

## ASX ANNOUNCEMENT

6 January 2020

### **GREEN #2 WELL COMPLETED AS A PRODUCTION WELL**

- **The Green #2ST reached total depth (TD) on December 27 at 15,121 feet MD (measured depth), after being sidetracked on December 11 at a depth of 11,676 feet MD.**
- **Petrophysical evaluation of log data indicates 146 feet of net pay over seven different sands.**
- **Depending upon porosity and water saturation cutoffs applied, there is the potential for up to an additional 175 feet of net pay in the well.**
- **Production casing has been run and cemented and the well is being turned over to be completed as a production well**
- **Production has recommenced from the Green #1 well following the completion of drilling operations**

Otto Energy Limited (ASX:OEL) ("Otto" or the "Company") is pleased to provide an update on the Green #2ST development well which has finished drilling at the Lightning field onshore Matagorda County, TX. The Operator, Hilcorp Energy ("Hilcorp"), has reached total depth and obtained encouraging Quad-combo LWD (Logging while drilling) Gamma Ray, Resistivity, Density and Neutron Porosity over the target intervals which are similar in character and potentially greater in thickness than the initial responses in the Green #1 productive well.

This log data indicates 146 feet of pay over seven different sand intervals. The petrophysical evaluation has been undertaken using historical parameters for production performance in the play trend. Depending upon porosity and water saturation cutoffs applied, there is the potential for up to an additional 175' of net pay in the well.

The Operator had previously estimated approximately 30 days to sidetrack, log and run production casing at an estimated incremental gross cost of US\$1.5 million. Gross costs to date for the well are currently estimated at approximately US\$9.5 million, compared to a pre-drill AFE gross estimate of US\$8.0 million. Otto owns a 37.5% working interest in this well.

The Green #1 well production was shut in during Green #2ST open hole drilling operations from the final casing point. The Green #2ST well has further evaluated the Tex Miss 1 and Tex Miss 2/3 reservoir units that are currently producing from the Green #1 well at the Lightning field. The Lightning Field was discovered in February 2019 and commenced production in May 2019. The Green #1 well achieved steady state production in June 2019 and was producing 11.9 MMscf/d and 360 bbl/d condensate as at 30 September 2019.

Completion operations are ongoing which include the running of production casing and preparing the well for production. Production from the Green #1 well has resumed following the successful completion of drilling activities.

Subject to successful production testing and evaluation of the reservoirs encountered in the Green #2ST well, the joint venture would consider the potential for additional wells in the field to further

develop the extensive area of the Lightning discovery. There is the potential for up to five wells being required to ultimately develop the entire Lightning accumulation, which if drilled, would be funded by internally generated cash flows and our recently announced three-year senior secured debt facility with Macquarie Bank.

Commenting on the results of the Green #2 development well, Otto Energy Managing Director & CEO Mr. Matthew Allen said *"Successful appraisal and follow-up drilling at the Lightning discovery has delivered a great start to 2020 for Otto Energy. The first discovery well was drilled less than one year ago, and first production was delivered in May 2019.*

*Otto congratulates the Hilcorp team on successfully executing a challenging drilling operation in a safe manner with the completion of the Green #2ST well.*

*Otto continues to deliver highly economic, liquids rich projects with short cycle payback periods in the US Gulf of Mexico. The further development of Otto's suite of projects is set to deliver a significant outcome during 2020 for Otto's shareholders."*

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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 its SM 71 oil field in the Gulf of Mexico and gas/condensate production from its Lightning discovery onshore Matagorda County, Texas. Development is underway at the Green Canon 21 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.

Lightning Key Details					
<b>JV Partners</b>	<table border="0"> <tr> <td>Hilcorp (operator)</td> <td>62.5%</td> </tr> <tr> <td>Otto Energy</td> <td>37.5%</td> </tr> </table>	Hilcorp (operator)	62.5%	Otto Energy	37.5%
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Otto Energy	37.5%				
<b>Lease terms</b>	The well is located on private land in Matagorda County, Texas, USA. Royalty rate 24% Otto net revenue interest is 28.5%.				

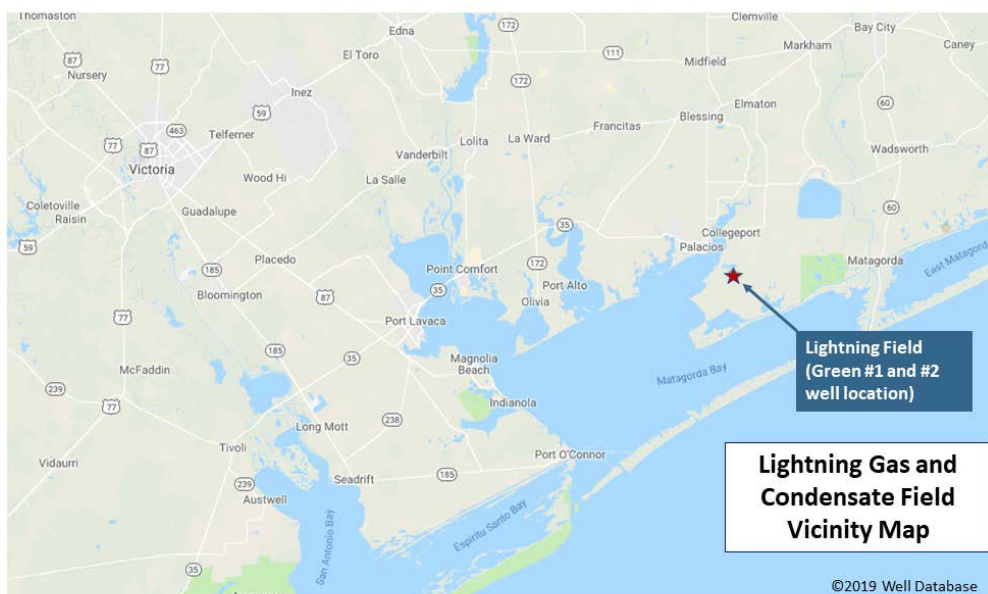


Figure 1: Lightning Vicinity Map