RIL, ONGC may gain from US move on Venezuelan oil

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INDIAN UPSTREAM PLAYERS such as Reliance Industries (RIL) and ONGC could benefit from the US takeover of Venezuela's oil industry, brokerages and rating firms said on Monday.

President Donald Trump's announcement that US oil companies will invest an unspecified amount to revive the oil infrastructure in the South American nation and increase its oil output, enabling higher crude flows to the US and other markets, is being seen as a positive.

"A US takeover of Venezuela's oil industry could mean the lifting of sanctions on Venezuela crude sales. Reliance, which in the past purchased 20% of its daily crude requirement from state-run oil and gas company PDVSA, could tie up supplies at a $5-8/bbl discount to Brent, aiding GRMs (gross refining margins)," Jefferies said.

Venezuelan crude is heavy, sour, and acidic, and few refineries worldwide are capable of processing it, it said.

RIL's stock touched an intraday high of ₹1,611.20 on Monday. It fell 0.94% to close at ₹1,577.45. ONGC stock lost 1.45% to close at ₹238.

On ONGC, Jefferies said the former was not paid its share of dividends from production at San Cristobal, totalling more than $500 million. With the US stepping in, ONGC may stand to recover these unpaid amounts. It might also be able to develop the Carabobo field in Venezuela's Orinoco belt – ONGC has an 11% equity stake in the field.

Venezuela has 18% of the world's proven reserves of oil, but currently produces less than 1% of global crude (less than 1 million bpd). Production is unlikely to be affected by the latest geopolitical development. Hence, any impact on global prices is likely to be minimal in the near term, Jefferies said.

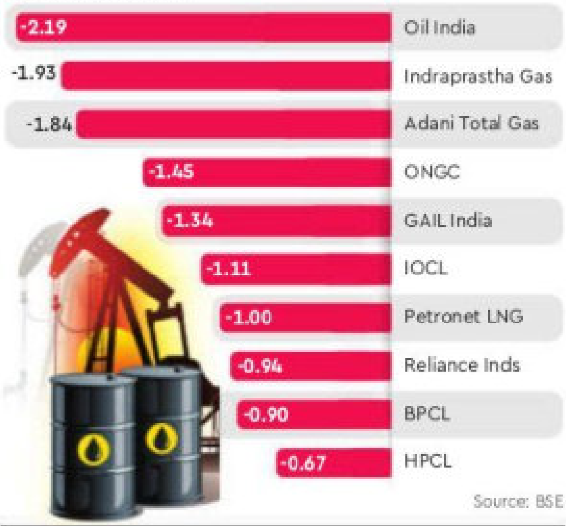
Prashant Vasisht, senior vice president and co-head, corporate ratings, ICRA, said given that Venezuelan crude is cheaper, any lifting of sanctions could open an avenue to purchase cheaper crude for Indian refiners, many of whom can process these types of crude. "Indian companies have invested in oil and gas blocks in Venezuela from where dividends are stalled and development of these assets did not happen. If operations of the oil industry normalise, progress on the development of these blocks might be possible," he said.

Choice Institutional Equities said Indian upstream players may benefit as the access to equipment and investments could be granted and subsequently output could be increased from the fields of San Cristobal and Carabobo-1, where Indian firms jointly operate with PDVSA. It said Indian refiners could benefit from import of heavier Venezuelan barrels, which are priced at a discount to Brent and enable companies to generate higher GRMs. India did import up to 400kbd of Venezuelan barrels previously.

Heavier Venezuelan barrels could also accelerate the rationing of simpler refineries globally as more complex refineries come online in India and China. It could ultimately lead to better cracks over the medium term as oil product supply balances at a faster pace, it said. "We continue to expect Brent to average at $61.5/b in CY26, as we believe limited additional barrels could enter the market during the current year, resulting in limited downward pressure on oil prices. However, additional barrels from Venezuela may increase supply and weigh on prices beginning next year."

UNDER PRESSURE

Oil and gas stocks performance
% loss on Jan 5, 2026



Source: BSE