

PAKISTAN OIL & GAS

REP-019

MARKET VISTA

Reserve replacement continues to remain above 100%

- As per the latest reserve figures published by PPIS for Dec'25, the industry's balance recoverable reserves improved on both fronts, with oil/gas recoverable reserves rising by 6%/4%YoY.
- On a field-wise basis, the standout oil reserve addition was Baragzai, while Mari and Shewa contributed to the increase in gas reserves.
- We reiterate our 'BUY' stance on OGDC, PPL, MARI and POL, with Dec'26 target prices of Pkr522/412/935/850 per share, respectively.

Industry reserves see modest upgrade in Dec'25: As per the latest reserve figures published by PPIS for Dec'25, the industry's balance recoverable reserves improved on both fronts, with oil recoverable balance rising to 253mn bbls (+6%YoY) from 238mn bbls and gas balance recoverable increasing to 18,854 bcf (+4%YoY) from 18,142bcf. The aforementioned increase during the period is behest of the accelerated exploration and appraisal activities, leading to estimate reserve replacement ratio of 1.2x/1.5x for oil and gas during the year (assuming latest production levels), respectively. Cumulative oil reserve depletion improved to 81% during the period (vs. 82% in Dec'24), the first improvement in several years, while gas depletion stabilized at 72%, indicating positive reserve replacement after a period of prolonged decline.

Baragzai and Mari anchor field-level reserve additions: On a field-wise basis, the standout oil reserve addition was Baragzai (Kingriali & Datta formations), which contributed a substantial 21mn bbls, accounting for the bulk of the industry's oil reserve accretion, showcasing OGDC's recent discovery success in the Nashpa block. Other notable oil reserve increases were observed in Soghri North (+3.1mn bbls), Shahdadpur (+2.3mn bbls), Shewa (+2.3mn bbls) and Pindori (+2.2mn bbls). These additions were partially offset by downgrades, most notably in Kausar/Usman field (-5.7mn bbls), alongside smaller declines in Mazari, Takhat and Makori Deep. On the gas side, the dominant contributor was Mari, which added a significant 545bcf YoY to the reserve base, led by Mari Ghazij, Deep/Tipu and HRL reservoirs. Further meaningful gas additions came from Shewa (+226 bcf), Sharf (+174 bcf), Soho (+131 bcf) and Bettani (+125 bcf), while declines were concentrated in Kandhkot (-34 bcf), Tolanj West (-31 bcf), Sui (-16 bcf) and Makori Deep (-16 bcf), majorly due to natural maturation of legacy producing assets.

Company-wise reserve performance mixed: OGDC's oil reserves rose to 134.0mn bbls (+7%YoY) on Baragzai and Bitrism East additions, while gas reserves increased to 5,197 bcf (+4%YoY), retaining a comfortable reserve life of 9.2/15.0 years for oil/gas, respectively. MARI strengthened across both streams, with gas reserves rising to 5,577 bcf (+11%YoY) due to 545bcf Mari field upgrade (led by Deep/Tipu, Ghazij and HRL reservoirs) and oil at 7.96mn bbls (+8%YoY), with the country's biggest gas producer boasting longest reserve life at 15.3 years. PPL saw oil reserves surge to 26mn bbls (+29%YoY) led by increases in Sharf, Dhok Sultan, Pateji, Tal and Nashpa blocks. However, recoverable gas reserves fell to 2,119 bcf (-3%YoY), resulting in production life of 6.5/8.9 years for oil and gas. POL's producing oil reserves stayed flat on YoY basis, ending Dec'25 at ~14.4mn bbls, while gas reserves stood at 206bcf (reserve life of 7.9/8.7 years).

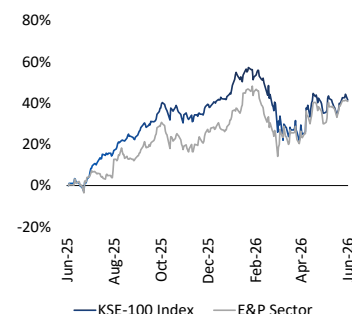
Investment Perspective: Improving E&P activity driven by rising sectoral liquidity is increasingly evident through fresh discoveries and expansion into previously unexplored blocks (including offshore acreage). Clearance of backlog receivables would open up fresh liquidity, as authorities move forward to finalize the multi-pronged gas sector circular debt settlement plan. We reiterate our 'BUY' stance on OGDC, PPL, MARI and POL, with Dec'26 target prices of Pkr522/412/935/850 per share, respectively.

