

ASX Release

10th July 2012

Comanche Update – Second Test Well

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

The drilling of second test well at the Comanche Project has been completed reaching a total measured depth (TMD) of 8,180 feet (2,493 metres), including 3,000 feet (914 metres) of horizontal hole in the Marble Falls formation. Gas and liquids shows were encountered throughout the drilling of the horizontal leg in the Marble Falls.

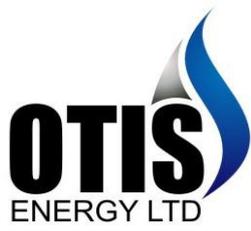
5-1/2" casing was run to total measured depth through the horizontal lateral on July 7th following which the drilling rig was released. The well will now undergo a fracture stimulation completion process. This process is expected to be completed by late July or early August depending on the availability of the frac crew and equipment.. The well will then be flow tested and the frac unit will move to the first test well to finalize completion of that well.



Steinberger Rig # 3 on site drilling Comanche # 2 well

The Comanche Project targets the Marble Falls Limestone formation (MFL) at a vertical depth of approximately 5,200 feet (1,584 metres). Wells are drilled horizontally approximately 2,700 feet (822 metres) initially targeting oil and natural gas liquids produced from existing vertical completions surrounding the Comanche project.

Recent drilling activity continues to indicate the MFL is conducive to horizontal drilling and modern completion technology, and targeting porosity lenses enhanced by micro-fracturing should yield the best results. Based on conservative 160 acre drainage, up to 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.



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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 2,700 feet (822 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.