



The Reopening of Venezuela's Upstream Through a PSA: Insights and Case History

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Every specific opportunity in the Venezuelan hydrocarbon sector requires a detailed and individualized assessment. Each project presents unique characteristics in terms of resource profile, available infrastructure, applicable technologies, contractual structure, and risk profile. Business models, economic parameters, and financial projections must therefore be developed independently on a case-by-case basis.

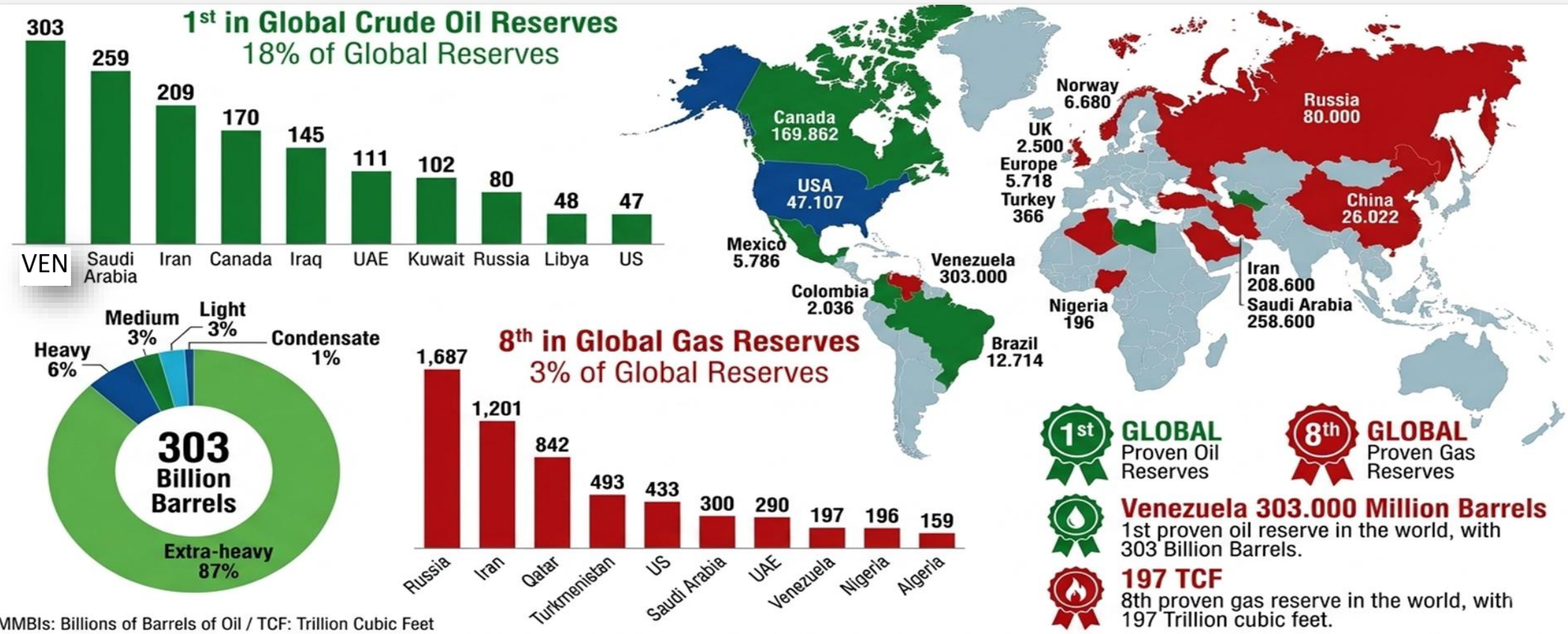
The evaluation of any investment opportunity in Venezuela must include a thorough review of the Partial Reform of the Organic Hydrocarbons Law (LOH 2026) and its applicable regulations, as well as consultation with qualified legal, technical, and financial advisors with experience in the Venezuelan regulatory and operational framework.

References to the LOH 2026 Reform, fiscal frameworks, contractual structures, and economic indicators contained in this presentation are illustrative in nature and subject to regulatory, interpretive, or implementation changes. Venezuelan hydrocarbon legislation, including applicable international sanctions regimes, may change and must be verified against current sources before making any decision.

