

## Oil & Gas Development Company Limited

### **Presentation on Full Year Results (July 2010 - June 2011)**

**Presenters: Basharat Mirza (MD & CEO),  
Muhammad Rafi (CFO),  
Muhammad Riaz Khan (AED Prod),  
Tariq M. Jaswal (GM I/c Exploration)  
Zahid Bakhtiar (AGM Projects)**

**Date: Friday, August 12, 2011**

**Time: 2:30 pm (Pakistan Standard Time)**

Operator: Good day, ladies and gentlemen, and welcome to today's OGDCL Full Year Financial Results 2011 conference call. For your information, this conference is being recorded. At this time, I would like to turn the call over to your host today, Mr. Basharat Mirza. Please go ahead, sir.

Basharat Mirza: Good evening, ladies and gentlemen. I welcome all the participants to the OGCDL Full Year 2011 Results Announcement conference call. I believe all of you have received the presentation that our Investor Relations department has sent you a short while ago. Let's start on page number 2 of the presentation, where you see the legal disclaimer. I will give you some time to go through that disclaimer.

Oil and Gas Development Company Limited is the largest upstream company in our Country. We enjoy the largest share of exploration acreage in the Country which is 22% of the total awarded acreage. As of December 2010, it holds 48% of the Country's recoverable oil reserves, and 37% of the Country's recoverable gas reserves. In terms of production, currently OGDCL delivers 56% of Pakistan's oil output, and 22% of its gas production. Our remaining recoverable reserves estimated as of June 2011 stood at an impressive 932 MMboe on a 2P basis. The reserves data is based on latest third-party certified reserves (DeGolyer & MacNaughton) as of December 31 2006, minus the actual net production from January 2007 to June 2011, and some other in-house adjustments. The additional reserves estimates of new discoveries during January 2007 to

June 2011 are not included, as they are yet to be certified by a third-party reserves evaluation company. The results will be revised after finalization of ongoing third-party reserves evaluation study by Tracs International UK, which is expected by September 2011.

OGDCL has a portfolio of 77 fields, out of which 45 fields are 100% owned and operated, and 32 are non-operated fields. We carry out our operations in some of our producing properties with partnerships with other E&P companies operating in Pakistan, which includes both foreign as well as local E&P companies. We have vast experience in operating in all the four provinces of the Country, and over the years have acquired an unmatched advantage over our competitors with respect to expertise that our Company has in exploration as well as production activities.

Moving on to the next slide, you will see a map which shows very clearly OGDCL's presence in all the prospective areas of the Country. By looking at it, you will appreciate that our operations are spread all over the Country, and in all the four provinces of Pakistan as well as offshore area of the Country. You will also see a province-wise break-up as well as operated and non-operated break-up of our exploration business in the Country. The pie chart displays province-wise percentage acreage of OGDCL.

I will now ask my colleagues—Mr. Rafi, Chief Financial Officer, Mr. Tariq Jaswal, General Manager in charge of Exploration, Mr. Riaz Khan, looking after production, and Mr. Zahid Bakhtiar, who is in charge of our development projects to take you through to the next few slides of this presentation. Thank you.

Muhammad Rafi: Good day, ladies and gentlemen. This is Muhammad Rafi, the Chief Financial Officer of OGDCL. I am very pleased to inform that the sales revenue of the Company increased by 9.2% to Rs 155.6 billion during the year ended June 30, 2011. The net profit after taxation increased by 7.4% to Rs 63.5 billion, leading to an increase in the earnings per share of Rs 1.01 to Rs 14.77 per share.

During the year, there was significant improvement in the cash and liquidity position of the Company, and this is evident from trade debt balance that has reduced by about Rs 5 billion to Rs 77.9 billion. The Company was successful in settling its overdue current liabilities, and the balance has reduced by Rs 13 billion to Rs 21.8 billion, and this was because of speedy recovery

of receivables. The current ratio of the Company increased to 6.87 times, quick ratio increased to 6.22 times, and the earnings before interest, tax and depreciation margin (EBIDTA) remained at 71%, while the net profit margin remained at 41%.

Ladies and gentlemen, I now request my colleague, Mr. Tariq Jaswal, the Head of Exploration, to continue this presentation. Mr. Tariq Jaswal.

