

Oil and Gas Development Company Limited
Flash Note

PSX: OGDC Bloomberg: OGDC: PA Reuters: OGDC: KA

Pakistan Research

Hydrocarbon discovery at NIM East exploratory well; EPS impact: PKR 0.7

- As per the latest filing, OGDC has encountered hydrocarbons at its exploratory well NIM East -1 located in District Tando Allah Yar, Sindh. OGDC is the operator of the block with 95% pre-commerciality stake whereas GHPL holds remaining 5% stake. It is pertinent to note here that OGDC's post commerciality/discovery stake in the said block is 77.5%.
- The well was spudded in March 2022 and reached the depth of 2,573 meters before encountering the hydrocarbons. As per the notice, Company's DST-1 in the Basal Sand formation tested for 1,400 BPD of crude oil and 5.02mmscfd of gas.
- Our working suggests that the annualized earnings impact of this discovery is PKR 0.7/share. We have assumed exchange rate at PKR 200 and crude oil price at USD 110/bbl. We have not incorporated any inflows from the well in our base case earnings for OGDC.
- Similarly, as per another filing today, OGDC has discovered gas from Kaleri Shum-01 exploratory well in Kachlas block, Punjab. Cumulatively, the company encountered 1.59mmcf of gas from 3 different formations. OGDC is the operator of the block with 50% stake while MARI holds the remaining 50% stake in the block. The impact of this discovery is not significant (PKR 0.02/share).

Annualized EPS impact

Oil price assumption-USD/bbl	110.0
Price USD / mmbtu	3.5
Oil flows bpd	1,400
Gas flows-mmcf	5.02
OGDCL stake	77.5%
Exchange rate	200
Revenue - PKRmn	9,686
Pre tax Margin	40%
Effective tax rate	30%
EPS	0.7

Source: PSX, Akseer Research

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