

**Otis Energy Limited**

A.C.N. 075 419 715

Registered Office;

Suite 25, 145 Stirling Hwy

Nedlands, Perth WA 6009

**ASX Release**

**14 March 2012**

## **Sombrero Project Drilling Update**

**Otis Energy Limited (ASX: OTE)** is pleased to provide the following update on progress at its Sombrero project (Otis Energy 5% WI, 3.75% NRI).

The WC 35 State # 1 is currently at a depth of 4,397 feet (1,340 metres) after 14 days of drilling. Mudlogging operations began at 3,500 feet (1,066 metres) and will continue to target depth of 11,600 feet.

This WC 35 State # 1 Well will test the Wolfcamp/Cisco formations at a total depth of approximately 11,600 feet (3,540 metres). This well is expected to take between 35 to 40 days from spud to reach target depth.

Updates will be provided to the market on a weekly basis until target depth is reached or as and when material information on drilling should be released to the market.

### **About the Sombrero Project;**

Sombrero is located in Lea County, New Mexico, a prolific oil and gas producing region along the northwest Shelf of the Delaware Basin. The project covers an area of 37.7 square miles (approximately 24,000 acres) offsetting multiple producing fields in a multi-pay environment. The project is covered by a 3D seismic survey and will primarily target the Wolfcamp/Cisco formations with additional potential from the Queen, Grayburg, Paddock, Atoka and Morrow formations.

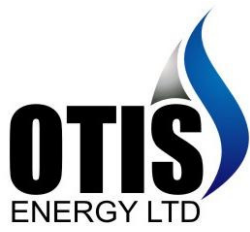
The first well on the Sombrero Project will test the Wolfcamp/Cisco formations at a total depth of approximately 11,600 feet (3,540 metres).

Typical completed wells in the area range from 50,000 barrels (50 MBO) to over 1,000,000 barrels (1 MMBO) total recoverable barrels per well. Average gross reserves per well in the area are 337 MBO.

Production, from successful wells, is expected to be crude oil with associated high Btu gas from the Queen through the Cisco formation at depths from 3700' to 11,200'.

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*The information in this announcement has been reviewed by David Brewer (a Certified Petroleum Geologist with the AAPG) who has over 30 years' experience in petroleum geology, and geophysics, prospect generation and evaluations, and prospect and project level resource and risk estimations. Mr*



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*Brewer reviewed this announcement and consents to the inclusion of the geological and engineering descriptions and any estimated hydrocarbon resources in the form and context in which they appear. Any resource estimates contained in this report are in accordance with the standard definitions set out by the Society of Petroleum Engineers, further information on which is available at [spe.org](http://spe.org).*