Tariq Jaswal: Hi, this is Tariq Jaswal. I am Head of Exploration. We are now on slide number 6. During the year, 29 well locations were finalized, out of which 21 wells were spudded. The spudded wells include 10 exploratory and appraisal wells, mainly Sehar-1, Nashpa-2, Maru-2, Nashpa-3, Zin X-1, Jabbi-1, and Gulsher-1, Suleman-1, Ajuwalla-1 and Maru South-1; and 11 development wells, namely Qadirpur-41, Thora-8, Uch-23, Uch-24, Uch-28, Uch-29, Uch-30, Uch-31, Uch-33, Pasakhi-7 and Qadirpur-42, which was an extended reach well in Qadirpur field. Furthermore, civil works on Qadirpur-43, an extended reach well is also completed, and we are hoping to start that well after the flood season. The civil works on three more wells, namely Dhachrapur, Uch-19 and Qadirpur 34, is underway and it will be completed soon. In addition, workover jobs on nine other wells were also carried out during the year under review.

As of 30 June 2011, OGDCL has the largest exploration acreage in the Country, which includes 34 owned and operated joint ventures exploration licenses, (22 blocks with 100% share, including offshore blocks, and 12 blocks as operated joint ventures, including one offshore block). The total area of these blocks is around 61,084 square kilometres.

During the period under review, OGDCL made two discoveries namely Sheikhan Well-1 in Kohat E.L., and Gopang well-1 in Nim E.L. in district Hyderabad of Sindh Province.

During the financial year of 2011, the seismic crews of this Company were able to acquire 1,500 line kilometres of 2D and 660 square kilometres of 3D seismic data in various concessions of OGDCL. Additionally, the 1,058 line kilometre of 2D seismic data processing and 674 line kilometres of 2D seismic data reprocessing was carried out using in-house facilities to expedite the prospect generation work. Furthermore, 6,663 line kilometres of 2D and 806 kilometres of 3D seismic data were also processed through outsourcing.

I now ask my colleague, Mr. Riaz Khan, who is Head of Production, to take you through the next slide.

Riaz Khan: Hi everybody. OGDCL's gas production from 100% owned and operated joint venture fields inched up by 0.15% mainly from Bobi, Pakhro and Mela fields, and the start-up of production from Bahu, Sheikhan and Nashpa fields. However, the Company's net owned and operated joint venture's gas production is marginally lowered by 0.52% due to decline in production from Dhodak and Nandpur/Punjpir, Pirkoh, Noorai Jagir and Gopang fields. This decline in production is offset by the increase in gas production from non-operated joint venture fields such as Kadanwari, Ratana, Badhra, Mazalai, Makori, Mamikhel and Maramzai by 16.59%, resulting in net increase in gas production by 3.85%.

Compared with the last year, crude oil production from Company's 100% owned and operated JV fields, oil production scaled up by 1.34% mainly from Kal, Missakeswal, Toot, and Nashpa fields. However, Company's net owned and operated JV crude oil decreased by 3.2%, mainly on account of decrease in production from Mela and Chanda fields and natural depletion of southern fields like Kunnar, Bobi, Pasakhi, Tando Allah Yar, Thora, Lashari Center, Fimkassar, Moolan, Dhodak North, Moolan North and Noorai Jagir fields. This decline in production is partially offset by the increase in the crude oil production from non-operated joint venture fields, mainly from Adhi, Manzalai and Makori, by 5.39%, which resulted in a slight net decrease in crude oil production of the Company by 1.85%.

Net own and operated JV's LPG production increased by 1.55% due to increase in production from Dakhni and Bobi fields. However, the Company's share from non-operated JV fields, namely Pindori and Adhi, declined by 9.96%, resulting in net decrease in LPG production by 3.41%.

I now request Mr. Zahid Bakhtiar, who is in charge of OGDCL's development projects, to continue with this presentation.

Zahid Bakhtiar: Hello everybody. ODGC is currently working on five mega-development projects having a combined estimated capacity of approximately 500 MMcfd of gas, 8,500 barrels per day of

crude oil and 525 metric tons per day of LPG. The Company is actively working on the completion of these projects in order to meet Country's energy demand in the long run.

The first project is Sinjhor Development Project. OGDCL management has decided to develop the field on its own by relocating Dhodak plant to Sinjhor along with installation of some new units such as amine unit, feed/sale gas compressors, sale gas Metering skids, etc. This project will be completed in two phases. The first phase of the project is expected to be completed by January 2012 and will enhance the production flow by 1,400 barrels of oil per day, 15 million cubic feet of gas per day and 50 metric tons of LPG per day. The second phase of the project is expected to be completed by April 2012 and will enhance the cumulative production flow to 3,000-3,500 barrels per day of oil, 25-30 million cubic feet of gas and 120-150 metric tons per day of LPG.

