

Flash Note

Tuesday, 07 November 2017

Oil & Gas Exploration Companies

POL: Discovery of Hydrocarbons in Development Well Makori East-06 (Tal Block)

- According to notice issued on PSX by Pakistan Oilfields Limited (POL), MOL (operator of Tal Block) has discovered oil and gas reserves in development well Makori East-06 (Tal Block) to the tune of 4.63mmcf of gas and 1,817 bopd of condensate at a choke size of 32/64" and pressure of 1,594 PSI.
- Production from the well is expected to start from Feb-18.
- Gas production from the well will be priced under Petroleum Policy 2012 (PP12) as Tal block has been converted to PP12.
- POL holds 21% stake in Tal Block, while Pakistan Petroleum Limited (PPL) and Oil and Gas Development Company Limited (OGDC) hold 27.8% stake each, whereas MOL being the operator holds 8.4% in Tal Block.
- Based on our estimate, we expect annualized earnings impact of PKR 0.09/share (0.5% of FY18 earnings) for OGDC, PKR 1.47/share (2.4% of FY18 earnings) for POL and PKR 0.20/share (1.0% of FY18 earnings) for PPL, based on oil price assumption of USD 55/bbl.

Exhibit:

Annualized EPS impact on POL, PPL and OGDC

Development Well	Block	Oil (bopd)	Gas (mmcf)	Operator	Company	Stake	EPS Impact	% of FY18 EPS
Makori East-06	Tal Block	1,817	4.63	MOL	POL	21%	1.47	2.4%
					PPL	28%	0.20	1.0%
					OGDC	28%	0.09	0.5%

Source: IGI Research, PSX

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