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Saudi Firm Signs Preliminary Deal to Buy Lukoil's Overseas Assets – Reuters

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Valentina Petrova / TASS

Saudi Arabia's Midad Energy has signed a letter of intent to acquire all of Russian oil producer Lukoil's overseas assets, Reuters reported Friday, citing sources familiar with the matter.

The agreement was signed in late January amid what Reuters called a "high-stakes contest" against competitors including U.S. private equity fund The Carlyle Group.

Under the proposed terms, Midad would purchase the assets in cash and place the funds in a dedicated escrow account until it secures approval from the U.S. Treasury to complete the transaction.

"Midad is working to ensure compliance with the necessary regulatory requirements. This is seen as a high-stakes move, backed by strong political ties to Saudi Arabia," one of the sources told Reuters.

However, there is no guarantee that Washington will approve the sale, the sources cautioned.

Midad and Lukoil declined to comment.

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Reuters reported in mid-December that the Saudi firm was among the leading contenders for Lukoil's international portfolio.

In late January, Lukoil said it had reached a preliminary agreement to sell the assets to The Carlyle Group.

Following that announcement, the fund began talks with investors from the United Arab Emirates to bring in partners should the deal proceed, Reuters reported.

Other bidders including Chevron, Quantum Energy Partners and investment bank Xtellus Partners have continued discussions over a potential acquisition, according to Reuters.

The U.S. slapped sanctions on Lukoil in October 2025 as part of efforts to pressure Russia to end the war in Ukraine, prompting the company to start seeking a buyer for its foreign assets.

Lukoil had initially sought to sell the portfolio to Swiss oil trader Gunvor, but U.S. authorities blocked the deal, calling the trader a "Kremlin puppet" because of its links to Russian billionaire and longtime Putin ally Gennady Timchenko.

Lukoil accounts for about 2% of global oil production, with roughly 0.5% coming from its international operations.

The company owns three refineries in Europe, stakes in oilfields in Ghana, Egypt, Iraq, Kazakhstan, Nigeria, Mexico and Uzbekistan, and hundreds of filling stations worldwide, including in the U.S.

Lukoil's international assets were valued at about $22 billion in 2024.

Following the sanctions, the U.S. Treasury granted Lukoil a license to sell its overseas assets and has twice extended it. The current license is set to expire on Feb. 28.

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