

Foundation Alert

Pakistan E&P: Bannu West flows tested at 50 mmcfd

Event

- Bannu West flows tested at 50 mmcfd post acid test against initial flows of 25 mmcfd, according to the announcement made by MARI.

Impact

- Mari Petroleum Company Limited (MARI PA), the operator of the well, has performed a post acid well test at Bannu West-I ST-I, Exploration Well drilled in Bannu West Block, located in North Waziristan, KP
- The flows were tested in the order of 50 mmcfd of gas and 300 barrels per day of condensate at well head pressure of 5,500 Psig at 40/64" choke size from the Lockhart formation.
- The well was spudded in June 6'2021 showed initial gas flow rate of around 25 mmcfd at Wellhead Flow Pressure (WFP) of 4,339 Psi and around 300 bpd condensate at 32/64" choke size from the lockhart formation prior to performing any acid treatment.
- MPCL is the Operator of Bannu West Block having 55% working interest along with OODCL and ZPCL as joint venture partners having 35% and 10% working interest, respectively.
- This discovery would have an annualized EPS impact of Rs 37.2 and Rs 0.7 on MARI and OGDC, assuming an oil price assumption of US\$100/bbl, based on our calculation.
- MARI and OGDC have approached SNGP for laying of 295 km long infrastructure/pipeline for injection of this gas into the Company's transmission system/grid with an estimation cost of Rs23.4 billion.
- SNGP is expected to complete the pipeline within next 12-months.
- However, commencement of flows are contingent upon security situation apart from completion of pipeline and well development.

Outlook

- We have an "Outperform" stance on the sector given elevated oil prices, dollar hedged revenue and debt free balance sheets. Moreover, expected increase in gas prices as committed with IMF would ease cash flow concerns of E&P companies.

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Recommendations definitions

If	
Expected return >+10%	Outperform.
Expected return from -10% to +10%	Neutral.
Expected return <-10%	Underperform.