

18 September 2013

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

By E-Lodgement

SUCCESSFUL CONCLUSION OF GALOC-5H AND GALOC-6H DRILLING PHASE - UPDATE

Highlights:

- **The drilling phase of the Galoc-5H and 6H development wells has been successfully completed.**
- **Drilling has intersected a total of 1,645 metres of highly permeable reservoir interval in both wells.**
- **Remaining drilling rig based activities relate to the mechanical completion of the wells and installation of subsea trees.**

Otto Energy Limited ("Otto") (ASX:OEL), as operator of the producing Galoc oilfield joint venture offshore the Philippines, provides the following update on the Galoc-5H and Galoc-6H drilling campaign in SC14C, part of the Galoc Phase II development project approved in 2012.

Progress

During the period from 0600 hours (AWST) on 11 September 2013 to 0600 hours (AWST) on 18 September 2013, drilled the G-5H well 8½" hole horizontally to a final total depth of 4,497 metres and commenced running the completion liner and assembly.

This marks the successful conclusion of the major drilling activities of the Phase II project with remaining drilling rig based operations being for well completions and installation of subsea trees. The G-5H and G-6H wells have been drilled to a combined total of 3,177m through horizontal reservoir section within which a significant 1,645m of net oil pay has been encountered. Data recorded during drilling shows high reservoir permeability in both wells which suggests good production deliverability will be achieved. Well deliverability will be confirmed when the wells are flowed to surface in the coming weeks for the well clean-up operations.

Planned upgrades to the FPSO Rubicon Intrepid, which will process the additional Phase II production, have also been successfully completed this week according to schedule. Delivery of subsea equipment and mobilisation of installation vessels are all on schedule to allow final tie-in work to be completed consistent with planned first oil from the G-5H and G-6H wells in November 2013.

OTTO AT A GLANCE

- ASX-listed oil and gas company with a strategy to grow its integrated oil and gas business across exploration, development and production
- Focused on South East Asia and East Africa
- Operator of the producing Galoc oil field in the Philippines, which provides cashflow
- Opportunity rich with substantial exploration prospects and leads

COMPANY OFFICERS

Rick Crabb	Chairman
Ian Macliver	Director
Rufino Bomasang	Director
John Jetter	Director
Ian Boserio	Director
Gregor McNab	CEO
Matthew Allen	CFO/Coy Secretary

Forward Plan

The forward plan is to run the G-5H completion liner and assembly and rigging up for the well clean-up flow to surface for both the G-6H and G-5H wells.

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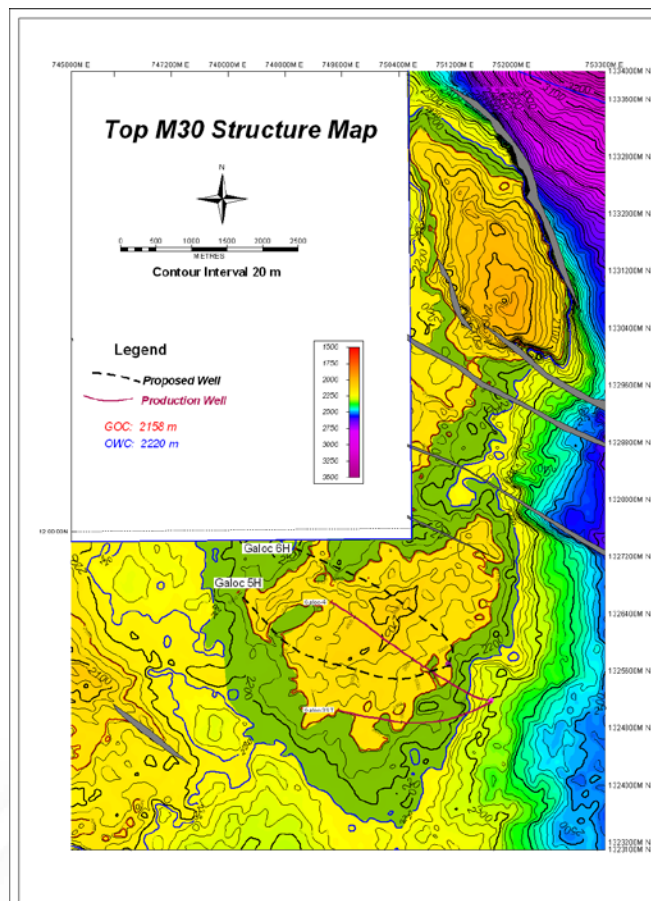
Location and Proposed Depth

The Galoc field is located in Service Contract SC14C (Galoc Sub Block) in 290 metres of water approximately 65km North West of Palawan Island and 350km south of Manila in the Republic of the Philippines. The Galoc-5H and Galoc-6H development wells are being drilled within the existing producing field that has delivered over 10 MMbbls of production since the field was commissioned in 2008.

The Galoc-5H and Galoc-6H development wells will be drilled to a total vertical depth of 2,190 metres with 1,777 metres of horizontal completion in the G-5H well and 1,389 metres of horizontal completion in the G-6H well. Drilling is expected to take approximately 115 days including the flowing of the wells for clean-up.

After drilling of both Galoc-5H and Galoc-6H is completed, the DOF operated Skandia Skansen construction vessel will be used to install the subsea equipment and complete the hook-up of both wells to the FPSO Rubicon Intrepid.

First oil from the Phase II wells is expected in November 2013.



APPENDIX A: SUMMARY

SC14C Galoc-5H and Galoc-6H Development Wells	
Location	Palawan Basin, Philippines
Permit	SC14C
Well Type	Horizontal development wells
Target	Turbiditic sandstone in Miocene Galoc Classic Unit
Water Depth	Approximately 311 metres
Planned total depth	Approximately 2,190 metres vertical Total drilled length of 4,497 metres for the G-5H well Total drilled length of 3,958 metres for the G-6H well
Duration	115 days (including well clean-up flow)

Note: Depth is measured in total metres drilled below the rig rotary table or drilling floor

Joint Venture Partners:

<u>Participant</u>	<u>Participating Interest %</u>
Galoc Production Company W.L.L. (Operator) (Wholly owned subsidiary of Otto Energy Ltd (ASX: OEL))	33.00000
Galoc Production Company No. 2 Pte Ltd (Wholly owned subsidiary of Kuwait Foreign Petroleum Exploration Company)	26.84473
Nido Production (Galoc) Pty Ltd (ASX: NDO)	22.87952
Oriental Petroleum & Minerals Corporation and Linapacan Oil Gas & Power Corporation	7.78505
The Philodrill Corporation	7.21495
Forum Energy Philippines Corporation	2.27575