

**ASX ANNOUNCEMENT**

23 March 2020

## **SOUTH MARSH ISLAND 71 F5 WELL RESULTS**

- **The SM71 F5 well has reached total depth of 8,505 feet MD**
- **LWD logs indicated 36 feet TVT net gas pay in the primary D5 Sand target**
- **LWD logs also indicate 12 feet TVT net oil pay in the I3 Sand, and 20 feet TVT net oil pay in the J Sand**

Otto Energy Limited (ASX: OEL) (“Otto” or the “Company”) is pleased to provide the following update regarding the results of the SM71 F5 well at the South Marsh Island 71 field. The well is being drilled using the Enterprise 264 currently on location at the SM71 F platform.

The SM71 F5 well resumed drilling operations at 0600 hours on Tuesday, 17 March 2020 (US CDT) after testing the surface casing shoe at a depth of 3,610 feet measured depth (MD). The well reached final, total depth of 8,505 feet MD (7,591 feet true vertical depth (TVD)) at 2200 hours on 21 March 2020.

The primary D5 Sand target was penetrated within 50 feet of the predicted depth at 8,225 feet MD (7,330 feet TVD) and Log While Drilling (LWD) Triple Combo (Gamma Ray, Resistivity and Neutron-Density) tools logged a total of 39 feet MD of net gas pay (36 feet of True Vertical Thickness net gas pay). While the F5 intersected a high quality D5 sand in this northern most trap, it appears to be high on structure and has potentially faulted out the lowermost portion of the D5 sand at the F5 location. LWD data is insufficient to determine the extent to which the intersected pay may potentially connect to a lower, thicker D5 reservoir sequence.

In addition to the D5 Sand gas pay, the F5 well intersected 16 feet MD of net oil pay (12 feet of TVT net oil pay) in the I3 Sand and 25 feet MD of net oil pay (20 feet of TVT net oil pay) in the J Sand reservoirs. The result in these two sands verifies the extent of the I3 and J Sand reserves as previously mapped and logged in the SM71 F1 well.

The joint venture has elected that the open hole portion of the F5 be temporarily abandoned for use as a future side-track. The joint venture will incorporate the data that has been acquired in the F5 well to determine whether to:

- a) Side-track within the F5 fault block slightly down-dip and away from the fault at the current location in the D5 reservoir to encounter the full D5 reservoir section that may be missing in this location; or
- b) Step-out into the main producing fault block and commission an acceleration well in the I3, J and D5 reservoir.

The joint venture has considered the uncertainty of continuing current operations in light of increasing concerns related to the impact of the COVID-19 on operations. In particular, a planned crew change would be required if the rig was to continue operations introducing heightened risk of operational interruptions during a critical phase of operations.

The SM71 F5 wellbore will be temporarily abandoned in a manner that allows it to be efficiently sidetracked in the future when the uncertainty relating to the COVID-19 pandemic has dissipated and also at a time where oil price volatility stabilizes.

Commenting on the results of the SM71 F5 well, Otto Energy Managing Director & CEO Mr. Matthew Allen said:

*“Otto is pleased with the operational performance that the operator has achieved in rapidly deteriorating conditions related to the COVID-19 pandemic. It is prudent that operations are suspended at this stage and the results to date are incorporated into future plans to utilize the F5 well bore in the most efficient manner.”*

Otto, through its wholly owned subsidiary Otto Energy (Louisiana) LLC., currently has a 50% working interest and a 40.625% net revenue interest in SM71. Byron Energy Ltd (“Byron”) (ASX: OEL) is the operator and holds the remaining interest in SM71.

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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 the SM 71 oil field in the Gulf of Mexico and gas/condensate production from the Lightning discovery onshore Matagorda County, Texas. Development is underway at the Green Canyon 21 “Bulleit” 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.