

## Oil & Gas Exploration Companies

### Discovery of Hydrocarbons from Exploratory Well Bannu West-1 ST-1

- According to notice issued on PSX by Mari Petroleum Company Limited (MARI), the Company (operator of Bannu West Block) has discovered hydrocarbons from exploratory well Bannu West-1 ST-1 (Bannu West Block) to the tune of 50 mmcf of gas and 300 bopd of condensate.
- To note on 06<sup>th</sup>-Jun-2022, the flows reported at initial testing were around 25mmcf of gas and 300bopd of condensate at Wellhead Flow Pressure (WHFP) of 4,339Psi and 32/64" choke size from Lockhart formation ([Link](#)). However, a post acid well test was performed which resulted in improved gas flows at the rate of 50mmcf at 5,500Psi while condensate flows remained at 300bopd at 40/64" choke size.
- MARI as operator holds 55% stake in the block while Oil & Gas Development Company Limited (OGDC) and Zaver Petroleum Corporation (Pvt.) Limited (ZPCL) hold 35% and 10% working interest in the block, respectively.
- Based on our estimate, we expect annualized earnings impact of PKR 0.9/share and PKR 44.7/share for OGDC and MARI, respectively based on oil price assumption of USD 115/bbl and exchange rate of 200. Bannu West Block lies in Zone 1-F and would fetch higher price equal to Zone-0 (shallow) offshore under Petroleum Policy 2012 (PP12), in our view.
- Due to lack of infrastructure in North Waziristan area, the commencement of production from the well could take a few years to materialize.

**Exhibit:** Earnings impact of Bannu West-1 ST-1 discovery

	MARI	OGDC
Stake	55%	35%
Net Margin	40%	40%
Oil Price (USD/bb)	115	115
Exchange rate	200	200
Oil Production	300	300
Total Revenue	1,385	881
Net Profit	554	353
PKR/Share	4.2	0.1
Gas Production	50	50
Total Revenue	13,538	8,615
Net Profit	5,415	3,446
PKR/Share	40.6	0.8
<b>Total Impact (PKR/share)</b>	<b>44.7</b>	<b>0.9</b>

Source: PPIS, PSX, IGI Research

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