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Venezuela Hydrocarbon Potential

Venezuela holds the #1 Proven Oil Reserves globally — 303 Billion Barrels · 18% of Global Reserves



Five Producing Basins

Current production ~1,000 k/bd · Extra-heavy, heavy, medium and light crudes



ORINOCO BELT

273,096 MMBL

Extra-heavy crude

8 – 10 API. Upgrader and diluent play

WESTERN BASIN

21,482 MMBL

Light-medium crude

Maracaibo Basin

EASTERN BASIN

5,724 MMbbl

142 TCF gas

Light-medium crude + gas

Monagas and Anzoátegui

OFFSHORE

20 – 30 TCFG

Gas + condensate crude

4 proven gas prone basins

THE LLANOS

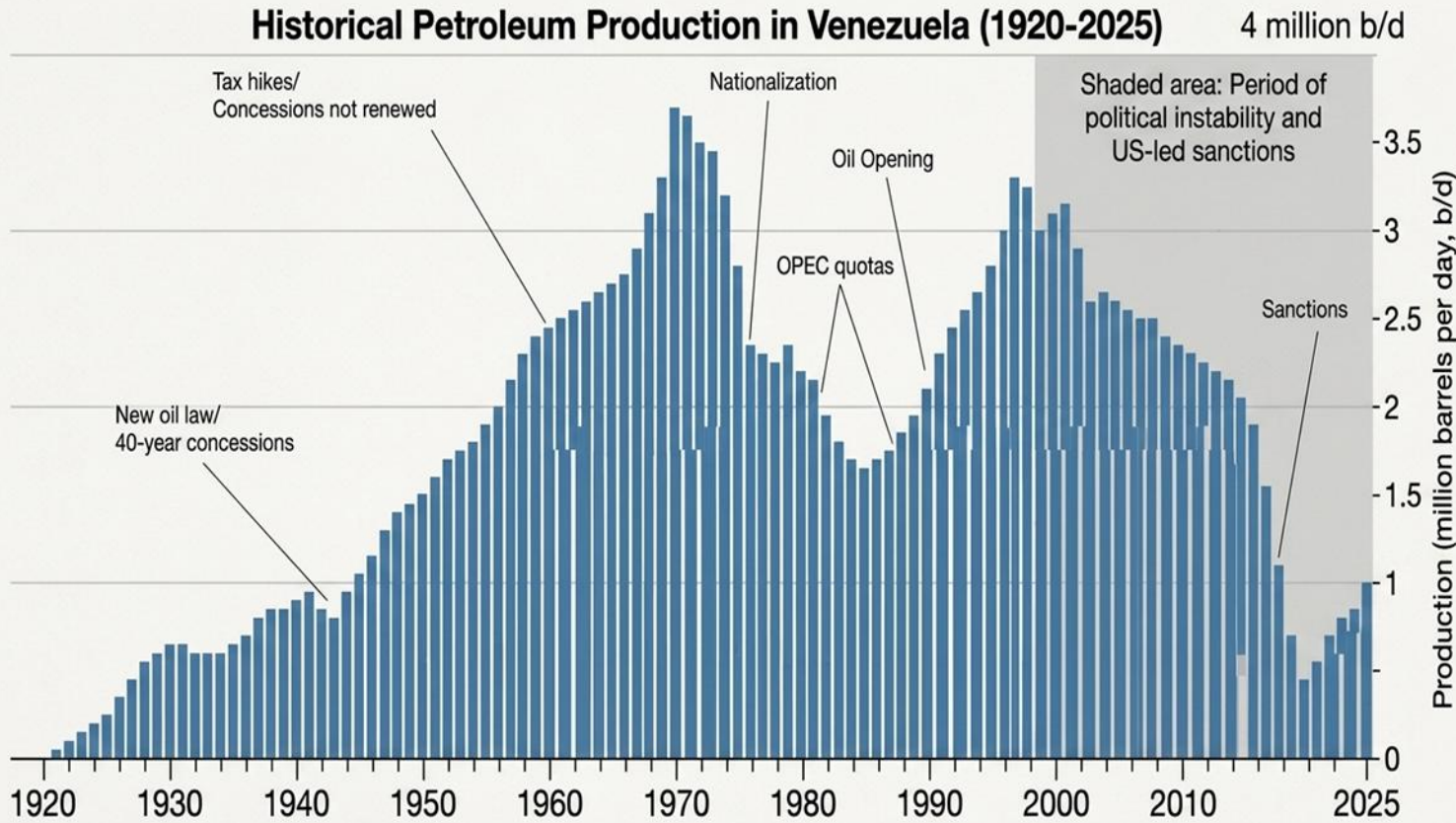
0.5 MMbbl

Light-medium crude

Apure and Barinas

Venezuela Production Decline — An Execution Crisis

Production fell from 3.2 million bpd (1998) to ~1 million bpd today



-73%

Production loss since 1998 peak



-Failed Operational Execution

-Poor management, lack of technical investment & expertise



-Sustained Underinvestment

-CAPEX shortfall across all basins for decades



-Infrastructure Decay

-Pipelines, gas lift, power systems severely degraded

Source: Adapted by Bloomberg Opinion from 'Political Conflict and Economic Growth in Post-Independence Venezuela', BP Statistical Review, and International Energy Agency data.

Improved Government Take : Before vs. After 2026 LOH

The 2026 Reform reduces Government Take from >90% to ~50%–75% — projects now viable at \$25–40/bbl breakeven





BEFORE REFORM (Pre-2026)	
Government Take	Frequently exceeded 90%+
Royalty	Fixed 33% on gross production — non-negotiable
Income Tax	50% — rigid, no adjustments allowed
Extra Levies	Social taxes, windfall tax, wealth tax (near 50%)
Commercialization	Only through PDVSA . No direct operator sales (*)
Economic Equilibrium	No protection against adverse changes
Outcome	Most projects non-viable; IRRs negative to single-digits
>90%	Average Government Take (Pre-Reform)

AFTER REFORM (2026 LOH)	
Government Take	Reduced to ~50%–75% (negotiable per project)
Royalty	Up to 30%; adjustable per project economics
Income Tax	Up to 50% on gross revenues; replaces ISLR
Extra Levies	Integrated tax (up to 15%)
