2026**. About **20 per cent of world petroleum** moved through the **Strait of Hormuz** before the conflict; that traffic has collapsed. Fuel prices are a domestic political problem ahead of **midterm elections in November**.

> *A war in West Asia closes a chokepoint, which raises fuel prices in the United States, which drives a resource agreement in South America.* **Energy security is a single global system, and a disruption in one strait redraws ownership on another continent.**

WHAT THIS MEANS FOR INDIA

India imports **over 85 per cent of its crude**, so any structural change in global supply reaches Indian consumers through the import bill and the rupee.

But India's exposure here is not abstract. It is direct, and it is on the books.

ONGC Videsh holds 40 per cent in the San Cristobal field and 11 per cent in Carabobo-1, with roughly **$770 million invested** in Venezuela as of March 2025 and about **$600 million in dividends stuck**, part of which was to be recovered in oil. As background, ONGC Videsh **received a licence to operate upstream oil and gas projects in Venezuela in early August 2026**.

India is also buying again. Monthly crude imports from Venezuela rose from about **64,000 tonnes in 2025-26 to over 1.04 million tonnes across April and May of 2026-27**, making Venezuela one of India's larger suppliers in those months.

Three implications worth carrying into an answer.

On prices. Additional Venezuelan supply would ease a tight market, but not soon. In the near term the **Hormuz disruption dominates**, and that is where the larger Indian exposure lies.

On the precedent. If a major producer's reserves can change effective control following external military action, then **resource nationalism and sovereignty over natural resources**, a principle developing states have defended since the 1960s, is weakened. India has consistently supported permanent sovereignty over natural resources in multilateral forums.

On strategy. India's own answer to supply shocks has been diversification of sources, the **strategic petroleum reserve** programme, and long-term equity in overseas assets. This episode is an argument for all three, and a caution about the political risk attached to the last.

UPSC RELEVANCE

GS Paper 2: Effect of policies and politics of developed and developing countries on India's interests. A great-power resource agreement concluded after regime change is a direct illustration of how third-country politics reaches Indian energy costs.

GS Paper 2: Important International institutions, agencies and their structure and mandate. The episode raises questions about sovereignty, the use of force and the limits of international law that map onto UN Charter principles.

GS Paper 3: Infrastructure, energy; Indian economy and issues relating to mobilization of resources. Import dependence, the strategic petroleum reserve, and the price transmission mechanism from crude to inflation.

Mains framing. "Permanent sovereignty over natural resources is a principle the developing world established and the developing world is least able to enforce." Use Venezuela as the case.

FACTS CORNER — KNOWLEDGEPEDIA

On August 28, 2026 the US announced majority control of 17 Venezuelan oil fields with 65 billion barrels of proven potential.

The agreement grants a new private venture 100-year rights, with the US government holding 55 per cent of it.

The US share combines an ownership stake with the right to buy oil at cost; nearly $100 billion is promised to Venezuela.

Venezuela's acting President Delcy Rodríguez signed it; it was negotiated by Marco Rubio and Pete Hegseth.

A US official described the venture as the world's second-largest private oil company by reserves; Aramco is state-owned.

Venezuela is a founding member of OPEC, established in 1960 with Iran, Iraq, Kuwait and Saudi Arabia.

Nicolás Maduro was captured by US forces in Caracas on January 3, 2026 on narcoterrorism and drug trafficking charges.

Delcy Rodríguez, Vice-President since 2018, was sworn in as Venezuela's acting President on January 5, 2026.

ONGC Videsh holds 40 per cent of San Cristobal and 11 per cent of Carabobo-1, with about $770 million invested in Venezuela.

ONGC Videsh received a licence to operate upstream oil and gas projects in Venezuela on August 5, 2026.

Venezuela holds the world's largest proven oil reserves, about 303 billion barrels, roughly 17 per cent of the world total.

Saudi Arabia is second with about 267 billion barrels, followed by Iran, Canada and Iraq.

Venezuela ranked about 21st in world oil production at roughly 960,000 barrels per day despite its reserves.

Most Venezuelan oil lies in the Orinoco Belt and is extra-heavy crude, costly to extract and needing upgrading.

Venezuela has the world's highest reserve-to-production ratio, exceeding 800 years at recent output rates.

About 20 per cent of world petroleum passed through the Strait of Hormuz before the 2026 conflict.

The US Strategic Petroleum Reserve fell below 300 million barrels in early August 2026.

US petrol averaged about $4.09 a gallon on August 28, 2026, against $3.21 a year earlier.

India imports over 85 per cent of its crude oil, so global supply shifts pass directly into its import bill.

Source: A Fifth of a Country's Oil: The United States Takes Majority Control of 65 Billion Barrels in Venezuela — Ujiyari.com | Free UPSC & State PCS Current Affairs

RELATED EDITORIALS

THE HINDU

The Regulator, the Regulated and the Same Family Name

30 Aug

HINDUSTAN TIMES

The Mecca Pact Is Not About India. Its Consequences Are.

30 Aug

THE HINDU

How a Forty-Year Insurgency Ends: Turkiye Writes Reintegration Into Law

30 Aug

ECONOMIC TIMES

Saptadhara: Seven Streams, and the Reform Question They Leave Unanswered

29 Aug

RELATED KEY TERMS

KEY TERM

16th Finance Commission

The constitutional body chaired by Arvind Panagariya that recommends...

KEY TERM

ACNAS

Advisory Committee on National Accounts Statistics, the expert body...

KEY TERM

Act East Policy

India's strategic foreign policy framework prioritising active...

KEY TERM

Ad Valorem Tax

A tax levied as a percentage of the value of a good, service, or...

CURATED & WRITTEN BY

Bharat Choudhary

UPSC Educator & Content Creator

linkedin.com/in/epicbharat

📖 Read Full Article on Ujiyari →

https://ujiyari.com/daily/2026/08/30/venezuela-oil-deal-united-states-sovereignty/