



## March 2013 - Quarterly Activity Report

April 30<sup>th</sup> 2013

### Company Snapshot

<b>ASX CODE:</b>	<b>OTE</b>
<b>Recent Price:</b>	<b>\$0.002</b>
<b>Cash at end of Quarter:</b>	<b>\$508,000</b>
<b>Shares outstanding:</b>	<b>1,154,564,508</b>
<b>Market Capitalisation:</b>	<b>\$ 2,300,000</b>
<b>Share price range (12 months):</b>	<b>\$0.001 - \$0.007</b>

### Production

#### Quarterly Sales Report (Net to Otis)

Project	Oil/Condensate (Bbls)	Natural Gas (MCF)	Barrels Oil Equivalent (BOE)
Catahoula Lake	1,446	1,201	1,646
Comanche	174	2,112	526
Avalanche**	0**	0**	0**
<b>Total (BOE*)</b>	<b>2,172</b>		

\*Natural gas is converted to BOE on the basis of 6Mcf of natural gas is equivalent to 1 BOE.

\*\*Avalanche – Roy O Martin well was hooked into sales pipeline on 25/4/13 at a rate of 500mcfpd.

## Corporate

During the quarter **Otis Energy Limited (ASX: OTE)** continued to perform due diligence on potential additional project acquisitions. Projects both onshore and offshore US as well as Africa and the Middle East have been evaluated. Currently the Company is in negotiation over one of these opportunities but as of the date of this report no agreement has been reached.

## Operational

### Average Net Daily Sales

Average net daily sales to Otis for the quarter were approximately 24 BOEPD. Total net sales to Otis' account for the December quarter were 2,172 BOE which consists of 1,620 BO and 3,313 MCF of gas. This represents a decline of approximately 24% from the December quarter which is largely attributable to well maintenance and shut-ins at Catahoula Lake to work over the SL 502 Leases wells and decline in initial flush oil at Comanche.

### Comanche Project (16.66% BPOWI, 12.5% BPORI, 12.5% APOWI, 9.375% APORI)

Otis has a 16.66% before pay out working interest and a 12.5% before pay out revenue interest in over 10,000 acres in the Comanche Project and is targeting the Marble Falls Limestone (MFL). Three wells in total have now been drilled at Comanche. The first two wells, the Sloan and Hoefle were completed with 3,000 feet lateral sections and fracked. The third well, Lott Unit # 1 well is to be completed as a vertical well.

During the quarter, the partners in Comanche made a decision to drill a third well instead of acquire a planned 6 square mile 3D seismic survey as reported in the Company's December quarterly. This decision was based on the positive economic results from nearby operators completing vertical wells in multiple horizons, including the Upper and Lower Marble Falls and the Barnett Shale formations, with multi-stage frac completions.

As such, during the quarter a third well was spud and drilled at the Comanche Project. The Lott Unit # 1 well was drilled to a vertical depth of 5,570 feet. The well was logged and the decision was made to run production casing and complete the well. The well will be perforated and fracked in three (3) stages across the overall interval of 4,820-5,430'. Completion operations are scheduled to start in early May.

Net production to Otis for the quarter was 174 BO, 2,112 MCF of Gas (526 BOE).

### Catahoula Lake Project (20% WI, 15 – 17.5% NRI)

During the quarter the SL 502 Alt # 1 well underwent production tubing replacement. The result was an increase of approximately 10 BOPD from the well. During the quarter Otis elected not to participate (non-consent) in the workover of the SL 1462 # 1 well. Sanchez assumed 100% of the liability for the workover. This workover proved unsuccessful.

First quarter oil sales from Catahoula Lake were 1,446 BO and 1,201 MCF of gas net to Otis, which was a 11% decrease from the December quarter due to production downtime for work programs. Production from Catahoula Lake remains very stable with low decline rates in existing wells.

As previously advised, there will be no drilling from the Company's jointly owned barge rig for the 2013 season due to a decision by the Louisiana Department of Fisheries and Wildlife to drain the lake early on May 1<sup>st</sup> 2013. Due to the high costs associated with mobilization

and demobilization of rig and equipment it has been decided to postpone all drilling until the lake is either dry or the commencement of the 2014 season.

The Catahoula Lake project is located in LaSalle, Rapides and Grant Parishes, Louisiana and targets multiple "stacked" oil zones throughout the Middle-Wilcox formation at depths ranging from 4,500 to 5,500 feet. Wells drilled in the Middle-Wilcox exhibit long production lives with low decline rates after the initial flush oil is produced and relatively steady production is established.

#### **Avalanche Project (10 - 12.389% WI, 7.4% - 9.0439% NRI)**

After lengthy delays due to weather the Roy O Martin 21 # 1 well was placed into production on the 25 April 2013. The well has been flowing at a steady rate of 500 MCFPD since connection to the sales line. Revenue from sales is expected in the June quarter. Otis holds a 12.389% WI and 9.0439% NRI in this well.

A second gas anomaly sits between the Roy O Martin 21 # 1 well and the proposed sales line tie in point. The Pipeline has been designed to pass alongside the second target which may be drilled following observation of production from the Roy O Martin 21 # 1 well over the next several months.

Avalanche is located in Evangeline Parish Louisiana, covers close to 24,000 acres and is approximately 75% covered by a proprietary 3D seismic survey.

#### **Charro – Lea County New Mexico (5.5% WI, 4.29% NRI)**

During the fourth quarter 2012 the Charro wells were shut in for workover procedures including squeezing and fracking. Unfortunately flow rates were not materially enhanced following the workovers. The Company and its WI partners are currently reviewing all data and information, however, it is likely these wells will be plugged and abandoned near term.

First quarter oil sales for the Charro Project were 14.75 BO net to Otis

The Charro Project is located in Lea County, New Mexico, a prolific oil and gas producing region along the northwest Shelf of the Delaware Basin. Typical Paddock/Blinebry completed wells in the area range from 25,000 barrels (25MBO) to over 250,000 (250 MBO) total recoverable barrels of oil per well plus high liquid content associated natural gas. Average gross reserves per well in the area are 110-125 MBOE in the Paddock/Blinebry formations.

#### **Sombrero Project (5% WI, 3.75% NRI)**

During the quarter the only well drilled at the Sombrero project continued to underperform and is now shut in. The WC 35 State # 1 well is scheduled for P&A.

#### **Other Assets**

There were no material exploration or development activity at any of the other assets during the quarter.

For more company information please visit our website at [www.otisenergy.com](http://www.otisenergy.com) or contact:

**Barnaby Egerton Warburton**  
*Managing Director*  
**Otis Energy Limited**  
Telephone +612 8003 3438  
Email: [bew@otisenergy.com](mailto:bew@otisenergy.com)

**Winton Willesee**  
*Non-Executive Director*  
**Otis Energy Limited**  
Telephone: +618 9389 3100  
[ww@otisenergy.com](mailto:ww@otisenergy.com)

*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](http://spe.org).*