The second project is KPD/Tando Allah Yar Integrated Development Project. The tendering process for hiring of EPCC contractors for the project has been annulled. OGDC will now set up this project in two phases by itself. Under Phase I, 100 million cubic feet of dehydrated gas and 1,000 barrels per day of condensate would be supplied to SSGCL's gas transmission network by end of October 2011. OGDCL will be working on the second phase, in parallel, to fully process 312 MMcfd of raw gas, including LPG extraction, and supply this fully processed gas to OGDCL. The project is expected to be completed by August 2013, and the expected production from the project will be 284 MMcfd of sales gas, 4,400 barrels per day of oil, 387 metric tons per day of LPG and 400 barrels of NGL per day.

The next project is Dakhni Development Project. Most of the equipment has been received and installed by OGDC utilizing its own resources. Dakhni Expansion Project is expected to be completed by December 2011. The contractor has been mobilized to the site. The incremental production after expansion will be 12 MMcfd of gas, 720 barrels of condensate per day, 80 metric tons of sulphur per day and 12 metric tons of LPG per day.

The next project is Qadirpur Compression Project. OGDCL has successfully installed 14 reciprocating gas compressors at Qadirpur gas field to maintain the production plateau of 550-600 MMcfd of gas per day. Performance tests shall be carried out by end September 2011.

Three extended reach wells (ERWs) are being drilled to increase the gas production in order to meet the pressure requirements of SNGPL. Out of these, the drilling of one well has already been completed and 32 MMcfd of gas is being produced from it while the other two wells will be drilled soon. OGDCL also anticipates adding 18-20 MMcfd of gas from Qadirpur after commissioning of two new permeate compressors in August 2011.

Next project is Jhal Magsi Project. The project is a joint venture among OGDCL, Government Holding (Pvt.) Limited and Pakistan Oilfields Limited. Dehydration, compression and H<sub>2</sub>S removal plants will be installed at the field to remove high contents of H<sub>2</sub>S. The project will be undertaken after third-party reservoir certification is carried out.

Next project is Uch II Development Project. Under this project, OGDC plans to drill 15 wells, out of which 12 wells have already been drilled. The project is expected to be completed by September 2013. After completion of the project, it is expected that Uch field would be able to supply additional 160 MMcfd of gas to an IPP. Gas Sales Agreement is already signed up with the IPP and is effective from 30 April 2011.

I now ask Mr. Muhammad Rafi, our CFO, to continue with this presentation.

Muhammad Rafi: Hello, this is Muhammad Rafi. We are now moving to slide number 10, which reflects the comparative sales position. As I mentioned, the sales increased from Rs 142.5 billion to Rs 155.6 billion during the year. The operating expenses increased from Rs 23.7 billion to Rs 32.9 billion. There was an increase of 39.1% in our operating expenses, and this was mainly due to the workover charges on two wells namely Toot and Missakeswal where the Company spent Rs 612 million, and this workover led to a production increase of 250 barrels per day at Toot and 500 barrels a day at Missakeswal. There was also an impairment charge on the development and production assets which cost Rs 801 million, and these two assets were Sara West and Jandran fields. During the year, the amortization of development and production assets increased by Rs 5.625 billion, resulting from reclassification of the reserves from the new study by Tracs International UK. The preliminary results of this study show that overall the reserves of the Company have increased but the reserves on the basis of which amortization is calculated in the books of accounts, those reserves were decreased. Another charge to the operating

expenses was of Rs 259 million. This is because of annual turnaround at our major gas field, Qadirpur, where two membrane elements were replaced. The prospecting expenditure was reduced by 16.2% during the year, and this was because of lower write-offs for the unsuccessful exploratory well. The net profit increased from Rs 59 billion to Rs 63.5 billion.

Going to slide number 11, the comparative position of net sales, operating profit margin, EBITDA margin, etc have been shown. We see that the operating profit margin has reduced to 56% while EBITDA margin remained the same. Net profit margin was 41%, profit after tax increased from Rs 59.2 billion to Rs 63.5 billion and profit from operating activities actually increased from Rs 85.2 billion to Rs 87.6 billion, and this has led to earnings per share increase from Rs 13.76 per share during the last year to Rs 14.77 per share in the year ended June 30 2011.

