

ASX ANNOUNCEMENT

7 November 2019

MUSTANG WELL TESTING UPDATE

- **Flow testing at the Mustang Prospect exploration well, Thunder Gulch #1, has been completed**
- **The Thunder Gulch Unit #1 has been deemed non-commercial and will be plugged**
- **The well was drilled to 18,164 ft and logged at least 57' of apparent pay in a sand that tied to a seismic amplitude event that covered over 400 acres**
- **Logging indicated some possible pay in a second zone that tied to a similar amplitude event**
- **Both zones have been extensively perforated and tested, producing non-commercial volumes of gas. No liquid hydrocarbons were recovered**

Otto Energy Limited (ASX:OEL) ("Otto" or the "Company") advises that the initial exploration well, Thunder Gulch #1, within the Mustang prospect in Chambers County Texas, reached final total depth of 18,164 ft MD (18,001 ft TVD) on 1 May 2019, as announced.

Petrophysical evaluation of wireline logging data together with mudlog hydrocarbon shows seen whilst drilling indicated the presence of a total net hydrocarbon filled sand interval of approximately 57 feet TVT (True Vertical Thickness). Wireline logging indicated some possible pay in a second zone that tied to a similar amplitude event. This petrophysical evaluation has been undertaken using historical parameters for production performance in the play trend. At the time of logging, wireline sidewall cores, which would have provided an indication of flow capacity, were not recovered due to poor hole conditions.

A 3 ½" casing string was run and cemented to test the two zones. Prior to testing, Otto's internal petrophysical and engineering analysis indicated up to 15 BCF and 900 Mbbls of potential in the logged sands. The well was perforated using high pressure equipment across the two zones and tested, producing non-commercial volumes of gas with small amounts of CO₂ and H₂S. No liquid hydrocarbons were recovered. Hilcorp and Otto have agreed that the low flow rates observed are not sufficient to economically justify the future costs of a fracture stimulation, facility and pipeline connection.

Otto's Managing Director, Matthew Allen, commented:

"This is a disappointing result. Initial log results indicated the potential for a commercial discovery. The data from this well will be used to evaluate further prospects in the area. Otto is continuing with its strong pipeline of activity, with development drilling at Green #2 well, development planning ongoing at GC 21, and preparations for drilling the Beluga exploration well."

Through participation in the drilling of the Thunder Gulch #1 exploration well, Otto has earned a 37.5% working interest in the leases covering the entire prospect as well as Corsair and Hellcat structures. Refer to the ASX release “Otto Farms in to Eight Well Gulf Coast Package with Hilcorp” dated 31 July 2018 for further details on the overall Hilcorp Gulf Coast eight well program.

Contact: Matthew Allen Managing Director & CEO +1 713 893 8898 info@ottoenergy.com	Investor Relations: Krista Walter (VP Investor Relations) / Mark Lindh (Adelaide Equity) +61 (0) 2 4017 1257 / +61 414 551 361 Investor-relations@ottoenergy.com
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About Otto Energy:

Otto is an ASX-listed oil and gas exploration and production company with a regional focus on North America, focused on the Gulf of Mexico region near-term. Otto currently has oil production from the SM 71 oil field in the Gulf of Mexico and gas/condensate production from the Lightning discovery onshore Matagorda County, Texas. Otto is currently drilling the Green #2 development well at the Lightning field. Development is underway at the Green Canon 21 “Bulleit” oil discovery in the Gulf of Mexico. Cashflow from its producing assets underpins its growth strategy including an active exploration and appraisal program underway in the Gulf of Mexico region.

Mustang Key Details		
JV Partners	Hilcorp (operator) (WI)	62.50%
	Otto Energy (WI)	37.50%
Well Depth	18,164 ft MD/18,000 ft TVD	