



The 2026 Outlook for South America's Top 5 Oil Producers



Feb 28 (oilprice.com) Last year was an event-filled period for [South America's growing oil industry](#). The continent's energy map is being rewritten by a few unexpected world-class oil booms, which makes the region a key source of non-OPEC production growth. There is also the potential for Venezuela to reemerge as a major petroleum producer after U.S. President Donald Trump launched Operation Southern Spear in August 2025, which culminated with President Nicolas Maduro's capture in a daring night raid. Let us take a closer look at what lies ahead for [South America's five largest oil producers](#).

Colombia's oil industry is caught in a death spiral

The last decade has been a tumultuous period for Colombia's beaten-down oil industry. Rising violence and insecurity, coupled with tax hikes on extractive industries is severely impacting industry operations. Colombia's first-ever leftist president, Gustavo Petro, on entering office in August 2022, chose to cease awarding new exploration and production contracts, placing further pressure on dwindling reserves and production. Falling [foreign energy investment is harming Colombia's economically crucial](#) hydrocarbon sector.

During December 2025, the Andean country lifted 747,171 barrels of crude oil per day, well below the 998,740 barrels daily reported for the same month a decade earlier. This occurred despite proven oil reserves remaining at over 2 million barrels for 2024, and national oil company [Ecopetrol's](#) reserves rising 2.7% year over year to 1.944 million barrels at the end of 2025. The head of Colombia's National Hydrocarbons Agency (ANH) believes proven reserves at the end of 2025 will increase, although final numbers have yet to be secured.

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Ecopetrol's reserves were boosted due to the implementation of enhanced recovery at several major oilfields and increased operational efficiencies at the Rubiales and La Cira–Infantas fields, rather than from new discoveries. This points to a lack of exploration success in Colombia, which is a decade-old problem that is weighing on petroleum reserves. Indeed, there have been no major oil discoveries in the Andean country for over two decades, and this is weighing on reserves' life, production, and the stability of domestic energy supplies.

A sharp decline in natural gas reserves is threatening to spark a major energy crisis at a time when Bogota is facing a fiscal crisis, caused in part by dwindling hydrocarbon production. Over the last five years, domestic gas production has fallen sharply, with December 2025 gas output plummeting a massive 23% year over year to 693 million cubic feet per day and well below the one billion cubic feet per day recorded for the same month a decade earlier. As a result, costly liquefied petroleum gas imports (LPG) are soaring, impacting finances, the cost of living and Colombia's balance of trade.

Argentina's shale boom is rewriting the energy map

Crisis-torn Argentina is in the midst of Latin America's largest shale oil and gas boom. In just over a decade, unconventional oil and gas production from the 8.6 million Vaca Muerta shale soared from negligible volumes to highs of 593,488 barrels and 4.6 billion cubic feet per day for December 2025. As a result, shale oil now accounts for 69% of Argentina's petroleum output and 65% of the natural gas production. This was responsible for Argentina overtaking Colombia to become South America's fourth-largest oil producer.

There is considerable strong production growth ahead as investment in the Vaca Muerta soars. Even infrastructure bottlenecks are failing to constrain production growth as many analysts predicted. Indeed, infrastructure operators are in a building frenzy, constructing new pipelines, storage, and processing facilities which are significantly bolstering takeaway capacity in the Vaca Muerta. This is supporting further strong production growth, with Argentina tipped to be pumping over 1 million barrels of crude oil per day by the end of the decade.

The Vaca Muerta's low-cost production is offsetting declining higher-cost petroleum output from Argentina's mature oilfields. This makes the formation particularly attractive for energy companies seeking to expand production in an operating environment weighed down by weaker prices. The shale formation has an estimated breakeven of \$36 to \$45 per barrel, making it profitable with the international Brent price at around \$72 per barrel. The high productivity and long economic life of wells drilled in the Vaca Muerta make it attractive when compared to other shale plays.