The Company was successful in maintaining the overall dividend payout. The final dividend recommended by the Board today was Rs 2.50 per share, leading to a total dividend during the year of Rs 5.50 per share. The same amount of dividend was declared during the preceding year also.

I now request Mr. Basharat Mirza, MD and Chief Executive Officer of OGDCL, to take you through the final summary. Mr. Basharat Mirza.

*[AUDIO BREAK]*

Operator: I'll open up the conference again. Just one moment. Please go ahead.

Basharat Mirza: Yes, I'm sorry. The line dropped and I lost you somewhere in my concluding remarks. To sum up, the main focus of management's attention is the consistent growth in production volumes of the Company, which in turn will help us maintain our healthy balance sheet. To achieve this, OGDCL is committed to ensure the speedy development of its projects in the pipeline. OGDCL is also committed to the implementation of international best practices on all its operations. Of course we want to maximize our shareholders' return but we want to accomplish it in a way that not only takes care of communities where we work, but also improve the natural environment where we carry out our operations. This concludes our presentation. I thank all of you for joining us. We are now open for question and answers. Thank you.

Operator: Thank you. If you would like to ask a question at this time, please press the star or asterisk key followed by the digit 1 on your telephone. Please ensure that the mute function on your phone is switched off to allow your signal to reach our equipment. If you find that your question has already been answered, you may remove yourself from the queue by pressing \*2. Again, please press \*1 to ask a question. We will now take our first question from Mr. Farooq Najam of Picic Asset Management.

Farooq Najam: Assalam-o-aleikum. Just had a couple of questions, the first one is related to the crude oil revenue that you booked in 4Q, is this inclusive of the effect of Kunnar gas price downward revision. Your Kunnar crude oil price actually comes up to about \$95 per barrel. Just wanted to find out whether any other crude oil sale agreement (COSA) has to be negotiated in terms of forming up the view on whether this revenue will be reversed later on or not. And my second question relates to Gopang and Baloch, production of both of which has stopped. Can you just shed some light on why this has happened? Thank you.

Muhammad Rafi: Well, regarding Kunnar crude pricing, there was a retrospective price revision with effect from January 1, 2007 due to which there was about Rs 15 billion decline in the net sales. Had there been no such revision in the Kunnar price, the sales revenue would have been higher by Rs 15 billion approximately. There is one pending agreement for Qadirpur gas price with the Government. Actually, the agreement is signed but the extension in the discount table for calculating the Qadirpur gas price is pending with the Government. However, we are looking forward for an upward revision rather than a downward revision. To answer your question, at the moment there are no significant agreements pending where downward revision in the prices are likely in the future years.

Riaz Khan: With respect to the Gopang well, we are in the process of procuring a compressor so the production could be revived.

Farooq Najam: And for Baloch?

Riaz Khan: Same is true for Baloch well also.

Farooq Najam: And just a quick follow-up. Can you give me a timeline when the production from both of these wells can be expected to be tied in again?

Riaz Khan: The production from both these wells should come online within six to eight months.

Farooq Najam: Thank you.

Operator: We will now move to our next question, which comes from Asim Khan of Foundation Securities.

Asim Khan: Thank you for the presentation, sir. Regarding the Qadirpur field, news has come in the media that the field will be shut from August 28 for a period of approximately one month for annual maintenance. Will this shutdown accompany installation of the two Pirkoh compressors? Thank you.

Riaz Khan: No, this doesn't relate to any compressor problem. It is a routine annual maintenance program.

Asim Khan: Ok. Actually I wanted to ask that it was written in the OGDCL highlights that the two compressors will be installed in August 2011 so I thought that during the shutdown these Pirkoh compressors will be installed. So what is the timeline for the installation of the Pirkoh compressors?

Riaz Khan: The Pirkoh compressors are expected to be installed during the next year, however, the highlights document pointed to the two permeate compressors which are planned to be commissioned during this period.

Asim Khan: Okay. My next question would be, considering the fact that Engro Fertilizers has been facing severe financial problems due to the below-expected production from Qadirpur field, do you as the operator of the field see any respite in production apart from the additional 18-20 MMcfd of gas production from the field that you have mentioned in your presentation due to permeate compressors?

Riaz Khan: Yes, the additional 18-20 MMscfd gas will be available to SNGPL to deliver to any of its customers.