Commercialization	Direct operator sales into international markets
Economic Equilibrium	Guaranteed rebalancing if conditions change (Art. 26)
Outcome	Viable at \$25–40/bbl; IRRs 20% – 199%+
50% – 80%	Government Take Range (LOH 2026 - Negotiable)

(*) There were two exceptions for the JV to market, the first being the synthetic crudes from the improved production of the belt and the asphaltic crude from the Boscán field.

Entry and Regulatory Entities : CIIP · PDVSA · OFAC

Four sequential phases with a parallel OFAC compliance track — no OFAC license means no contract signing

1 Expression of Interest + MoU & Pre-qualification	2 Joint Project Agreement	3 Approvals	4 Contract Signing & Mobilization
 <p>Formal letter to CIIP identifying opportunity. MoU signed. Technical, financial & reputational pre-qualification.</p>	 <p>Joint work between investor, PDVSA & CIIP. Defines technical scope, economic model, contractual structure & tax conditions.</p>	 <p>Review & approval by PDVSA and Ministry of Hydrocarbons. Mixed Enterprises may require additional National Assembly notification.</p>	 <p>Signing of the definitive contract and mobilization. Start of primary or service activities as applicable.</p>



For investors with U.S. exposure: OFAC license application (GL 30b / 46 / 47 / 48) runs in parallel from Step 01 until contract signature.

2026 LOH - Contract Structures Comparison

The new LOH framework formalizes two forms of participation schemes



Joint Venture <i>Empresa Mixta</i>	
<i>Contract Term</i>	25 years + 15 yr extension
<i>Private Participation</i>	Up to 49%
<i>Financing Party</i>	100% by the Joint Venture
<i>Asset Ownership</i>	100% by the JV
<i>Tax Regime</i>	Royalty ≤30% + Integrated Tax ≤15%
<i>Commercialization</i>	Direct sales permitted (Arts. 68–69)

BEST FIT
Large IOCs / NOCs — Orinoco heavy oil & Offshore gas

COAP (CPP) <i>Primary Activity Operator Contract</i>	
<i>Contract Term</i>	20 years + 20 yr extension
<i>Private Participation</i>	100%
<i>Financing Party</i>	100% by the operator
<i>Asset Ownership</i>	New operator
<i>Tax Regime</i>	Royalty ≤30% + Integrated Tax ≤15%
<i>Commercialization</i>	Direct sales permitted (Arts. 68–69)

