

Islamabad, February 04, 2015

FOR IMMEDIATE RELEASE

**OGDCL Un-Audited Financial Results for the Half Year Ended 31 December 2014**

Oil and Gas Development Company Limited (OGDCL), (Ticker: OGDC), today announced its financial results for the Half Year ended 31 December 2014. Financial Statements were prepared in accordance with International Financial Reporting Standards.

**Highlights of the Half Year include:**

- OGDCL's net sales registered to Rs 118.644 billion compared to Rs 126.170 billion in the corresponding period last year.
- Net profit before taxation registered to Rs 74.710 billion compared to Rs 90.501 billion in the corresponding period last year.
- Net Profit after Taxation came to Rs 47.828 billion as against Rs 67.227 billion in the preceding period translating into Earnings per Share of Rs 11.12
- The Board of Directors declared final cash dividend for the year at Rs 2.0 per share.
- Operating profit margin and net profit margin were 54% and 40%, respectively.
- Average net realized price of crude oil sold was US\$ 76.57/bbl as against US\$ 87.45/bbl during corresponding period last year.
- Average net realized price for natural gas sold was Rs 276.69/Mcf as against Rs 278.64/Mcf during corresponding period last year.
- 2,354 Line Kms of 2D and 508 Sq. Kms of 3D seismic acquisition completed.
- Ten (10) new wells including four (4) exploratory/appraisal wells and Six (6) development wells were spudded during the half year ended December 31, 2014.
- Company's exploratory efforts yielded three (3) new oil and gas discoveries namely Soghri-1 & Jand-1 in district Attock, Punjab province and Jarwar-1 in district Tando Allah Yar, Sindh province.
- Net crude oil production of 41,271 barrels per day, net gas production of 1,173 MMcf per day, net LPG production 245 M.Tons per day and net Sulphur production of 76 M.Tons per day was witnessed during the period under review.

	<b>1H 2013-14 Rupees '000</b>	<b>1H 2014-15 Rupees '000</b>
<b>Net Sales</b>	126,170,200	118,643,636
<b>Profit before Taxation</b>	90,500,556	74,709,743
<b>Profit after Taxation</b>	67,226,930	47,828,372
<b>Earnings per Share - Rs</b>	15.63	11.12

**MD and CEO's Statement:**

Mr. Muhammad Rafi, MD & CEO, while commenting on OGDCL's Half Year (July – December 2014) results stated:

"I am pleased to state that OGDCL, being the largest Exploration & Production (E&P) Company in Pakistan, has once again improved on oil & gas production volumes. During our first half of FY 2015, OGDCL recorded an average daily net crude oil and gas production of 41,271 barrels and 1,173 MMcf, respectively. The first half of the fiscal year 2014-15 also witnessed exploration success across the Company's acreage with significant discoveries at Soghri-1 exploratory well in district Attock, Punjab province, Jand-1 exploratory well in district Attock, Punjab province and Jarwar-1 exploratory well in district Tando Allah Yar, Sindh province. The preliminary reserves estimates accredited to these discoveries are 251.86 billion cubic feet of gas and 2.40 million barrels of oil combined 43.45 million barrels of oil equivalent.

However, due to the prevalent global declining price environment which is negatively impacting the whole industry, OGDCL registered Profit after Tax of Rs 47.828 billion which translated into Earnings per Share of Rs 11.12. Apart from drop in oil and gas prices, higher exploration & prospecting expenditure on account of increase in geophysical survey coupled with increased operating expenses owing to amortization of development & production assets impacted OGDCL's profitability.

Let me here emphasize that the Company is well equipped to see through this lean period of pricing environment and has already embarked on ensuring expeditious development of its major development projects which shall result in further enhancement in OGDCL's production volume growth. And I am sure that with the assistance of our dedicated and able work force which is totally committed in ensuring that all our goals are not only met but exceeded. I see a very bright era of consistent growth in front of us."

