16 May 2011

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

By E-Lodgement

DUHAT-1 WELL - SERVICE CONTRACT 51, SAN ISIDRO, LEYTE, PHILIPPINES

Highlights:

- **Duhat-1 well operational update**

Otto Energy Ltd (ASX: OEL) is pleased to provide the following update on the progress of the Duhat-1 well. Since the last update, the well was drilled to 325m TVD (True Vertical Depth)in the 12 ¼" section before becoming stuck due to unstable hole conditions (similar to those experienced at this depth in the nearest offset well).

The well was subsequently plugged back to 224 metres TVD and successfully sidetracked. The well is currently drilling ahead at 295 metres TVD.

Geological prognosis is unchanged and rig performance is satisfactory to execute the work programme.

Yours faithfully

Paul Moore
Managing Director

Contact:
All enquiries are to be addressed to Matthew Allen, Chief Financial Officer on +61 8 6467 8800 or email info@ottoenergy.com

OTTO AT A GLANCE

- ASX-listed oil and gas company with significant growth potential.
- Production from Galoc Oil Field provides cash flow.
- First operated exploration well in Philippines in Q2 2011.
- Opportunity rich with substantial exploration prospects and leads in Palawan and Visayan basins.

COMPANY OFFICERS

Rick Crabb	Chairman
Paul Moore	Managing Director
Ian Macliver	Director
Rufino Bomasang	Director
John Jetter	Director
Ian Boserio	Director
Matthew Allen	CFO/Coy Secretary

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