Asim Khan: Yes, but what is your outlook on the field? Do you see any further production additions or is it producing at its peak level?

Riaz Khan: We expect that the production from Qadirpur field will be increased by almost 100 MMscfd raw gas post drilling/completion of all three Extended Reach Wells (ERW). The first ERW well has already been completed and currently producing 32 MMscfd gas.

Asim Khan: Okay, since the reciprocating compressors and Pirkoh compressors are probably a temporary solution, what are the Company plans regarding the front-end compression project which the Company had initially envisaged in 2006-2007? Is the Company still planning to go ahead with that project?

Riaz Khan: The front-end compression for Qadirpur field, as envisaged in 2006, is not feasible at the moment. To cater to the compression requirement of the field, the Company had installed the interim reciprocating compressors which are currently in operation and will work in tandem with the Pirkoh compressors when installed in next year. A study is currently under way to evaluate options for future compression requirements which will supplement this compression arrangement already in place.

Asim Khan: Right. Can you provide an update on your producing fields in the Kohat region, Mela-3, Nashpa-2 and Nashpa-3 development wells? What is the Company's projection as to when will they come on line and what will be the production addition?

Riaz Khan: Mela-3 is already on production and Nashpa-2 is under drilling and we anticipate that the Nashpa-2 will likely be put on production after a two months' time period.

Asim Khan: Right. Just to ask a question on the Kunnar Pasakhi project, after the completion of phase two, the production of 284 MMcfd of gas and 4,400 bpd of oil. Will it be the total production from the KPD/Tando Allah Yar project, or will the Phase 1 be separately producing 100 MMcfd of gas and 1,000 barrels per day of oil?

Zahid Bakhtiar: No, after completion of Phase II, this will be the total production, which will include the production from the Phase I as well.

Asim Khan: Right, if we talk in terms of percentage of completion, what is the progress on Kunnar Pasakhi Deep Phase I and Sinjhorro Phase I?

Zahid Bakhtiar: Well, for Phase I we are already at quite an advanced stage and we are quite hopeful that we will complete the project by end October 2011. As regards to Phase II, we are already in the process of getting a consultant, and we are hopeful that by August 2013, we will also complete Phase II of the project.

Asim Khan: Right. Sir, correct me if my understanding of the Badin –II revised agreement is correct, the discount at \$1—above a crude oil price of \$1.50 per barrel is negotiated, so do you see any possibility of the negotiated discount being higher than 25%, maybe 40% or 50%?

Basharat Mirza: Not at the moment.

Asim Khan: Okay, okay. That will be all from my side. Thank you.

Operator: We will now move to our next question from Naveed Vakil from Akd Securities. Please go ahead.

Naveed Vakil: Hello, thank you for the presentation. I just have a couple of questions related to your Uch field development. Firstly, when will OGDCL become liable for liquidation damages related to the Uch-II project?

Muhammad Rafi: As per GSA, we are obligated to supply the full quantity of gas by September 2013. Thereafter we'll become liable for LDs in case of non-supply of gas.

Naveed Vakil: Recently there was some press reports that there's some litigation regarding your contract award to KRL. Is there any update regarding this scenario?

Basharat Mirza: At the moment, it is not in the public domain. We cannot comment on this. But as far as that LDs question was concerned, I would like to add, since at the moment we have declared

*force majeure*, and informed the other party in writing. As per the Uch GSA, the commissioning date of the project will be adjusted for the time period the *force majeure* was in effect. So LDs will be effective from the expected date of completion plus the *force majeure* period.

Naveed Vakil: Thank you.

Operator: Our next question comes from Nauman Khan of Topline Securities. Please go ahead.

Nauman Khan: Thank you for the presentation. I just wanted to ask a couple of questions. Regarding your trade debt, you mentioned in your presentation that your trade debt got reduced substantially and primarily because of the payment from the refineries. Are these in relation to the one provided by the Government? And are these in the same chain that the Government released in early May?

Muhammad Rafi: No, actually it pertains to both. One adjustment in the receivable was because of the steps taken by the Government of Pakistan in late April/early May this year, and the other is normal collection which eventually flows through refineries, actually these flow from WAPDA to power producers, to PSO & refineries and then to OGDCL. But it pertains to both effectively.

Nauman Khan: Speaking of that, how much of the amount you received out of the tranche that the Government released?

Muhammad Rafi: From that tranche, OGDCL received around Rs 15 billion in May 2011, but on overall basis, the recovery was higher.

