



Otis Energy Limited

A.C.N. 075 419 715

Registered Office;

Suite 25, 145 Stirling Hwy

Nedlands, Perth WA 6009

ASX Release

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Acquires New Mexico Exploration Project

Otis Energy Limited (ASX: OTE) is pleased to announce the acquisition of a 5% Working Interest (3.75% net revenue interest) in the Sombrero Exploration Project located in Lea County, New Mexico.

Sombrero is located in 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 is expected to spud on or about 5th March 2012 and will test the Wolfcamp/Cisco formations at a total depth of approximately 11,600 feet (3,540 metres). The well is expected to take between 35 to 40 days to reach target depth.

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' and natural gas with condensate for the Atoka and Morrow formations at depth from 12,650' to 13,700'.

The operator of the project is a fully staffed, private exploration and production company with primary operations along the Upper Gulf Coast of Texas and the Permian Basin of West Texas and SE New Mexico. It has been operating for over 30 years and currently operates 206 active producing wells.

Otis will pay \$200,000 for reimbursement of costs for leasing acreage, geology, geophysical and engineering work. Otis will also fund, on a third for a quarter basis, on the first two wells drilled at Sombrero (funding 6.67%). Expected drilling cost per well for the first two wells to Otis stands at \$200,000.

For more information contact;
Barnaby Egerton-Warburton
Managing Director
Otis Energy Limited
+612 800 33438

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.