

Amendments to OFAC's General License Involving Chevron

On March 4, 2025, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") issued Venezuela General License 41A ("GL") "Authorizing the Wind Down of Certain Transactions Related to Chevron Corporation's Joint Ventures in Venezuela." This updated license modifies GL 41, which previously allowed Chevron Corporation, its subsidiaries, and joint ventures ("Chevron") to conduct certain transactions involving Petroleos de Venezuela, S.A. ("PdVSA"). More specifically, GL 41 allowed the production, lifting, maintenance, and servicing of petroleum or petroleum products; the sale, export, or import of petroleum or petroleum products to the United States; and activities necessary to ensure the health, safety, and operational integrity of personnel or assets involved with Chevron's operations in Venezuela.

The amended OFAC license –GL 41A– is significantly narrower because it only authorizes transactions that are ordinarily incident to and necessary for the wind-down of transactions previously authorized under GL 41. Furthermore, the amended OFAC license will remain valid until 12:01 a.m. ET on April 3, 2025.

Additionally, OFAC has made clear that GL 41A does not authorize (1) the payment of any taxes or royalties to the Government of Venezuela, (2) the payment of dividends, including dividends in kind, to PdVSA or its affiliates (3) the sale of petroleum or petroleum products produced by Chevron Joint Ventures in Venezuela for exportation to any jurisdiction other than the United States, (4) transactions involving entities in Venezuela that are owned or controlled by entities located in the Russian Federation, or (5) any other transactions prohibited under the Venezuela Sanctions Regulations, including transactions involving blocked persons unless separately authorized.

DRT Commentary

OFAC's amendment of GL 41 has significant implications for companies involved in the operations of Chevron, its subsidiaries, and joint ventures in Venezuela. Engaging in transactions that are prohibited under OFAC sanctions, such as transactions involving PdVSA, is only permitted under U.S. law when there is an applicable regulatory exception, or upon the issuance of a general or specific license by OFAC. Further, U.S. and foreign persons violating OFAC Sanctions may face significant civil penalties, criminal prosecution, and/or designation in OFAC's List of Specially Designated Nationals, as a secondary sanction.

Accordingly, suppliers, customers, business partners, and other parties involved in Chevron's operations concerning Venezuela should carefully review their transactions to ensure compliance with OFAC regulations. They may be required to request OFAC's specific license or interpretive guidance before proceeding with any given transaction.

DRT has extensive experience in counseling individuals and international organizations in their efforts to secure compliance with OFAC sanctions and regulations. This work includes, among other things, OFAC compliance assessments, design, and implementation of Sanctions Compliance Programs, and/or requests for OFAC's interpretive guidance or specific licenses.

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*** This newsletter is not intended to serve as legal advice. No legal opinions are intended, nor should any be inferred. You are welcome to contact us to discuss legal solutions tailored to your needs and the specific circumstances of your situation.*

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