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**Notes to Editors**

OGDCL, the largest petroleum Exploration and Production (E&P) Company in Pakistan, was listed on all three stock exchanges of the country in November 2003 and its Global Depository Shares (GDS) were issued on London Stock Exchange in December 2006. It holds the largest portfolio of recoverable hydrocarbon reserves of Pakistan, at 42% of gas and 57% of oil, respectively, as at June 30, 2014. It contributed 29% of the country's total natural gas production and 45% of its total oil production as of November 2014.

With a portfolio of 62 exploration licences, the Company has the largest exploration acreage in Pakistan, covering 32% of the total awarded acreage as of 31<sup>st</sup> December 2014. Currently all production volumes are being realized from onshore areas of Pakistan, however, the Company also has working interests in Pakistan's offshore exploration blocks.

OGDCL had a net profit after tax of Rs 123.915 billion for the year ended 30 June 2014.

## **SUMMARY RESULTS**

### **Dividend**

The Board has announced second interim cash dividend of Rs 2.0 per share (20%) for the year ending 30 June 2015. This is in addition to the first interim cash dividend of Rs 2.50 per share (25%) already declared during the year.

### **Exploration and Development Activities**

OGDCL holds the largest exploration acreage in the Country which as of 31 December 2014 stood at 112,794 sq. km. The Company's concession portfolio currently constitutes sixty two (62) owned and operated joint venture (JV) exploration licenses besides holding working interest in six (6) blocks operated by other Exploration & Production companies.

In line with its exploration-led growth strategy, OGDCL has intensified the exploratory efforts to embark upon high impact future growth opportunities and during July-December 2014 acquired 2,354 Line km of 2D (1H 2013-14: 962 Line km) and 508 sq. km of 3D seismic data (1H 2013-14: 433 sq. km) in various exploratory blocks. The Company also carried out 70 Line km of geological field work in Warnali exploration license. Moreover, 3,328 Line km of 2D and 402 sq. km of 3D seismic data of various blocks were processed using in-house resources.

During the period under review, OGDCL marked twenty nine (29) well locations on the ground out of which ten (10) wells were spud (1H 2013-14: 7 wells). These spud wells include four (4) exploratory/appraisal wells viz., Nashpa-X5, Jarwar-1, Kup-1 & Zin Pab-2 and six (6) development wells viz., Kunnar-9, Pasahki Deep-5, Dakhni Deep-5, Nashpa-6, Chak 5 Dim-3 & Pasahki-10. Subsequently, the Company spud two (2) more wells; exploratory well Loti Deep-1 and development well Loti-19 during the month of January 2015. Furthermore, drilling and testing of two (2) wells spud in the previous fiscal year also continued during the reporting period.

Regarding exploitation of unconventional oil and gas reserves, OGDCL during the period under review entered into contract with Weatherford Oil Tools Middle East, Pakistan for study of shale gas, shale oil and tight gas. In this connection, transmittal of data to Weatherford has started. Moreover, to acquire shale gas data three (3) conventional cores each in Manna-1 & Hanif-1 and fifty eight (58) side wall cores in Hanif-1 were cut by the Company. Furthermore, specified shale gas logs have been conducted in Manna-1, Hanif-1,

Pali Deep-1 and Saand-2 to acquire and evaluate shale/tight gas prospects. The Company has also identified potential horizons of tight gas in ten (10) wells and further evaluation is in progress.

### **Discoveries**

The first half of the fiscal year 2014-15 witnessed exploration success across the Company's acreage with significant discoveries at Soghri-1 exploratory well in district Attock, Punjab province, Jand-1 exploratory well in district Attock, Punjab province and Jarwar-1 exploratory well in district Tando Allah Yar, Sindh province. The preliminary reserves estimates accredited to these discoveries are 251.86 billion cubic feet of gas and 2.40 million barrels of oil combined 43.45 million barrels of oil equivalent.

