



## Country's largest oil well discovery to add 10% incremental earnings for OGDC and PPL



AKD Securities Limited

OGDC, in its latest exchange notice, announced the commencement of commercial production from the Baragzai X-1 well in the Nashpa Exploration License, District Kohat, KPK. The well is currently producing 5,300bpd of oil and 17mmcf of gas, connected to the Nashpa processing facility via a newly laid 8" x 8.1km flowline through the Mela facility, with the processed gas being injected into the SNGPL system. OGDC has begun production in swift time under 2 months since last formation discovery in early Mar'26.

Notably, cumulative well potential from OGDC's disclosures up till Mar'26 indicates aggregate flows of 13,470bpd of oil and 36.5mmcf of gas across five formations discovered during 3QFY26, marking it as largest oil well discovery in recent decades.

For Phase II, OGDC plans to drill two appraisal wells to delineate the reservoir and enhance production potential. With OGDC and PPL holding working interests of 56.45% and 26.05% respectively, we estimate annualized earnings impact of Pkr5.1/3.7 per share for OGDC/PPL, approximately 10% earnings accretion for both listed E&P SOEs for our FY27E estimates.

Notably, the aforementioned production flows have not been incorporated into our current base estimates, as we await stabilization of well outputs before revising our projections upward.

We have a 'BUY' stance on OGDC and PPL with Dec'26 TP of Pkr522/sh and PKR412/sh, due to i) growth in production profile due to RLNG curtailments, 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 Offshore Block-5, along with consortium partners and v) improvement in cash payouts.

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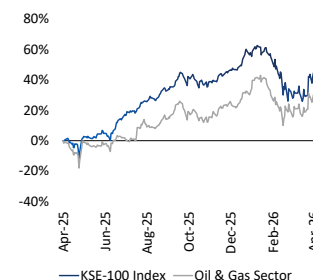
	TP (Dec'26)	P/Ex	DY%
OGDC	522.0	6.2	6.5%
PPL	412.0	5.6	7.8%

### Assumptions

Arab Light (US\$/bbl) - FY27E	70	
Exchange Rate - US\$/Pkr - FY27E	282.9	
Oil - BPD	13,470	
Gas - MMCFD	36.5	
	Working Interest	EPS Impact
OGDC	56.5%	5.33
PPL	26.1%	3.89

Source: OGRA, PSX and AKD Research

### KSE100 Index Vs. Oil & Gas Sector



Source: PSX & AKD Research

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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.)

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Buy > 15% expected total return

Neutral > 0% to < 15% expected total return

Sell < 0% expected total return



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