

8 July 2011

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

By E-Lodgement

Galoc JV to Install Improved Mooring and Riser System

- Upgrade to substantially increase production uptime of the Galoc field
- Important step towards approval of a Phase 2 development of Galoc

Otto Energy Ltd. (ASX:OEL) is pleased to attach an announcement by the Galoc Production Company (GPC) regarding an upgrade of the mooring and riser system for the FPSO Rubicon Intrepid operating at the Galoc field.

The new turret mooring system is designed to substantially increase the reliability and uptime of the FPSO and is a crucial component to enable the Galoc Joint Venture to move ahead with Phase 2 development.

Otto owns 31.38% of GPC, which has a participating interest of 59.84473% in the Galoc field.

Otto Chief Financial Officer and Acting CEO Matthew Allen said:

"The upgrade of the FPSO system will substantially improve the uptime of the Galoc field, which is an important revenue-generator for Otto. In addition, it provides a vital platform from which to embark on our planned Phase 2 development of the field, which we expect to approve early next year."

"Engineering work on the new system is already well underway, and we look forward to the upgraded FPSO returning to the Galoc field before the end of 2011."

A full copy of the GPC announcement is attached.

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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
Ian Macliver	Director
Rufino Bomasang	Director
John Jetter	Director
Ian Boserio	Director
Matthew Allen	CFO/Coy Secretary

The Reserve and Contingent Resource estimates outlined in this announcement have been compiled by Mr Nick Pink. Mr Pink is the Senior Reservoir Engineer of Otto and a full time employee. Mr Pink has more than 12 years of relevant experience and is qualified in accordance with ASX Listing Rule 5.11. Mr Pink has consented to the form and context that this statement appears.

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Galoc Joint Venture to Install Improved Mooring and Riser System

- **New system to substantially increase operating uptime of the field**
- **Project is 32% complete and on track for successful delivery**
- **Crucial infrastructure to allow a Phase 2 development of the field**

The Galoc Production Company ("GPC"), operator of the Galoc oil field offshore Palawan in the Philippines, is pleased to advise that the Galoc Joint Venture has approved an upgrade of the mooring and riser system for the FPSO Rubicon Intrepid. This system is expected to substantially increase the FPSO operating uptime to in excess of 95% due to the enhanced and simplified single point mooring system.

The project, to be implemented by the vessel owner, Rubicon Offshore International, will involve the retrofitting of an external, non-disconnectable, turret mooring system. The attached diagram illustrates how this will be configured.

The design of the turret and mooring is industry proven, cost effective and technically robust. With the new turret installed the FPSO will be able to rotate, or "weathervane", through 360° and safely operate in the Galoc field metocean conditions.

