



ASX ANNOUNCEMENT

22 July 2009

DRILLING UPDATE

Otto Energy Limited ("the Company" or "Otto") (ASX: OEL) provides an update on its drilling and testing program in Turkey and exploration drilling program in Argentina.

Turkey - Edirne Licence

The Kuzey Ikiyoyuk-1 exploration well reached a total depth of 390 metres (m). Six perforation intervals from 231 to 295m were tested over the past week. Gross perforated thickness was 12.2m.

Initially, the two lower zones from 288.3 to 295m flowed at 0.38 MMscf/day with no water. The four upper zones were then added, and all zones were flowed together. The flow rate for this combined test over two hours was 0.12 MMscf/day with a Water to Gas Ratio of 100 bbl/MMscf (11 bwpd). The well has been suspended.

This brings to an end the current drilling and testing program in Turkey.

Name of well	Kuzey Ikiyoyuk-1
Spud date	1 July 2009
Depth of well	390m
OEL beneficial interest	35%

Argentina – Santa Rosa Licence

The exploration well 'OLE.MD.SRE X-2001' spudded on Wednesday 15 July 2009 at approximately 1pm Mendoza time (4am 16 July 2009, Perth time). Surface casing has been set and cemented at 409m. Current operation is drilling ahead at 580m in the upper Marino Formation.

Name of well	OLE.MD.SRE X-2001 (Santa Rosa)
Spud date	15 July 2009
Depth of well	~1,300m
OEL beneficial interest	32.5%

Otto will continue to update the market on a weekly basis during its exploration drilling programs.

Yours faithfully,

Paul Moore

Chief Executive Officer

OTTO AT A GLANCE

- ASX-listed oil and gas company with significant growth potential.
- Production from Galoc Oil Field provides cash flow.
- Development of gas field in Turkey to become second revenue-generating asset.
- Phase I exploration drilling in Turkey completed and wild cat well spudded in Argentina.
- Opportunity rich with substantial exploration prospects and leads in portfolio.
- Upcoming events including production revenues, exploration drilling and farm-outs to offer value creation for investors.

COMPANY OFFICERS

Rick Crabb	Chairman
Jaap Poll	Non exec Dir
Ian MacIver	Non exec Dir
Rufino Bomasang	Non exec Dir
John Jetter	Non exec Dir
Paul Moore	CEO
Emma McCormack	Co Sec

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