Muhammad Ali
ali.muhammad@akdsl.com
111-253-111 Ext: 637

	TP (Dec'26)	P/Ex	DY%
OGDC	522.0	6.3	5.3%
PPL	412.0	5.6	4.6%
MARI	935.0	7.5	3.5%
POL	850.0	6.3	11.9%

Source: PSX & AKD Research

E&P vs. KSE100 Index



Source: PSX & AKD Research

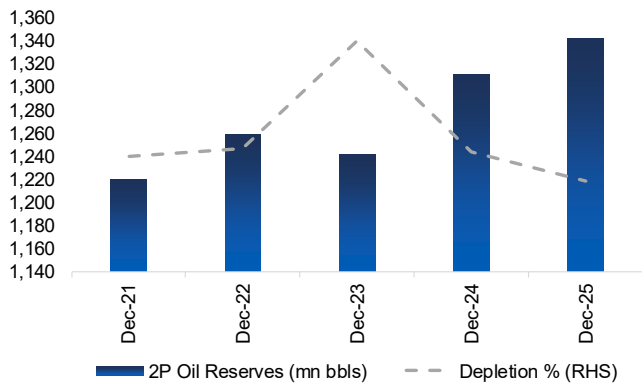


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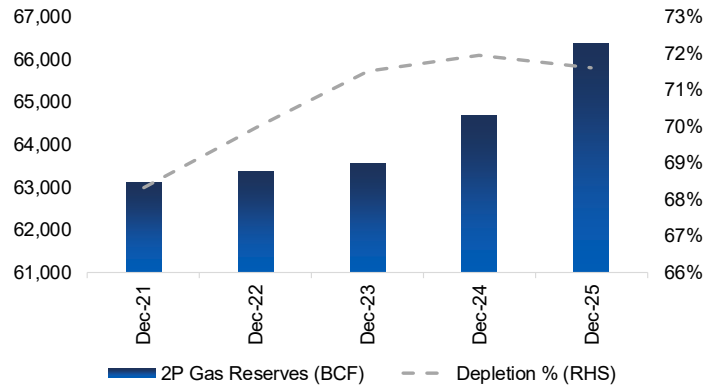


