

OTIS ENERGY LIMITED

A.C.N. 075 419 715

ASX: **OTE**, **OTEO** and **OTEOA**

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OTEO: 186,049,962

OTEOA: 722,280,783

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Successful Flow Test at Avalanche Roy O Martin Well

Highlights

- **Gas flaring at surface**
- **Well making 560 MCFPD**
- **Pipeline awaiting landowner agreement**

Otis Energy Limited (ASX.OTE) is pleased to provide the following update on progress at its Avalanche Project (10% WI/7.3% NRI).

As detailed in the June quarterly activities statement Otis exercised its right to participate in the 3,000 feet (914 metres) Roy O Martin 21 # 1 well (12.389% WI / 9.0439% NRI) at its Avalanche project. Over the current week this well has been flow tested. The well stabilized at a rate of 560 MCFPD on an 11/64ths choke with no water production.

A pipeline route has been surveyed and at this current time the operator, Ventex, is waiting on land owners to complete a right-of-way agreement. A second gas anomaly sits between the Roy O Martin well and the sales line tie in point. The Pipeline will be designed to pass alongside the second target which may be drilled post observation of production from the Roy O Martin well over several months. The total cost to Otis to drill and complete the Roy O Martin well is estimated at \$US115,000. Drilling of a second well is expected to have a cost to Otis of under \$US40,000 with all production infrastructure already in place.



Roy O Martin 21 # 1 well during flow test flaring

About Avalanche

Avalanche is located in South Central Louisiana. It covers close to 24,000 acres and is approximately 75% covered by a proprietary 3D seismic survey. Analytical and reprocessing work has continued on the Avalanche project post the drilling of the Avalanche # 1 well in December 2011. During the second quarter Otis exercised its right to participate in the Roy O Martin well and acquired an additional 2.389% WI taking total WI in the well to 12.389% and revenue interest to 9.0439%.

About Otis Energy Limited

Otis Energy Limited is an ASX-listed company engaged in the exploration, development and production of oil and gas in the United States with a particular focus on the Gulf States of Texas, New Mexico, Louisiana and Mississippi. Otis Energy has acquired a portfolio of seven (7) oil and gas projects ideally located nearby to prolific oil reservoirs. Otis Energy implements a low to medium risk strategy with a focus on cash flow and near term production plays.

Otis Energy aims to maintain its current portfolio of low to medium risk project areas that can be competitively drilled with minimal front end cost loading normally associated with the amassing of a geological and geophysical database. Otis Energy’s Dallas offices are staffed by two Geologists, one Reservoir Engineer and two Landmen allowing Otis to generate and review exploration and production projects internally.

Otis Energy’s current portfolio includes:

Project	Working Interest	Revenue Interest	Location
<i>Comanche Project</i>	12.5%	12.5% BPORI	North Central Texas
<i>Avalanche Project</i>	10- 12.389	7.3-9.0439%%	South Central Louisiana
<i>Catahoula Lake Project</i>	20%	15.9%	Central Louisiana
<i>Charro Project</i>	5.5%	4.29%	New Mexico
<i>Sombrero</i>	5%	3.75%	New Mexico
<i>San Jacinto 3D Project</i>	10% earning	7.5% earning	Texas
<i>Stagecoach</i>	10%	7.4%	Texas

For more information contact;
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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 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.

GLOSSARY OF TERMS

BIAPO – BACK IN AFTER PAYOUT

BOE – BARRELS OF OIL EQUIVALENT

BOPD- BARRELS OIL PER DAY

NRI – NET REVENUE INTEREST

BPOWI –BEFORE PAYOUT WORKING INTEREST

APOWI- AFTER PAYOUT WORKING INTEREST

BPORI- BEFORE PAYOUT REVENUE INTEREST

APORI- AFTER PAYOUT REVENUE INTEREST