BEST FIT
Mid-cap operators — Brownfield rehabilitation

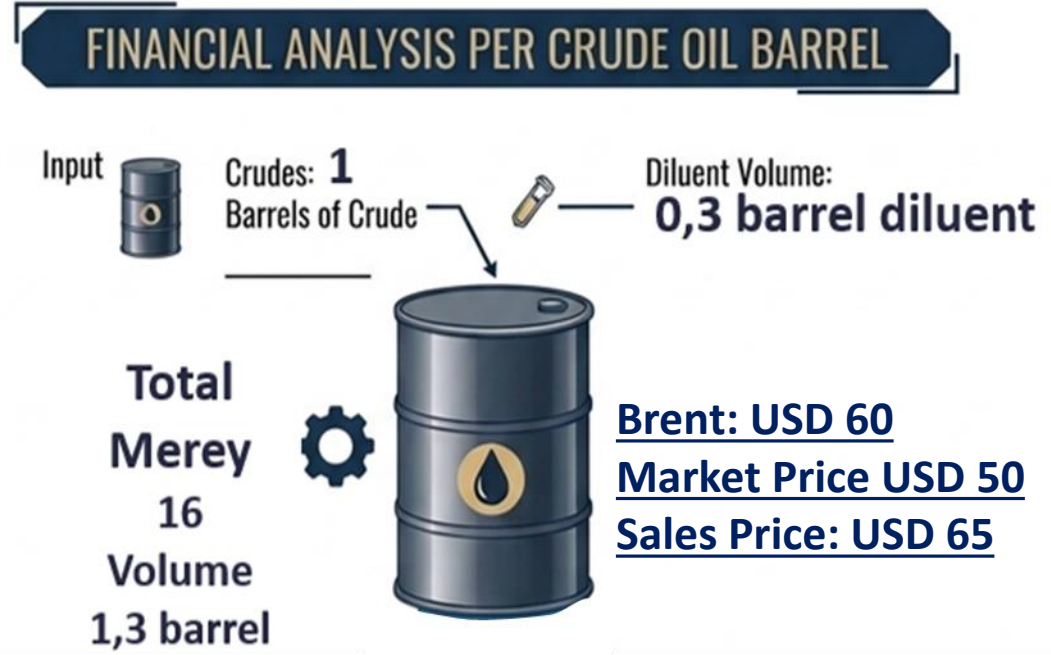
COAP Brownfield Extra-Heavy Oil Orinoco Belt Project



Primary and secondary recovery projects

PROJECT IRR 98%	NPV @ 10% \$1,152 MM	PAYBACK 2 years	BREAKEVEN \$25/bbl	MAX EXPOSURE \$90 MM
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GOVERNMENT · STATE SHARE	
≤30%	Royalty -\$12.15 / bbl
≤15%	Integrated Tax -\$6.08 / bbl
0%	PDVSA Rental -\$0.00 / bbl



OPERATOR · PRIVATE COSTS	
\$6.7	OPEX — Field -\$6.65 / bbl
\$19.4	OPEX — Diluent -\$19.36 / bbl
\$5.0	CAPEX + Amort. -\$5.03 / bbl
\$4.6	Income Tax -\$4.57 / bbl

STATE PARTICIPATION	
% on Revenue 45% <i>Royalty + Int. Tax</i>	Govt. Take 79% <i>of total project</i>

Peak Bopd 64.6 kbpd	EUR: 479.8 MMbbl	CAPEX \$2,414 MM	OPEX \$3,190 MM
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OPERATOR PARTICIPATION	
% on Revenue 55% <i>Private Participation</i>	Net Margin 11% <i>Profit / Revenue</i>

PROFIT / bbl (Private Operator)
+\$7.5

COAP Greenfield Extra-Heavy Oil Orinoco Belt Project

Primary recovery project



PROJECT IRR 22%	NPV @ 10% \$498 MM	PAYBACK 6 years	BREAKEVEN \$40/bbl	MAX EXPOSURE \$700 MM
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GOVERNMENT · STATE SHARE

