



Otis Energy Limited

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ASX Release

15th August 2012

Fracture Stimulation Complete at Comanche Project Test Well # 2

Highlights

- **Eight stage fracture stimulation completed on the Comanche # 2 test well**
- **Flow back of fluids now underway with well already seeing gas & oil flows**
- **Frac process on Comanche # 1 test well expected to begin August 20**

Otis Energy Limited (ASX: OTE) is pleased to provide the following update on progress at its Comanche Project (16.66% BIAPO WI, 12.5% WI, 9.375% NRI) located in North Central Texas.

The eight stage fracture stimulation process of the second Comanche test well has now been completed. The well needs to produce back the 28,000 barrels of stimulation fluid that were pumped into the well during the fracture stimulation process before production operations can be optimized. Oil and Gas has flowed to surface but a true flow rate will not be known until the completion fluid has been drained from the well. The well will be placed into production and flow tested once this process is complete.

The Comanche # 1 test well is scheduled for a fracture stimulation process beginning August 20th.

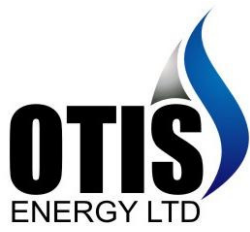
The Comanche Project targets the Marble Falls Limestone formation (MFL) at a vertical depth of approximately 5,100 feet (1,554 metres). Wells are drilled horizontally approximately 2,500-3,000 feet (914 metres) targeting the Marble Falls Limestone formation which produces oil, natural gas liquids and natural gas from existing vertical completions surrounding the Comanche Project.

Drilling activity continues to indicate the MFL is conducive to horizontal drilling, modern completion technology, and targeting porosity lenses enhanced by micro-fracturing should yield the best results. Based on conservative 160 acre drainage, more than 40 wells may be required to fully develop the Comanche Project. Considering recent well results, 250,000 BOE per well is obtainable and implies recoverable reserve potential of up to 10,000,000 BOE (1,000,000 BOE net to Otis.) Secondary objectives in the Project Area include the deeper Ellenburger and Mississippian carbonates, shallower Atoka conglomerates, Caddo and Strawn formations.

About the Comanche Project;

The Comanche project is a liquids rich limestone play utilising horizontal drilling technology within a proven oil field containing substantial vertical completions and production. Successful efforts in the initial Comanche wells could see repeatable development drilling for years to come from existing cashflow generated from the project.

Wells are drilled to the primary target; the Marble Falls Limestone formation (MFL) at a vertical depth of approximately 5,200 feet (1,584 metres) and then horizontally approximately 3,000 feet (914 metres.)



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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