President Javier Milei's government recently predicted that 2026 energy investment will soar to \$22 billion, with the vast majority destined for the Vaca Muerta. National oil company YPF, which was nationalized in 2012, plans to spend \$5.6 billion this year, a 12% increase over 2025 with \$4.5 billion or 870% of that capital expenditure directed to upstream operations. Indeed, YPF's CEO believes the Vaca Muerta is profitable at \$40 to \$45 per barrel. For these reasons, Argentina is one ranked as one of the top drivers of non-OPEC

production growth for 2026.

Guyana is among the world's fastest-growing offshore oil plays

The tiny South American country of Guyana has emerged as one of the world's hottest oil plays. A swath of the world-class discoveries in the offshore Stabroek Block by energy supermajor ExxonMobil, which found at least **11 billion barrels of oil**, makes Guyana a leading regional oil exporter. At the end of December 2025, Guyana was pumping 913,550 barrels per day, cementing the country of less than one million people's place as South America's third-largest oil producer.

There is significant expansion ahead for Guyana, with the country, like Brazil and Argentina, ranked as one of the top non-OPEC contributors to oil production growth. Exxon, which is the operator of the Stabroek Block, and its partners, Chevron and CNOOC, are developing three additional projects, Uaru, Whiptail, and Hammerhead, which are expected to start production before the end of 2029. This will lift overall production to 1.55 million barrels per day, making Guyana South America's second-largest oil producer after Brazil, unless there is an unexpected oil industry recovery in Venezuela.

Exxon and its partners are **currently planning the eighth project**, Longtail, which is undergoing regulatory review with a final investment decision expected later this year. This facility differs from earlier projects because it is targeting the extraction of natural gas and condensate in the Stabroek Block. The project, if approved, will start production in 2030, adding 250,000 barrels of condensate and one billion cubic feet of natural gas per day. This will boost Guyana's overall production to over 1.7 million barrels daily.

This massive oil boom has **delivered a tremendous economic windfall** for Guyana. The former British colony is now the wealthiest in South America for gross domestic product (GDP) per capita and ranked seventh globally. Washington's intervention in Venezuela, which saw autocratic President Nicolas Maduro snatched by U.S. forces in early January 2026, has **secured Guyana's oil boom**. The dictatorial Maduro regime, for years, was **threatening to annex the Essequibo**, which comprises two-thirds of Guyana's territory and contains the prolific Stabroek Block.

Venezuela's oil industry faces a pivotal moment

Last year was monumental for the near-failed South American state of Venezuela. Washington embarked upon a **campaign of gunboat diplomacy** to topple the authoritarian Maduro regime. This maximum pressure campaign, initiated during August 2025, culminated with the capture of President Maduro by U.S. forces in a daring January 2026 nighttime raid. Since then, President Trump has aggressively pushed for U.S. oil majors to invest in Venezuela's heavily corroded hydrocarbon sector.

As a result, former Maduro regime stalwart and now Venezuela's interim president, Delcy Rodríguez, **overhauled oil industry regulations**. The changes allow foreign energy companies to invest in Venezuela while gaining greater control of oil projects and slashing royalties payable to Caracas. While Houston-based Chevron and Spain's Repsol have committed to lifting production at their existing facilities in Venezuela, other oil majors have been more reserved. Exxon's CEO Darren Woods went as far as to call **Venezuela**

[uninvestable](#) unless major reforms are undertaken.

A significant headwind is the heavily corroded state of Venezuela's petroleum infrastructure. Two decades of endemic corruption, malfeasance, and a marked lack of investment in basic maintenance saw industry facilities collapse into ruin. This is not only responsible for a sharp decline in oil production but also for frequent spills and other hazardous events, which have caused [tremendous harm to the environment in Venezuela](#). There are serious concerns it will cost billions of dollars to clean up sites across Venezuela, with Lake Maracaibo the worst affected.

After Venezuela's oil production slumped to a multidecade low of 544,522 barrels per day during 2020, output only expanded because of the provision of technical assistance and supplies of naphtha by Iran. OPEC data shows that for 2025, Venezuela pumped an average of just over one million barrels per day, which is almost double the multidecade low reported for 2020. This was only achieved through the provision of technical assistance and a regular supply of naphtha by Iran.