Nauman Khan: Okay. I just wanted to ask as well that basically the Government is currently in consultation with respect to forming a Committee on Energy and they are looking out to circulate that in all the other related energy-related projects. So do you have any updates on that as well?

Muhammad Rafi: Well, whenever there are such meetings, we are invited to attend those meetings and the Government is making efforts for settlement of these trade debts. But we do report our trade debts position on a daily basis both to the Ministry of Finance as well as to the Ministry of Petroleum and Natural Resources.

Nauman Khan: Sir, if you can be kind enough to tell us, what is the trade position right now at the moment?

Muhammad Rafi: The current trade position is around Rs 80 billion.

Basharat Mirza: We will let you have the exact figure later via our Investor Relations department. The information is enclosed as Annex – B at the end of transcript.

Nauman Khan: Okay. Another question would be on your Capex target next year: for example, what will be the Capex amount you're looking next year?

Muhammad Rafi: We have kept approximately US\$ 900 million as Capex for the current fiscal year.

Nauman Khan: Okay, thank you.

Operator: We move on to our next question from Salman Vidhani of HMFS.

Salman Vidhani: Thank you, sir, for your presentation. Can you give us the break-up of your dry well costs incurred during FY '11?

Basharat Mirza: The information will be provided in the transcript. The same is attached as **Annex A** at the end of this transcript.

Salman Vidhani: Okay. My next question is regarding your interest income. You booked nearly Rs 1.4 billion in interest income in last quarter, so did you receive any penal mark-up income on your receivables?

Muhammad Rafi: Not yet. We received the late payments charge currently only from Uch Power Limited. But from others, the issue of LPS is not yet resolved.

Salman Vidhani: Okay, and can you give us the break-up of your receivables?

Muhammad Rafi: In terms of companies?

Salman Vidhani: Yes, from gas and from refineries.

Muhammad Rafi: Okay, we will provide you.

Basharat Mirza: That will be provided to you in our transcript. The information is enclosed as Annex – B at the end of transcript.

Salman Vidhani: Transcript, okay. Thank you.

Operator: We will move to our next question from Muhammed Raza of Credit Suisse. Please go ahead.

Muhammed Raza: Hello?

Basharat Mirza: Okay, we will take this. This will be treated as last question.

Muhammed Raza: Assalam-o-alaikum, sir.

Basharat Mirza: Yes.

Muhammed Raza: I have a few questions. Firstly, there was a news article in which it was reported that production from Qadirpur will go up to 550 MMcfd by July and then it will go up 600 MMcfd by 2012. Do you still think that these numbers are possible?

Riaz Khan: Yes, this is right. Note the 600 MMscfd is raw gas figures.

Muhammed Raza: What will be the Qadirpur production by 2012, as in the final production?

Riaz Khan: As regards the final production, currently we are producing around 550 MMscfd of raw gas and after drilling and completion of these two ERW wells, we expect that the field will be producing somewhere between 600-650 MMscfd of raw gas. It is also expected that the field will be producing at this level for the next two to three years.

Muhammed Raza: All right, so in the latest summary reserves report which you had posted on your website, it states that there are a few more Qadirpur projects which will be executed in 2012 and 2013. The names of the projects are Qadirpur Project 2, 3 and 4. Are these projects related to something different or these projects relate to drilling of new wells or what?

Mansoor Humayon: These are attributed to Extended Reach Wells to be drilled by next year.

Muhammed Raza: All right. And sir, last year in your conference call you had said that you're expecting about 80 MMcfd of gas from dormant fields. Can you give a timeline as to when will this gas come online?

Riaz Khan: I think there might have been some confusion. We are working on dormant fields out of the five fields, four dormant fields are located in Sindh, one is in Balochistan and we are actively working on it and we expect that two of these fields will be placed on production within next four to six months.

Muhammed Raza: All right, and what will be the estimated production from those fields?

Riaz Khan: From these fields the expected production will be 8-10 MMscfd.

Muhammed Raza: All right and sir, World Bank had suggested the Government that there can be new methods of infill drilling which could be used to increase production from our gas fields. Are you working on those methods or do you have plans of increasing production from Qadirpur?

Tariq Jaswal: Yes, you are right. Our professionals are well versed with such methods and OGDCL had already drilled many infill wells in the past. This is not a new technique to us.

Muhammed Raza: But according to the World Bank report, it was mentioned that the production could be increased by about 500-600 MMcfd by 2012 if BP and OGDCL go for further infill drilling. So, do you have any plans for that?

