

## GREEN CANYON 21 RECOMPLETION SET TO RECOMMENCE

- **GC 21 recompletion**: the Seadrill Sevan Louisiana drilling rig has returned to location on Feb 5<sup>th</sup> to recommence the DTR-10 sand recompletion. The recompletion and first production continue to be expected during calendar Q1 2023;
- Operations in Otto's other five producing assets continue to perform equal to or better than expected against FY23 budget expectations.
- The 30<sup>th</sup> Anniversary NAPE Summit was held in Houston, Texas Feb 2-4<sup>th</sup> with more than 450 exhibitors and 8000 participants. Otto attended and identified several new prospects to add to a significant current hopper of potential quality prospects under evaluation. This summit reflected an ongoing significant increase in prospect opportunities being generated and marketed.

### **Otto Executive Chairman, Mike Utsler, commented:**

*"January 2023 has proven to be a volatile month for the industry and, certainly for Otto with a sharp decline in regional gas prices during the month now being offset by extremely harsh winter weather at the beginning of February. Globally oil prices have firmed during the month. Against this volatility, we have seen a stabilizing of costs as supply chain pressures have eased globally and this stabilization being reflected in drilling and operating cost proposals associated with prospects we currently have under evaluation.*

*We are particularly encouraged by the fact that the drilling rig has returned to recommence operations on the GC-21 recompletion to the DTR-10 sand. The operator has secured the necessary equipment to conduct the casing repairs which will then allow for finalizing the recompletion and preparing the well for flowback to the GC-18 platform. We look forward to the incremental oil and associated gas production from this asset expected during the first quarter of 2023.*

*This incremental production from GC-21 will build on the continuing strong operational performance from our SM 71, Lightning, Mosquito Bay West and Oyster Bayou South assets, and we look forward to GC 21 production rejoining this group.*

*With zero hedging and no debt, Otto is well positioned to fully capitalize on the production lift delivered by these growth activities, as we continue to seek participation in quality prospects and potential acquisitions to further expand and diversify our portfolio."*

Otto Energy Limited (ASX: OEL) (**Otto** or the **Company**) provides the following update on its key growth activities.

## Green Canyon 21

Since Otto's previous update on the status of the Bulleit #1 well recompletion in the DTR-10 sand, the Seadrill Sevan Louisiana drilling rig is currently back on the GC 21 lease and preparing to recommence the GC 21 DTR-10 sand recompletion.

The Operator will drill out the shallow isolation plugs, run a 9 7/8" tieback string to bottom to isolate the 14" parted casing and pressure test the well. The 3 1/2" production tubing and accessories will then be run and via an overshoot will seal onto the existing stub above the production packer and the well will be prepared for unloading and flowback.

The recompletion and first production continue to be expected during calendar Q1 2023. Otto holds a 16.67% WI / 13.33% NRI in this lease.

	<b>8/8ths Production February 2023</b>			<b>Net Production</b>
<b>Asset</b>	<b>Oil (bbl/d)</b>	<b>Gas (Mscf/d)</b>	<b>Boe/d</b>	<b>Boe/d</b>
SM 71	1,532	1,439	1772	720
Lightning	394	12,118	2414	672
MBW	200	4,000	867	194
OBS	400	1000	567	129
GC 21	<i>Currently Shut-in Expected to return to production during Q1 2023</i>			
Eaves	4	706	122	9
Totals	2,530	19,263	5,741	1,724

## SM 71

Traces of water were detected from the F3 well in late June 2022. At that time, the F3 well had a 2% water cut. During the December quarter the average water cut in the F3 well was 28%. Since then, the water rate has continued to increase while the oil rate has declined, which is entirely consistent

with Otto's field mapping and reservoir modelling. The updip F1 well continues to produce water-free, and the rate will be managed to optimize oil production.

The SM71F platform experienced 14 days of partial downtime during December 2022 and 4 days of partial downtime during January 2023 as a result of installing gas lift at the F1 and F2 as well as compressor issues mainly related to winter weather. As of January 6, 2023, production resumed and averaged 830 Boe/d on a working interest basis for the month of January, or 680 Boe/d on a net revenue interest basis. SM71 is currently producing 1,532 bbl/d of oil, 1,439 Mscf/d of gas and 948 bbl/d of water. This equates to 766 bbl/d of oil, 720 Mscf/d of gas and 474 bbl/d of water on a 50% working interest basis and 622 bbl/d of oil, 585 Mscf/d of gas (720 Boe/d) and 385 bbl/d of water on a 40.625% Net Revenue Interest basis. Otto holds a 50% WI / 40.625% NRI in this field.

### **Lightning**

The Lightning field continues to produce strongly from the Green #1 and Green #2 wells. Current field gross production rates from Lightning are 394 bbl/d of oil, 12,118 Mscf/d of gas and 167 bbl/d of water. This equates to 148 bbl/d of oil, 4544 Mscf/d of gas and 63 bbl/d of water on a 37.5% Working Interest basis and 110 bbl/d of oil, 3374 Mscf/d of gas and 46 bbl/d of water on a 27.84 % Net Revenue Interest basis. Otto holds a 37.5% WI / 27.84% NRI in this field.

### **Oyster Bayou South**

The Oyster Bayou South, AO391#1 well continues to produce strongly. Current production rates are 400 bbl/d and 1 MMscf/d gas (8/8ths) and 680 bbl/d of water at a 1618 psi FTP (Flowing Tubing Pressure). The well has cumulatively produced over 126,000 bbl of oil and 362 MMscf of gas (8/8ths) since production commenced in August 2022. Otto holds a 30% WI / 22.65% NRI in this field. The asset is expected to reach payback by mid-year 2023.

