

Flash Note

Tuesday, 14 July 2020

Oil & Gas - Exploration Companies

Discovery of Hydrocarbon From Exploratory Well In Tal Block

- ✓ As per Bloomberg news flash, MOL Pakistan has discovered hydrocarbons in Tal block to the tune of 3,240bopd and 16.12mmcf/d.
- ✓ In our view the discovery likely relates to Mamikhel South-01 which was close to its target depth and was reported as under side tracking as per PPIS drilling report as at 30th-Jun-2020.
- ✓ MOL being the operator of Tal block hold 8.4% stake in Tal Block while POL, PPL and OGDC as working partners hold 21.05%, 27.76% and 27.76% stake in Tal Block respectively.
- ✓ Based on oil price assumption of USD 40/bbl and PKR/USD of PKR 168, we expect annualized earnings impact of PKR 0.33/share for OGDC, PKR 0.59/share for PPL and PKR 3.3/share for POL.
- ✓ Production from the well is likely to start in a few months' time as it lies in Mamikhel in Tal Block which is already a producing field.

Exhibit: Annualised EPS impact of discovery of Hydrocarbons in Tal Block

Exploratory Well	Block	Oil (bopd)	Gas (mmcf/d)	Operator	Oil price(USD/bbl)	PKR/USD	Company	Stake	EPS Impact (PKR/share)
Mamikhel South-01	Tal Block	3240	16.12	MOL	40	168	POL	21%	3.3
							PPL	28%	0.59
							OGDC	28%	0.33

Source: IGI Research, Bloomberg, Company Accounts

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