

Critics, legal experts, and opposition lawmakers are raising major alarms about the **August 28, 2026, Venezuela oil deal**. The massive deal grants a private company, **North American Blue Energy Partners (NABEP)**, 100-year concessions over **17 Venezuelan oil fields holding 65 billion barrels of reserves**, while giving the Pentagon's **Office of Strategic Capital** a direct **35% equity stake** in the company. [\[1, 2\]](#)

Critics argue the deal fundamentally compromises governance, bypasses standard frameworks, and violates several core legal and regulatory structures:

1. Violations of International Law & "Pillage"

International legal experts note that under customary international law and treaty law (including the **U.N. Charter**), a sovereign state retains permanent sovereignty over its natural resources. Because the deal was forced through following the military removal of Nicolás Maduro, prominent human rights organizations and legal scholars have argued the arrangement constitutes an **illegal asset grab** and acts as a form of **pillage—a designated war crime** under international law. [\[1, 2, 3, 4\]](#)

2. Violations of Domestic Constitutional Authority

In the U.S., lawmakers like Senator Jack Reed have condemned the deal as an **unconstitutional abuse of power and taxpayer dollars**. By utilizing the Pentagon to take an equity stake in a private oil corporation and commanding oil production without explicit congressional authorization, critics argue the administration has dangerously overstepped executive boundaries. On the Venezuelan side, legal experts like Juan Carlos Apitz point out that the contract completely bypasses Venezuela's domestic legislative requirements and transparency laws, making it highly vulnerable to future court challenges. [\[1, 2, 3\]](#)

3. Allegations of Self-Dealing & State Corporatism

The deal has been widely criticized by economic think tanks like the **Cato Institute** as a toxic form of **state corporatism or "state capitalism"**. Rather than a transparent, competitive bidding process open to the broader energy market, the administration funneled unprecedented control of 7% of global oil reserves into a single, lightly-detailed private entity (NABEP) while maintaining state-level veto power over its board. Industry watchdogs argue this structure allows the administration to weaponize regulatory leverage to choose corporate winners and losers, potentially channeling massive financial windfalls directly to political allies. [\[1, 2, 3, 4, 5\]](#)

4. Suppression of Domestic Tax and Royalty Mandates

Energy economists, including Francisco Monaldi of Rice University's Baker Institute, have criticized the deal's lack of transparency regarding local revenue. The royalties and taxes scheduled to be collected by the interim Venezuelan authorities are **incredibly low and fall well below what Venezuelan statutory law mandates** for hydrocarbon extraction. This has fueled intense criticism that the deal prioritizes guaranteed, below-market-cost oil extraction for the U.S. government at the expense of the local population's resource wealth. [\[1, 2, 3\]](#)