



AKD Securities Limited

OGDC discovers second formation in Nashpa Block

Oil & Gas Development Company Ltd (OGDC) has announced a second formation discovery at the previously reported Baragzai X-01 well in the Nashpa Block, KPK. The newly tested Datta (Jurassic) formation has flowed at 4.1k bpd of oil and 10.5mmcf of gas over an interval exceeding 187m, in addition to the Kingriali (Triassic) formation discovered on Dec 10th, which was tested over a ~90m interval. Cumulatively, the two formations have a combined potential of 6.4k bpd of oil and 16.0mmcf of gas.

The incremental earnings impact from the Datta formation alone is estimated at PkR1.61/sh for OGDC (WI: 57.2%) and PkR1.23/sh for PPL (WI: 27.8%). On a combined basis, the cumulative impact from both Kingriali and Datta formations rises to PkR2.50/sh for OGDC and PkR1.91/sh for PPL. Given successful Drill Stem Testing (DST) in both Datta and Kingriali formations at Baragzai-X1, we expect commingled production to be brought online post installation of requisite wellhead and surface facilities.

We have a 'BUY' stance on OGDC and PPL with Dec'26 TP of PkR522/sh and PkR412/sh, due to i) growing production profile, alongside strong reserve replacement, ii) higher exploration prospects on back of improving liquidity situation, iii) 8.33% stake in highly prospective Reko Diq Mining Project, iv) offshore working interests in Abu Dhabi Off-shore Block-5, along with consortium partners and v) improvement in cash payouts.

Assumptions

Arab Light (US\$/bbl) - FY26E	67.5	
Exchange Rate - US\$/PkR - FY26E	290	
Oil - BPD	4,100	
Gas - MMCFD	10.5	
	Working Interest	EPS Impact
OGDC	57.2%	1.61
PPL	27.8%	1.23

Source: OGRA, PSX and AKD Research

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281.1

Price
(PkR/sh)



4,300.9

Shares (mn)



1,208,948.0

Market
Capitalization
(PkRmn)



4,314.6

Market
Capitalization
(USDmn)



4.2

3M Avg
Turnover (mn)



1,120.6

3M Avg DT Value
(PkRmn)

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Valuation Methodology

To arrive at our period end target prices, AKDS uses different valuation techniques including:

- Discounted Cash Flow (DCF, DDM)
- Relative Valuation (P/E, P/B, P/S etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

New Rating Definitions

Buy > 15% expected total return

Neutral > 0% to < 15% expected total return

Sell < 0% expected total return

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