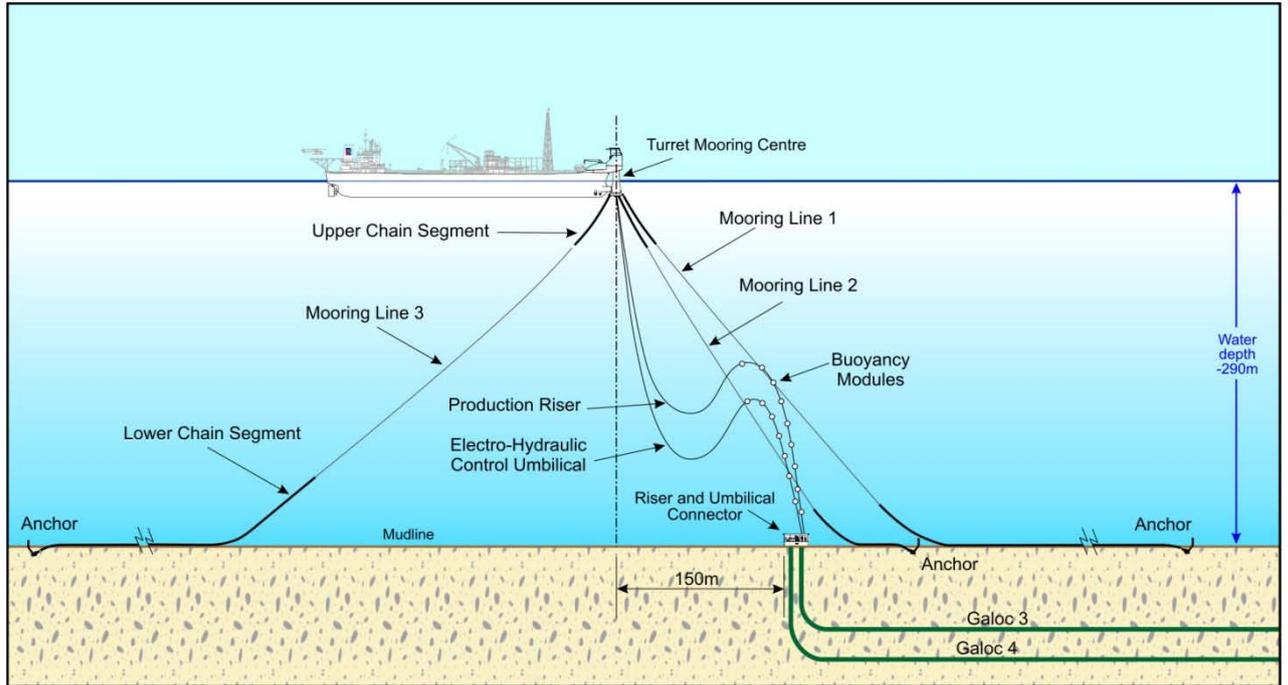
The installation of the turret is planned for the fourth quarter 2011, to coincide with the traditional peak of the monsoon period offshore Palawan, Philippines. The FPSO Rubicon Intrepid will be taken out of the field for around 90 days for the turret installation in Singapore. Whilst the FPSO is out of field, the seabed anchoring and riser modifications will be undertaken in preparation for the reconnection of the FPSO on return to the field late in the fourth quarter.

The Galoc joint venture have undertaken rigorous assurance reviews of the proposed design and the ability of the contractor to undertake these works. Engineering and fabrication of the turret commenced in Singapore ahead of final joint venture sign-off and the project is currently 32% completed and on track for successful delivery.

Galoc field performance continues to reinforce the joint ventures confidence in the field reserves with current production being approximately 6,800 bbl per day. The field has delivered 22 offtakes to refinery customers to date with 2 cargoes scheduled for delivery prior to the FPSO being taken out of the field in September.

The enhanced mooring and riser system is a crucial component of infrastructure to enable the Galoc Joint Venture to move ahead with a Phase 2 development program for the Galoc field. Notionally this would comprise between one and three additional wells in the field.

GPC, as Operator, has commenced preplanning activities for the further development of the Galoc Field. It is anticipated that the Joint Venture will target final investment approval of Phase 2 early in 2012 subject to satisfactory results from the current development planning and analysis.



Turret Mooring Field Elevation

Illustration: External, non-disconnectable turret mooring system

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Additional Notes

General Information

The Galoc field is located in Service Contract SC14-C (Galoc Sub Block) in 290m of water approximately 65km north west of Palawan in the Republic of the Philippines.

The original development involved the construction of two subsea completed horizontal production wells giving extended reservoir contacts, tied back to a Floating Production Storage and Offloading ("FPSO") facility via a short seabed pipeline and mid water riser system.

Most likely oil reserves estimated at time of commitment to the development in 2006, were approximately 10 million barrels. The estimated ultimate recovery has recently been increased following successful results from the initial two and a half years of production and now stands at approximately 15 million barrels (at the 2P level)

The participating interests in the Galoc Field are as follows:

Participant	Participating Interest %
Galoc Production Company W.L.L.1 (Operator)	59.84473
Nido Petroleum Philippines Pty Ltd	22.87952
Oriental Petroleum & Minerals Corporation/ Linapacan Oil Gas & Power Corporation	7.78505
The Philodrill Corporation	7.21495
Forum Energy Philippines Corporation	2.27575

Galoc Production Company is owned by;

Vitol Group 68.6%
Otto Energy Limited 31.4%

Further information on GPC and the Galoc Field can be obtained from:

- GPC's website www.galoc.com
- via email, at enquiry@galoc.com
- or by contacting

- Kay Palma
Tel: +63 2 857 4372

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