E&P production and reserves historical trend

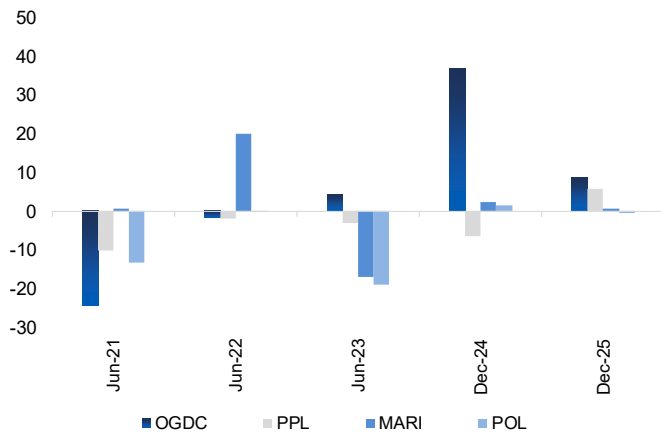
Original 2P Oil Reserves



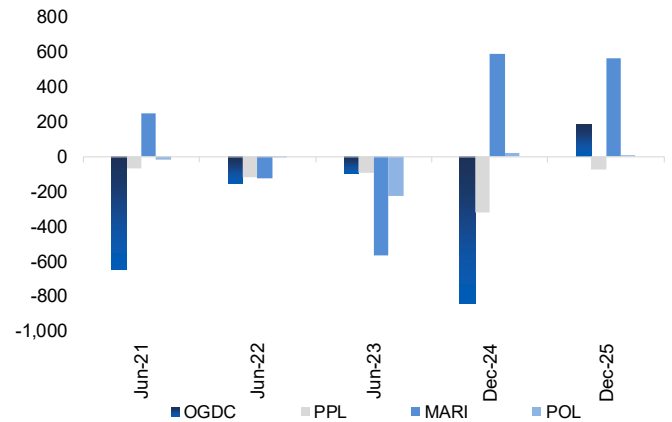
Original 2P Gas Reserves



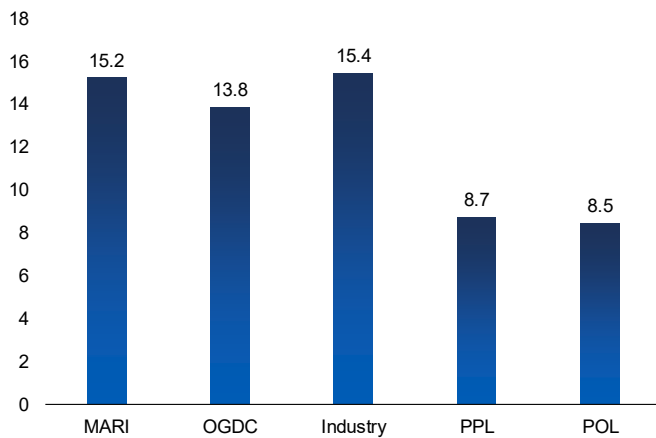
Oil—net change YoY (mn bbl)



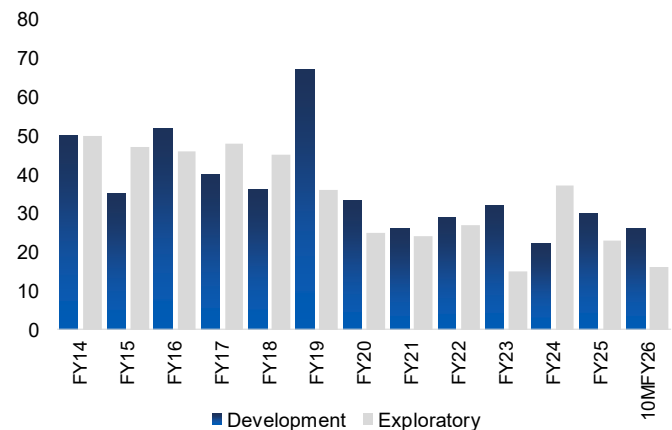
Gas—net change YoY (bcf)



Estimated Hydrocarbon Reserve Life (Years)



Drilling Activity (wells)





Field-wise production, recoverable reserves and estimated reserve lives

Major Fields	Production (bpd)			Rec. Reserves (mn bbl)			Est. Life	Operator	Partners
	FY24	FY25	9MFY26	FY24	FY25	1HFY26	(years)		
Major Oil Fields									
Nashpa	10,828	9,344	9,976	15.2	12.1	10.5	2.9	OGDC	PPL
Makori East	7,524	5,588	5,636	8.6	6.6	5.6	2.7	MOL	OGDC, PPL, POL
Baragzai*						21.0	9.6	OGDC	PPL
Adhi	5,697	5,499	4,980	12.8	10.8	9.8	5.4	PPL	OGDC
Pasakhi	5,243	4,638	5,214	15.2	13.4	12.4	6.5	OGDC	
KPD	2,913	3,874	3,782	13.0	11.7	11.1	8.0	OGDC	
Mamikhel South	2,597	3,284	3,249	2.8	1.9	2.8	2.4	MOL	OGDC, PPL, POL
Makori Deep	229	25	2,057	0.1	1.6	0.4	0.5	MOL	OGDC, PPL, POL
Taj	2,200	1,986	1,778	2.5	2.2	2.7	4.1	UEP	
Maramzai	2,199	1,196	910	2.8	1.9	2.8	8.5	MOL	OGDC, PPL, POL

*as per weekly production of 6,172bpd (31st May'26)

	Production (mmcf/d)			Rec. Reserves (bcf)			Est. Life	Operator	Partners
	FY24	FY25	9MFY26	FY24	FY25	1HFY26	(years)		
Major Gas Fields									
Mari	826	796	800	4,714	4,570	4,976	17.0	MARI	
Uch	350	358	344	2,807	2,676	2,616	20.8	OGDC	
Sui	275	234	211	854	767	714	9.3	PPL	
Qadirpur	142	109	92	678	638	622	18.4	OGDC	PPL
Kandhkot	104	93	107	462	428	374	9.6	PPL	
Sharf	109	109	106	437	591	571	14.7	PPL	
Sutiari Deep	95	81	93	174	159	141	4.2	UEPL	
Naimat West	116	100	82	191	168	189	6.3	UEPL	
Makori East	78	69	64	183	158	146	6.3	MOL	OGDC, PPL, POL
Shewa	0	13	42	351	573	567	36.8	MARI	OGDC

Source: PPIS & AKD Research

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- 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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AKD Securities Limited

602, Continental Trade Centre,
Clifton Block 8, Karachi, Pakistan.
research@akdsl.com