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ASX Release

9<sup>th</sup> August 2012

## Charro Project – Flow Test Update

**Otis Energy Limited (ASX: OTE)** is pleased to provide the following update on progress at its Charro Exploration Project located in Lea County New Mexico (5.5% WI, 4.29% NRI).

The Paddy 20 State # 1 well was placed in production on July 30<sup>th</sup>. The well has produced at initial rates of between 40 to 82 BOPD and averaged 44 BOPD over the last seven day period. At the current stage the pumping unit has not been optimized to pump the well efficiently.

The well has been powered via generator and it is expected that electricity line connection will be underway next week and once connected the pumping process will be fine-tuned and the well will be placed in to long term production.

### About the Charro Project

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/Blinbry 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/Blinbry formations.

The Charro acreage is classified as “held by production” and thus Otis is to participate on a well by well basis with no acreage and or leasing costs other than the initial \$5,000 payment to the project generators.

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 Southeast New Mexico. It has been operating for over 30 years and currently operates over 210 active producing wells.

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