≤30%
20%
Royalty
-\$8.10 / bbl

≤15%
10%
Integrated Tax
-\$4,05 / bbl

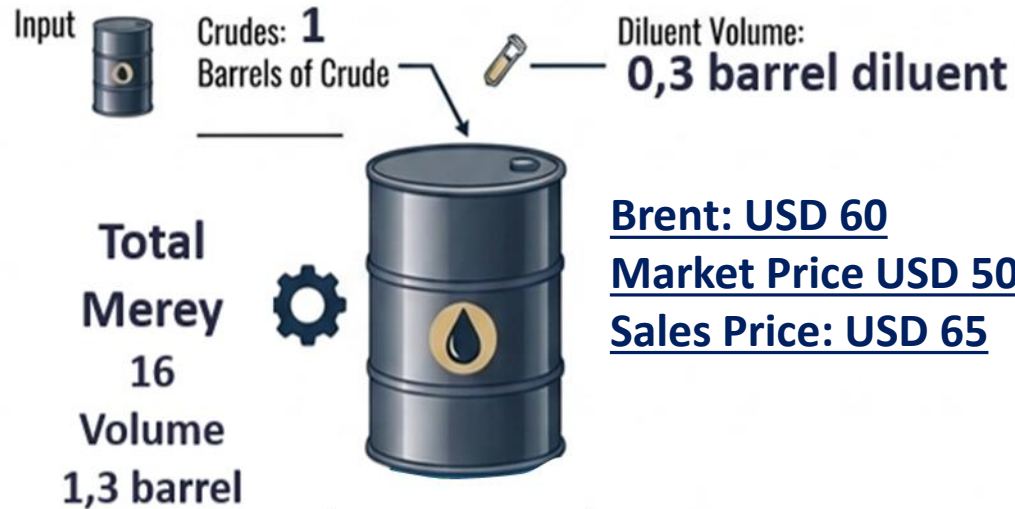
0%
PDVSA Rental
-\$0.00 / bbl

STATE PARTICIPATION

% on Revenue
30%
Royalty + Int. Tax

Govt. Take
68%
of total project

FINANCIAL ANALYSIS PER CRUDE OIL BARREL



OPERATOR · PRIVATE COSTS

\$4.3
OPEX — Field
-\$4.34 / bbl

\$19.4
OPEX — Diluent
-\$19.36 / bbl

\$6.7
CAPEX + Amort.
-\$6.7 / bbl

\$4.3
Income Tax
-\$4.3 / bbl

OPERATOR PARTICIPATION

% on Revenue
70%
Private Participation

Net Margin
17%
Profit / Revenue

Peak Bopd
56.7 kbpd

EUR: 414
MMbbl

CAPEX
\$2,762 MM

OPEX
\$1,794 MM

PROFIT / bbl (Private Operator)
+\$11

COAP Brownfield Medium Crude Maracaibo Lake Project

PROJECT IRR +120%	NPV @ 10% \$1.062 M	PAYBACK 1 years	BREAKEVEN \$40/bbl	MAX EXPOSURE \$40 MM
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GOVERNMENT · STATE SHARE