Tariq Jaswal: We are already on it and our professionals are looking at that area also.

Muhammed Raza: All right, last question. There was a news article that the Government may be releasing Petroleum Policy 2011 which would have higher gas prices. Is there any update on that?

Basharat Mirza: I think the question does not pertain to us. It is up to the Government. However, I understand the Government is going to announce it shortly and as is the norm, the new hydrocarbon prices will be applicable only to the new discoveries.

Muhammed Raza: All right. Thank you, sir.

Basharat Mirza: Okay, ladies and gentlemen, we are running short of time. Thank you and goodbye.

**ANNEX – A**

**COST OF DRY AND ABANDONED WELLS  
 DURING THE YEAR JULY-JUNE 2011 AND 2010**

			(Rs '000)
	2011		2010
<b>OGDCL</b>			
Sahib Gul - 1	1,385,582	Dakhni North - 1	1,925,483
Makori East -1	387,240	Tando Jam -1	463,803
Sehar (Chak 216 East)	325,266	Rind Baloch -1	417,139
Chak 35- 1	285,379	Sono - Deep -1	396,965
Bangala - 1	235,855	Rubbly - 1	309,931
Chak 216 West - 1	155,095	Gul Badeen -1	267,048
Chak 205 - 1	104,841	Thal - 1	246,822
Qadirpur Deep - 1 <b>(Side Track cost)</b>	703,788	Hundi - North-1	233,695
Khawaja - 1 <b>(Side Track cost)</b>	265,252	Qadirpur Pirkoh -1	130,675
Others-Prior Period	84,400	Chak 205-1	88,552
		Others-Prior Period	<u>55,073</u>
	<u><b>3,932,698</b></u>		<u><b>4,535,186</b></u>

**ANNEX - B**

**Oil & Gas Development Company Limited**  
 Analysis of Trade Receivable as on August 12, 2011

						Rs('000')
PRODUCT	CUSTOMER	CURRENT	OVERDUE	TOTAL	LPS	Grand Total
<b>CRUDE OIL</b>	ARL	4,590,690	9,284,200	<b>13,874,890</b>	2,537,521	<b>16,412,411</b>
	NRL	546,219	9,917,326	<b>10,463,545</b>	2,653,533	<b>13,117,078</b>
	PRL	873,517	6,904,127	<b>7,777,644</b>	1,265,563	<b>9,043,207</b>
	PARCO	1,414,340	4,798,371	<b>6,212,711</b>	442,571	<b>6,655,282</b>
	ENAR	221,881	-	<b>221,881</b>	-	<b>221,881</b>
	Byco	-	5,449,635	<b>5,449,635</b>	1,446,775	<b>6,896,410</b>
	<b>Sub Total Oil</b>	<b>7,646,647</b>	<b>36,353,659</b>	<b>44,000,306</b>	<b>8,345,963</b>	<b>52,346,269</b>
<b>GAS</b>	SNGPL	4,067,293	460,764	<b>4,528,057</b>	1,730,743	<b>6,258,800</b>
	SSGCL	2,391,485	24,119,913	<b>26,511,398</b>	5,285,333	<b>31,796,731</b>
	UPL	879,150	2,752,060	<b>3,631,210</b>	142,485	<b>3,773,695</b>
	FKPCL	8,901	164,057	<b>172,958</b>	-	<b>172,958</b>
	WAPDA	-	21,282	<b>21,282</b>	-	<b>21,282</b>
	KESC	93,375	513,563	<b>606,938</b>	-	<b>606,938</b>
	<b>Sub Total Gas</b>	<b>7,440,204</b>	<b>28,031,639</b>	<b>35,471,843</b>	<b>7,158,561</b>	<b>42,630,404</b>
<b>WHITE PRODUCTS</b>	PSO	-	49,020	<b>49,020</b>	7,467	<b>56,487</b>
	Admore	-	51,344	<b>51,344</b>	15,108	<b>66,452</b>
	NRL	-	103	<b>103</b>	-	<b>103</b>
	<b>Sub Total W.P</b>	-	<b>100,467</b>	<b>100,467</b>	<b>22,575</b>	<b>123,042</b>
<b>GRAND TOTAL</b>		<b>15,086,851</b>	<b>64,485,765</b>	<b>79,572,616</b>	<b>15,527,099</b>	<b>95,099,715</b>