



OGDC: KPD –TAY to add another feather in the cap – big impact to come in FY15.... | HOLD |

Pakistan is facing scarcity of hydrocarbon exploration from major E&Ps but lately OGDC, the biggest E&P, in terms of acreage seeks to enhance oil and gas production. In an interview published in Express Tribune, OGDC spokesman claims to enhance production levels from various fields.

For instance, the company shall add nearly 13,000 bopd of oil and 350mmcf of gas from existing fields in FY14-15 in order to reduce country's dependence on imported oil. This is a significant claim since Pakistan is only meeting 22% of oil requirement from local exploration which is far too low.

The official is giving description of KPD – TAY, which is heartwarming in the context of country's need.

Description of KPD – TAY

OGDC shall liable to work on phase 2 of KPD-TAY which is Integrated Development Project. After completion of the project, there will be a substantial increase in gas production. This project, on completion (Including KPD-Phase-1), will add 225mmcf of gas & 5,100 bopd of oil.

The KPD field had gas potential of 933 bcf and TAY has 167.34 bcf. The KPD-TAY shall commence production at the start of FY15.

The KPD-TAY plant is located adjacent to OGDCs existing Kunar LPG plant which is near to the city of Hyderabad.

Earlier, OGDC is stated to have completed the KPD-Phase-I project for the supply of gas 100 mmcf De-from 7 Kunnar wells in October, 2011 and is now producing 970 bopd of oil and 120 mmcf of gas. The gas is supplied to SSGC.

Stance on OGDC: HOLD

Keeping focus in Sanjoroo & Nashpa apart from KPD – TAY, OGDC is currently yielding FY14 PE of 10.5x, DY of 3.5x & PBV of 3x, however, we see EPS jump in FY15 due to KPD-TAY. We recommend HOLD.

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