There were fears that as the U.S. blockade on Venezuela tightened, including the seizure of unauthorized oil shipments, hydrocarbon production would plummet. While that risk is negated by the capture of Maduro and the White House's control of the interim government led by former regime stalwart Delcy Rodriguez, it is difficult to see how Venezuela's oil output can be significantly expanded. Even recent regulatory reforms aimed at promoting foreign energy investment by slashing royalties and granting greater control over hydrocarbon projects are not enough.

You see, Venezuela's energy infrastructure is heavily corroded, requiring, according to notable [industry expert Fancisco Monaldi, investment of \\$100 billion over a decade](#) to rebuild. Even then, such a hefty sum may not be enough, with some sources claiming it could take as much as \$250 billion to upgrade Venezuela's shattered oil infrastructure before production can expand to pre-1999 levels. Another risk is the monumental environmental crisis linked to Venezuela's dilapidated oil facilities, with damage so severe it may be permanent. At any rate, any clean-up will cost tens of billions of dollars, with at least \$2.5 billion required for Lake Maracaibo.

Brazil's growing oil production will make it a top global player

Brazil, which is Latin America's largest economy, for at least a decade has been the region's top oil producer, particularly after the demise of Venezuela's heavily corroded oil industry over the last two decades. Government data shows that by January 2026, Brazil was pumping 3.95 million barrels of oil and 6.9 billion cubic feet of natural gas per day, equating to a total hydrocarbon output of 5.2 million barrels of oil equivalent daily. This confirms Brazil's position as South America's top hydrocarbon producer and that the country is on track to [become a major global producer](#).

Nonetheless, those numbers are well below the all-time highs of 4 million barrels of crude oil, 6.9 billion cubic feet, and 5.3 million barrels of oil equivalent lifted during October 2025. That decline can primarily be attributed to routine field and facility maintenance, with production expected to soar higher over the course of 2026. Sharply weaker oil prices, with the [Brent international benchmark](#) averaging \$62.54 per barrel during December 2026

international benchmark averaging 62.6¢ per barrel during December 2025, saw drilling activity decrease as energy companies reigned in costs and suspended high-cost operations.

It is Brazil's prolific offshore pre-salt oilfields that are responsible for most of its hydrocarbon reserves and production. By the end of 2024, Brazil had proven reserves of 16.3 billion barrels of crude oil, which is 84 comprised of pre-salt reserves totaling 13.7 billion barrels. This represents a 5.8% increase in proven reserves compared to 2023, with proven pre-salt reserves, which is a notable 9% greater than a year earlier. While Brazil's leading oil industry association, the Brazilian Petroleum and Gas Institute, known by its Portuguese initials as the IBP, is concerned by weaker reserve replacement, the country's proven reserves will have risen during 2026.

Final numbers are yet to be collated by the regulator, the Brazilian National Agency for Petroleum, Natural Gas and Biofuels (ANP), but recent results announced by national oil company Petrobras point to a solid increase being reported. You see, Petrobras, which is Brazil's largest hydrocarbon producer, responsible for 67% of petroleum output, [reported a 6% year over year increase in proven reserves](#) to 12.1 billion barrels of oil equivalent weighted 84% to crude oil.

Around 80% of Brazil's oil production is comprised of petroleum lifted from pre-salt fields. This crude oil is particularly popular globally because it is light and sweet with an API gravity of around 30 degrees, along with a low sulfur content of 0.3% with few contaminants like vanadium. Brazil's pre-salt oil also has an industry-low carbon footprint, producing around 10 kilograms of carbon per barrel produced, which is significantly lower than the estimated global average of 18 kilograms.

For those reasons, along with a low average breakeven price of less than \$40 per barrel, Brazil's pre-salt oil basins are attracting considerable interest from domestic and foreign energy companies. Petrobras, which believes pre-salt breakeven prices could fall to as low as \$28 per barrel, [intends to invest \\$91 billion between 2026 and 2030](#). Most of the \$69 billion to be spent on upstream assets will be directed to the national oil company's pre-salt petroleum acreage.

By Matthew Smith

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