

ASX ANNOUNCEMENT
6 November 2017

SM 71 PLATFORM AND JACKET LOAD-OUT COMPLETED

- Loading of the SM 71 “F” jacket and deck onto material barges has been completed
- Material barges will be secured and ready for transport to SM 71 location mid-week
- Offshore installation of the SM 71 F platform will commence on 10 November 2017
- Drilling in November 2017 of the SM 71 F2 development well which will also test the highly prospective B65 sand
- First production on schedule for late January 2018

Otto Energy Ltd (ASX: OEL) (“Otto” or the “Company”) is pleased to advise that the operator of the South Marsh Island 71 (SM 71) oil and gas development (Byron Energy Limited, ASX:BYE) has confirmed that operations to move the SM 71 F platform jacket and decks on to material barges are now complete. The 350 US ton jacket and 600 US ton platform decks were moved on to the barges utilising transporter trailers by Berard Transportation of New Iberia, Louisiana. Currently, welding crews are working to secure the items to the barges in anticipation of being towed to location at SM 71 where installation will occur.

Weather forecasts and equipment availability are favourable for a departure from Galveston in the middle of the coming week. Transit time to SM 71 from Galveston is estimated to be 26 hours. The Tetra Hedron derrick barge is expected to meet the material barges on Friday, 10 November 2017 to begin installation. Once all barges and cargo are on location at SM 71, the derrick barge will commence operations to set the jacket and drive the pilings to secure it to the seafloor. After that step, the deck will be lifted in to position and welded in place on top of the jacket. Offshore installation operations are expected to take 6 days.

Mobilisation of the contracted Ensco 68 rig will occur for the drilling of the SM 71 F2 well as sea conditions permit. In addition to the D5 sand, the SM 71 F2 well will also test the prospective B65 Sand which has the potential to double the current field size of SM 71.

First production from the SM 71 F platform is currently expected by late January 2018 after completion operations on the SM 71 F1 and F2 wells.

Otto holds a 50% working interest (40.625% net revenue interest) in South Marsh Island Block 71. The operator, Byron, holds the remaining 50% working interest.

Otto’s Managing Director, Matthew Allen said: *“The load-out is a significant milestone for the project and Otto congratulates Byron on the achievement. We now look forward to commencing drilling following installation and in particular testing the highly prospective B65 sand interval in the SM 71 F2 well which has the potential to double the field size.”*

Otto looks forward to the successful completion of the SM 71 development in the coming months and first production and cashflow being generated in early 2018.”

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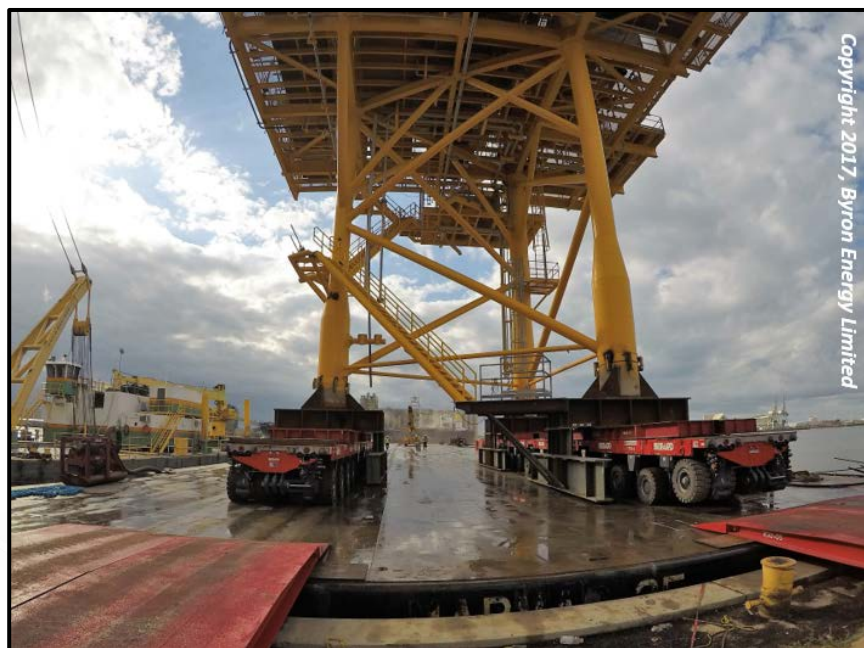
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SM 71 "F" platform deck loaded on board the material barge utilizing transport



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SM 71 F decks on transport trailers after positioning on material barge. Galveston, Texas