



26 May 2011

Manager of Company Announcements  
ASX Limited  
Level 6, 20 Bridge Street  
SYDNEY NSW 2000

**By E-Lodgement**

**DUHAT-1A WELL – SERVICE CONTRACT 51, SAN ISIDRO, LEYTE, PHILIPPINES**

**Highlights:**

- **Duhat-1A well operational update**

Otto Energy Ltd (ASX:OEL) is pleased to provide the following update on the progress of the Duhat-1A sidetrack well.

Since the last update, the well was drilled to 321 m TVD (True Vertical Depth) in the 12 ¼" section before becoming stuck, again due to unstable hole conditions (similar to those experienced in the Duhat-1 nearby well).

The well was subsequently plugged back to 200 m TVD and abandonment operations have commenced.

Information obtained during drilling from both Duhat-1 and the Duhat-1A sidetrack are very encouraging. In both wells, high general background gas levels have been observed during drilling, consistent with the presence of an oil generative area. These high gas levels, in formations of relatively weak rock strength coupled with unexpected shallow overpressure in the Miocene Tagnocot interval require further study prior to the recommencement of exploration in the block.

Drilling further ahead in Duhat-1A is now considered to be imprudent on safety grounds and abandonment is now in progress.

Otto Energy Ltd and its partners in SC-51 are excited by the geotechnical results of this initial drilling campaign and further work will be programmed once the data from recent operations have been fully analysed.

Yours faithfully

**Paul Moore**  
Managing Director

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**OTTO AT A GLANCE**

- ASX-listed oil and gas company with significant growth potential.
- Production from Galoc Oil Field provides cash flow.
- First operated exploration well in Philippines in 2011
- Opportunity rich with substantial exploration prospects and leads in portfolio.

**COMPANY OFFICERS**

Rick Crabb	Chairman
Paul Moore	Managing Director
Ian Macliver	Director
Rufino Bomasang	Director
John Jetter	Director
Ian Boserio	Director
Matthew Allen	CFO/Coy Secretary