≤30% Royalty
-\$16 / bbl

≤15% Integrated Tax
-\$8 / bbl

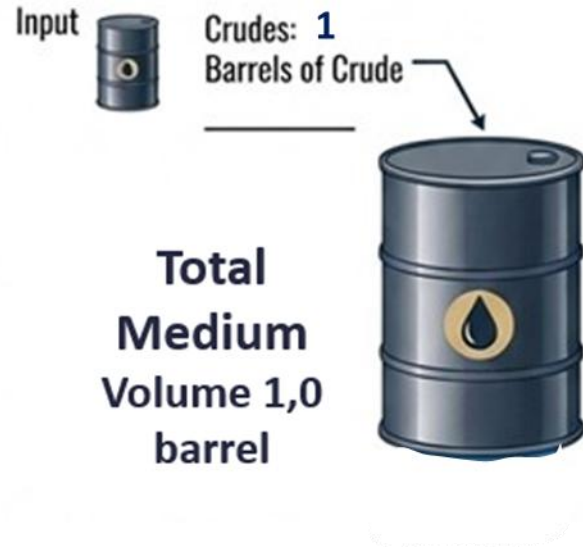
0% PDVSA Rental
-\$0.00 / bbl

STATE PARTICIPATION

% on Revenue
45%
Royalty + Int. Tax

Govt. Take
80%
of total project

FINANCIAL ANALYSIS PER CRUDE OIL BARREL



OPERATOR · PRIVATE COSTS

\$12 OPEX — Field
-\$12 / bbl

\$0 OPEX — Diluent
-\$0 / bbl

\$2.6 CAPEX + Amort.
-\$2.6 / bbl

\$7.7 Income Tax
-\$7.7 / bbl

Peak Bopd 72 kbpd	EUR: 452 MMbbl	CAPEX \$1,189 MM	OPEX \$5,402 MM
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OPERATOR PARTICIPATION	
% on Revenue 55% <i>Private Participation</i>	Net Margin 13% <i>Profit / Revenue</i>

PROFIT / bbl (Private Operator)
+\$7

Joint Venture (ME) vs COAP Comparison

BRENT ASSUMPTION

\$60/bbl

PRICE MEDIUM

\$53/bbl

Brownfield Medium Crude Maracaibo Lake Project

JOINT VENTURE · Mixed enterprise (ME)

Accionista B (40%) · Management Fee + Dividendos

PER BARREL (USD) — Same asset, same fiscal framework

Royalty (≤30%)	-\$16.00
Integrated Tax (≤15%) — (no PDVSA Rental)	-\$8.00
OPEX — Field	-\$12.00
CAPEX + Amort.	-\$2.60
Management Fee (Sh. B)	+\$3.79
EBITDA (JV)	+\$10.70
Income Tax (50%)	-\$5.37
Superávit / Déficit	+\$5.37
PDVSA Dividend (Sh. A 60%)	-\$3.22
Private Dividend (Sh. B 40%)	+\$2.15

PRIVATE TOTAL (Mgmt \$3.79 + Dividend \$2.15) +\$5.94 / bbl

Gov. Take (Royalty + Int.Tax + Inc.Tax + PDVSA Div.) **\$32.49 · 78.9%**

COAP · Primary Activity Operator Contract

Operator (55%) · Revenue Share — controls production and marketing

PER BARREL (USD) — Same asset, same fiscal framework

Royalty (≤30%)	-\$16.00
Integrated Tax (≤15%)	-\$8.00
PDVSA Rental	\$0.00
OPEX — Field	-\$12.00
CAPEX + Amort.	-\$2.60
— (no management fee)	—
EBITDA (Operator)	+\$14.40
Income Tax (50%)	-\$7.70
— (no surplus split)	—
— (no dividend)	—
—	—

PROFIT / bbl (Private Operator) +\$7.00 / bbl

Gov. Take (Royalty + Integrated Tax + Income Tax) **\$31.70 · ~80%**

VS

Assumptions: Brent \$60 · Sales Price USD 53 · Royalty 30% · Integrated Tax 15% · Income Tax 50% · Same Maracaibo field, same fiscal framework · 2026 LOH Reform

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COAP Case Studies Comparison

Key Insight: Brownfield projects consistently outperform greenfield on a risk-adjusted basis.



BROWNFIELD
Extra-Heavy Oil — Orinoco Belt
 Project IRR
98%

GREENFIELD
Extra-Heavy Oil — Orinoco Belt
 Project IRR
22%

BROWNFIELD
Medium Crude — Maracaibo Lago
 Project IRR
+120%

KEY METRICS

Brent Price	\$60/bbl
Total CAPEX (20yr)	\$297 MM
Lifting Cost	\$6.65/bbl+ dil.
Max. Production	64.6 kbpd
NPV10	\$1,152 MM
Payback	2 years
Breakeven	\$25/bbl
Private %	55%
Govt. Take	~72%
Max Exposure	\$90 MM

KEY METRICS

Brent Price	\$60/bbl
Total CAPEX (20yr)	\$2,762 MM
Lifting Cost	\$4.34/bbl + dil.
Max. Production	56.7 kbpd
NPV10	\$498 MM
Payback	6 years
Breakeven	\$40/bbl
Private %	70%
Govt. Take	~68%
Max Exposure	\$700 MM

KEY METRICS

Brent Price	\$60/bbl
Total CAPEX (20yr)	\$1,189 MM
Lifting Cost	\$12/bbl
Max. Production	72.0 kbpd
NPV10	\$1,062 MM
Payback	1 year
Breakeven	\$40/bbl
Private %	55%
Govt. Take	~79%
Max Exposure	\$40 MM

Assumptions: At \$60 Brent · 2026 LOH COAP · Royalty 30% + Integrated Tax 15%+ Income tax 50%

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Venezuela 2026 E&P Risks & Opportunities

Venezuela offers a genuine first-mover opportunity . Returns depend on disciplined execution and careful structuring.

