

# Brazil's OGX to Sell 40% to LUKoil in Rescue Plan

By [The Moscow Times](#)

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BRASILIA — OGX Petroleo e Gas, the flagship of Brazilian billionaire Eike Batista's troubled EBX group, is negotiating the sale of a 40 percent stake to Russia's LUKoil in a rescue plan that also involves Malaysia's Petronas, a newspaper reported on Sunday.

The Folha de S. Paulo said negotiations were at an advanced stage with Russia's second-largest crude producer LUKoil, which is interested in operating in Brazil to tap major off-shore reserves discovered in recent years.

OGX, which produces oil in Rio de Janeiro's Campos Basin, is also negotiating the sale of 40 percent of its Tubarao Martelo oil field to Petronas for \$1 billion, the newspaper reported.

This sale would bring needed cash to the company in which Batista last year had offered to buy up \$1 billion in stock with his own money.

Folha said OGX is seeking partnerships with Brazilian state-led giant oil company Petrobras in oil fields that are already in operation.

OGX said in a brief press statement that the newspaper report on the rescue plan was not accurate.

OGX's shares have fallen dramatically over the last year as the company struggles to meet production targets. OGX is the worst-performing stock this year in Sao Paulo's Bovespa stock exchange, with a decline of 63 percent.

Batista built a commodities empire that early last year was valued at \$30 billion, but is now worth less than two-thirds of that as investors lose confidence in his companies due to their disappointing results and delays of some flagship projects.

The share decline and investor concerns recently led Batista to seek a partnership with Andre Esteves, a fellow Brazilian billionaire and chief executive of BTG Pactual Group, an investment bank. Esteves recently said Batista's controlling stake in OGX may fall.

LUKoil has long been studying the possibility of operating in Brazil. Its oil production has been falling at its aging Siberian fields and it has been actively seeking participation in overseas projects.

Folha newspaper said EBX hoped to close a deal with LUKoil in early May in time for the first auctions of off-shore oil and gas exploration contracts by Brazil since 2008.

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