

ASX ANNOUNCEMENT

24 February 2020

GREEN #2 WELL COMMENCES PRODUCTION

- **Green #2 well commences production with stabilized rate of 12.4 MMscf/day and over 350 bbl/day of condensate**
- **Evaluation program confirms future potential of the Lightning field to accommodate additional wells in both Tex Miss1 and Tex Miss 2/3 reservoirs**
- **Gross production from the Green #1 well continues to deliver 14.3 MMscf/day gas and over 400 bbl/day of condensate with additional upside potential pending pressure stabilization**

Otto Energy Limited (ASX:OEL) ("Otto" or the "Company") is pleased to provide an update on the Lightning field onshore Matagorda County, TX. The operator, Hilcorp Energy ("Hilcorp") has successfully completed the Green #2 well in the Tex Miss 1 interval with 66 feet of perforations out of a total of 146 feet of calculated net pay. The well is producing 12.4 MMscf/day of gas and over 350 bbl/day of condensate. Further perforations may eventually be added to the well.

A brief 48 hour well test was conducted to confirm completion integrity and clean the well up. The well flowed at a maximum rate of 5.9 MMscf/day of gas and approximately 170 bbl/day of condensate and little water. Flowing pressure was 9100 psi. on an 11/64" choke.

Construction of upgraded facility and flowlines was completed in early February and the capacity of the sales tap has been increased to approximately 36 MMscf/day. It is planned to now run both wells and evaluate the potential for further wells to be added to the field.

During evaluation, detailed information was obtained that has enabled a reinterpretation of the 3D seismic by the operator. This has confirmed that there are multiple levels of hydrocarbon pay in the Lightning field. The upper zone, the Tex Miss 1, is the reservoir unit from which both Green #1 and Green #2 are producing.

The lower Tex Miss 2/3 zone, which is aerially significantly larger and potentially thicker than the Tex Miss 1, has been tested in both the Green #1 and Green #2 wells. In both tests, production from the Tex Miss 2/3 zone has indicated that the zone has lower permeability than the Tex Miss 1 and has not been able to establish steady production. It was planned to evaluate the Tex Miss 2/3 zone with the inclusion of a fracture stimulation in the Green #2 well, however bottom hole conditions following the need to sidetrack the Green #2 well did not prove suitable for such an operation to be attempted.

It is planned that a future well will be designed to test the ability to stimulate the Tex Miss 2/3 zone and unlock the significant upside potential from this zone in future drilling campaigns.

Commenting on the update at the Lightning field, Otto Energy Managing Director & CEO Mr. Matthew Allen said:

"Otto is very pleased with the results from the recently completed Green #2 well. There is now the potential to continue to significantly improve this already large gas and condensate accumulation. With two wells producing from the field, there is confidence in the large size of the Tex Miss 1 reservoir interval. The task ahead of the joint venture is to now unlock the potential of the even larger Tex Miss 2/3 interval."

Otto is rapidly executing on the development program which is the focus of activity in 2020. With impending start-up in coming months of the recent Green Canyon 21 discovery, Otto will have interests in three fields in production delivering significant cashflow for future opportunities. Otto expects to see delivery of the strategic goal of producing above 5,000 boe/day by the end of 2020."

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About Otto Energy:

Otto is an ASX-listed oil and gas exploration and production company with a regional focus on North America, focused on the Gulf of Mexico region near-term. Otto currently has oil production from its SM 71 oil field in the Gulf of Mexico and gas/condensate production from its Lightning discovery onshore Matagorda County, Texas. Development is underway at the Green Canon 21 oil discovery in the Gulf of Mexico. Cashflow from its producing assets underpins its growth strategy including an active exploration and appraisal program underway in the Gulf of Mexico region.

Lightning Key Details		
JV Partners	Hilcorp (operator)	62.5%
	Otto Energy	37.5%
Lease terms	The well is located on private land in Matagorda County, Texas, USA. Royalty rate 24% Otto net revenue interest is 28.5%.	

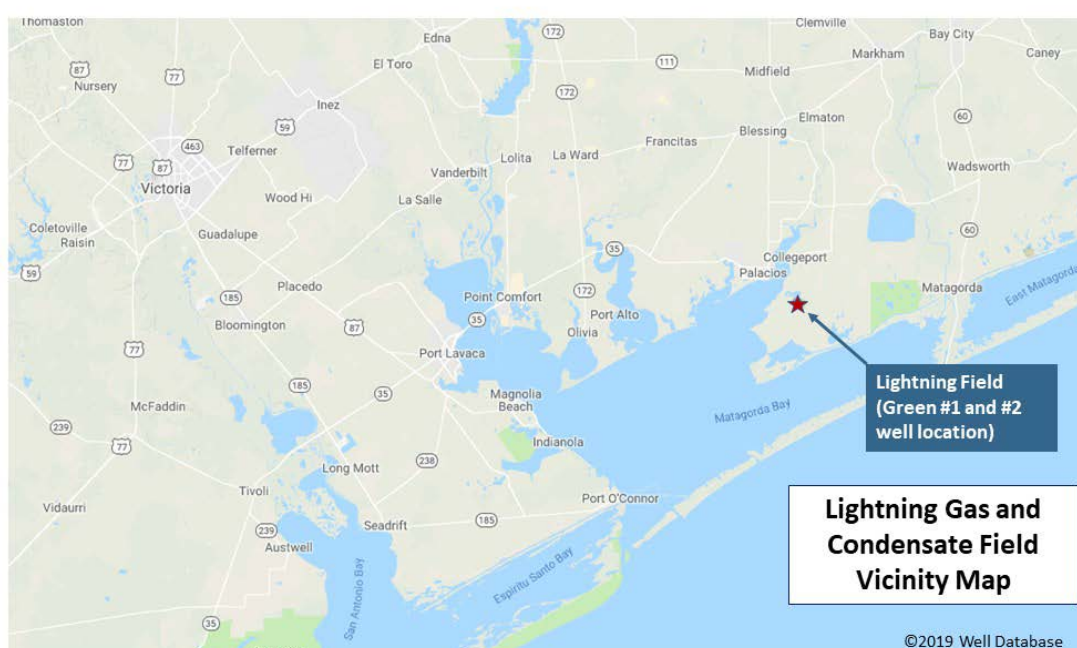


Figure 1: Lightning Vicinity Map