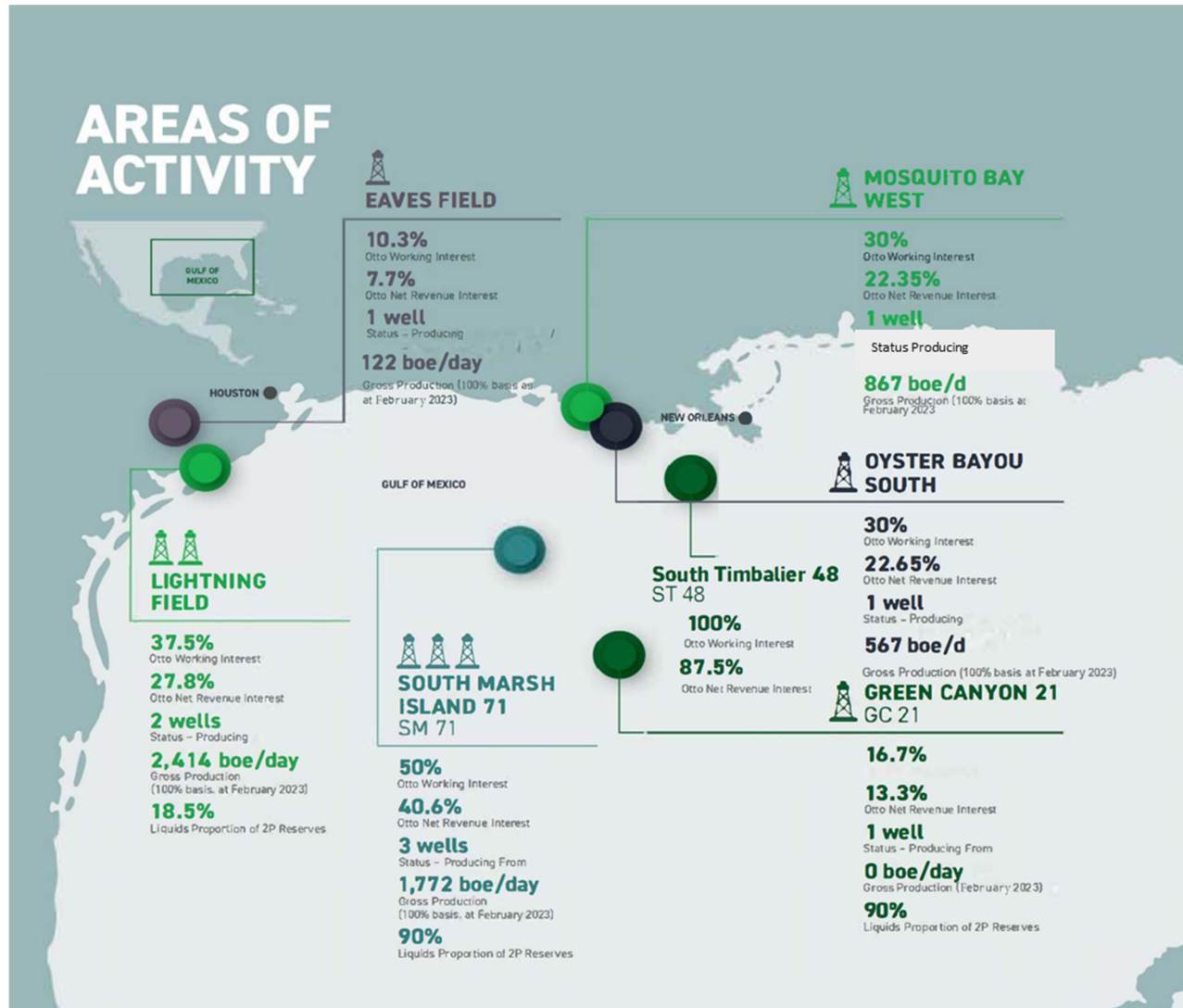
### **Mosquito Bay West**

The Mosquito Bay West, Point Au Fer LLC #1 well continues to produce strongly from the Disc 12-2 sand. The well is currently producing at a rate of 200 bbl/d of oil and 4 MMscf/d of gas and 260 bbl/d of water at a 2630 psi FTP, with these rates being consistent with those initially announced when the well commenced flowing back. The well has cumulatively produced over 32,000 bbl of oil and 589 MMscf since production commenced in August 2022. Otto holds a 30% WI / 22.35% NRI in this field. The asset is expected to reach payback during 2024.

### **Eaves**

The Eaves well continues its steady production since initially completed and is expected to maintain this rate via the deliberate rate restrictions to control the risk of water influx for an extended period of time. Its revenue impact, while low, will result in the well paying out and meeting its targeted financial returns in line with our stated Otto hurdle rates.

## OTTO GULF OF MEXICO ASSET PORTFOLIO



***This release is authorized by the Board of Otto.***

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### **Definitions**

“\$m” means USD millions of dollars

“bbl” means barrel

“bbls” means barrels

“bopd” means barrels of oil per day

“Mbbbl” means thousand barrels

“Mscf” means 1000 standard cubic feet

“MMscf” means million standard cubic feet

“boe” or “BOE” means barrels of oil equivalent determined using a ratio of 6,000 cubic feet of natural gas to one barrel of oil – 6:1 conversion ratio is based on an energy equivalency conversion method and does not represent value equivalency

“Mboe” means thousand barrels of oil equivalent (“BOE”)

“MMboe” means million barrels of oil equivalent (“BOE”)

“MMbtu” means million British thermal units

“NGLs” means natural gas liquids