⚠️ RISKS

Legal & Regulatory

Durability of rule of law beyond written contract; enforceability of arbitration clauses.

↳ *International arbitration, strong contract drafting, careful counterparty selection.*

Institutional

Shift from rigid to discretionary administrative model; PDVSA operational constraints.

↳ *Economic-equilibrium clauses, measurable triggers, governance embedded in contracts.*

Infrastructure

Degraded assets, unreliable power, leakage risk, service-chain disruption.

↳ *Phased rehab, self-generation, performance-based contracts, early facilities triage.*

Geopolitical / Sanctions

OFAC sanctions, licensing requirements, political volatility — GL 30b/46/47/48.

↳ *Compliance architecture, scenario planning, GL-consistent transaction structures.*

★ OPPORTUNITIES

★ First-Mover Advantage

Venezuela re-emerges as one of the most consequential upstream reopening stories in the Western Hemisphere. Best acreage and terms go to early entrants.

★ Brownfield: Early Positive Cash Flow

Idle capacity recoverable within 6–24 months. ~273 Bn bbl Orinoco resource base. Lower technical risk vs. greenfield. Breakeven at \$25/bbl for heavy oil.

★ World-Scale Reserves

#1 proven crude oil reserves globally (304 Bn bbl). Long-duration contracts (20–40 yrs) enable large capital programs for Orinoco & offshore gas.

★ Direct Commercialization

Operators sell directly into international markets — no PDVSA intermediary. Faster cash collection, reduced counterparty risk (Arts. 68–69 LOH 2026).

Investors profile guidelines

Venezuela's reopening is an execution and structuring story for all investor types



Mid-Cap Independents & Regional Operators

Brownfield Rehabilitation · Maracaibo & Eastern Basins

- ▶ Lower technical risk, faster cash flow generation
- ▶ Clear line-of-sight to production restoration
- ▶ Workovers yield results in 6–24 months
- ▶ Established infrastructure, known reservoir performance

Large IOCs & NOCs

Orinoco Mixed Enterprises & Offshore Gas

- ▶ Scale, reserve replacement and long contract duration
- ▶ Ability to absorb complex capital programs
- ▶ Empresa Mixta structure with 20–25 yr terms
- ▶ Upstream-to-LNG full value chain integration

Service-Backed Platforms & Infrastructure Investors

Compression, Gas Handling, Power, Logistics & Chemicals

- ▶ Performance-based contracts without full field risk
- ▶ PIGAP gas injection, power generation opportunities
- ▶ Chemical services: demulsifiers, corrosion inhibitors
- ▶ Essential enabling services command premium returns

Financial Sponsors with Operating Partners

Structured Brownfield Portfolios & Staged Redevelopment

- ▶ Aggregate undervalued production upside
- ▶ Tighter capital discipline and staged CAPEX
- ▶ Structured commercialization through direct operator sales
- ▶ Brownfield: 1–3 yr payback with experienced operator

Conclusions

- ✓ The 2026 LOH Reform introduces a favorable legal framework to reactivate Venezuelan oil industry as a JV or COAP contracts
- ✓ The prize is to recover 73% lost production in the last 25 years by new investment and technology
- ✓ Opportunities range from greenfield to brownfields in extra heavy, heavy, medium to light crudes projects in 4 onshore basins
- ✓ Royalties and participation flexible terms moves the GT from +90% to the 55 – 80 % range depending on negotiable terms
- ✓ Attractive IRRs and NPVs varies widely on project type, participation and negotiated terms
- ✓ Proven offshore gas in 4 different basins offers domestic and LNG projects growth opportunities

Thank you for your attention!

AAPG

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Gulf of Venezuela
Perla Gas Field: 18 TCFG
Largest Gas Field in Latin America