### **Production**

OGDCL is pursuing an aggressive production enhancement strategy involving short term and medium term plans to augment oil and gas production from its own and operated JV fields. In this regard, the Company during the period under review successfully completed Pasahki Deep-4 and injected wells; Nim-1, Chak 66 NE-1, Kunnar-9 and Qadirpur-53 into the system resulting in enhancement of oil and gas production.

In addition to the above, OGDCL during the half year carried out workover jobs with rig at Pasahki-7, Lashari Center-3, Chak 66 NE-1 & Kunnar-8 and stimulation jobs at Nashpa-1, Qadirpur-30 & Rajian 2 & 8 increasing oil and gas production. Moreover, the Company with the aim to update reservoir study and induce improvement in the current well flow parameters carried out pressure surveys at different wells of Bobi, Dakhni, Rajian, Sinjhor and Nashpa fields. Furthermore, as part of preventive maintenance plan the Company carried out Annual Turn Around of plants installed at Qadirpur, Uch, Chanda, Sinjhor, Dakhni and Bobi fields.

Progressing towards increase in production, OGDCL during the period under review witnessed its net gas production enhanced by 3.2% and crude oil production by 2.6% in comparison with the corresponding period of last year. The increase in gas production is primarily due to increase in production from Uch, Nashpa and Maru-Reti fields in conjunction with start-up of production from Nim, Dhachrapur and Gopang fields. On the other hand, the rise in crude oil production owes to increase in production from Nashpa, Rajian & Lashari fields and commencement of production from Nim and Jarwar fields

accompanied by increase in share of crude oil production from non-operated JV fields. Increase in oil and gas production has been achieved against production curtailment from Mela field, high water cut at Chanda field, heavy floods at Bahu gas field, less gas intake by UPL from Uch gas field and natural decline in some of the mature producing fields.

The average daily net production of crude oil and gas, during the period under review, including share in both operated and non-operated JV fields is as under:

<b>Products</b>	<b>Unit of Measurement</b>	<b>1<sup>st</sup> Half 2014-15</b>	<b>1<sup>st</sup> Half 2013-14</b>
Crude oil	Barrels per day	41,271	40,215
Gas	MMcf per day	1,173	1,136

Upon completion of OGDCL's ongoing development projects namely: Kunnar Pasahki Deep-Tando Allah Yar (KPD-TAY), Sinjhor, Uch-II, Jhal Magsi and Nashpa-Mela, daily gross production of the Company will be further enhanced by 6,720 barrels of crude oil, 194 MMcf of gas and 870 tons of LPG in the near future.

### **Financial Results**

During the period under review, OGDCL's financial results were adversely affected mainly due to fall in international oil prices. This can be witnessed by the fact that the average realized price of crude oil for the half year plunge to US\$ 76.57/barrel compared with US\$ 87.45/barrel during the preceding period last year. In addition, a slight decline in the average realized price of gas was recorded at 276.69/Mcf compared with Rs 278.64/Mcf in the last period. However, aforesaid decline in the prices was partially offset due to increase in hydrocarbon production leading the Company to register Sales Revenue of Rs 118.644 billion (1H 2013-14: Rs 126.170 billion).

Apart from drop in oil and gas prices, higher exploration & prospecting expenditure on account of increase in geophysical survey coupled with increased operating expenses owing to amortization of development & production assets impacted OGDCL's profitability. Moreover, decline in the other income mainly due to decrease in exchange rate in comparison with the corresponding period of the last year along with tax on prior period assessments contributed to reduced profitability. This has led the Company to register Profit after Tax of Rs 47.828 billion translating into Earnings per Share of Rs 11.12.

Despite decline in the profitability during the period, the Company will continue to carry on the intensified exploratory efforts and fast track completion of ongoing development projects to maintain and enhance the rising trend of its production while generating increased financial returns for the shareholders in the years to come.