

ASX ANNOUNCEMENT

10 August 2009

Galoc Oil Field – Operations Update

Otto Energy Limited (ASX: OEL) has received an update from the field Operator, Galoc Production Company WLL (**GPC**), on the status of the re-instatement of the Mooring and Riser System (**M&RS**) in advance of resuming production at the Galoc Oil Field.

Re-instatement of the M&RS is continuing following the weather related disconnection undertaken in late June 2009.

Conditions in the Field have improved and, with an acceptable forecast for the coming days, preparations to resume activities in the Field are underway. Once repairs are completed, the riser element of the M&RS will be reconnected to the FPSO and the full system function tested prior to resuming production operations.

The remaining tasks are expected to take 1-2 weeks, subject to any further weather interruptions

Please refer to the attached GPC press release for more information.

Otto owns 31.38% of GPC, which holds 59.84% working interest in the licence giving Otto 18.77% indirect interest in the Galoc project. The Galoc Oil Field is located in Service Contract 14C off the west coast of Palawan in the Philippines.

Yours faithfully,

Paul Moore
Chief Executive Officer

OTTO AT A GLANCE

- ASX-listed oil and gas company with significant growth potential.
- Production from Galoc Oil Field provides cash flow.
- Phase I exploration drilling in Turkey completed.
- Development of gas field in Turkey to become second revenue-generating asset.
- Opportunity rich with substantial exploration prospects and leads in portfolio.
- Upcoming events including production revenues, farm-outs and exploration drilling to offer value creation for investors.

COMPANY OFFICERS

Rick Crabb	Chairman
Jaap Poll	Non exec Dir
Ian Macliver	Non exec Dir
Rufino Bomasang	Non exec Dir
John Jetter	Non exec Dir
Paul Moore	CEO
Emma McCormack	Comp Secretary

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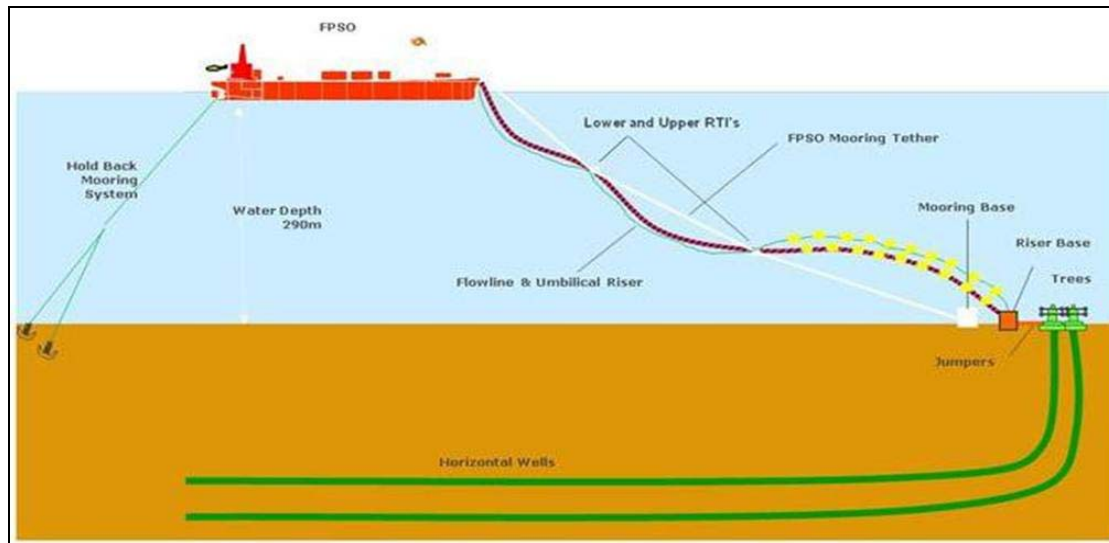
Galoc Field - Interruption to Production

Re-instatement of the Mooring and Riser System (M&RS) following the weather related disconnection undertaken in late June is continuing.

The M&RS was re-orientated and connected to the FPSO in mid July however progress was interrupted due to weather conditions which precluded the necessary subsea operations at that time. Whilst waiting for suitable conditions, the FPSO was disconnected and the M&RS laid down on the seabed all of which was undertaken in accordance with standard operating procedures. Conditions in the Field have improved and, with an acceptable forecast for the coming days, preparations to resume activities in the Field are underway. The first operation is for the FPSO to reconnect to the M&RS prior to change out the deformed riser section by the construction vessel Rubicon Maverick. Once repairs are completed, the riser element of the M&RS will be reconnected to the FPSO and the full system function tested prior to resuming production operations. The remaining tasks are expected to take 1-2 weeks, subject to any further weather interruptions.

The M&RS and thrusters are key components of the overall FPSO system, which is provided by Rubicon Offshore International under the provisions of an operated lease / service contract. During field shut-ins resulting from problems with the FPSO, neither the FPSO lease rate nor repair costs are payable under the contract.

Production from the field to date is in excess of 2.2 million barrels. The Galoc Joint Venture will continue to monitor field performance and address any further development opportunities.



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 development involved the construction of two subsea completed horizontal production wells, with 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 as estimated at time of commitment to the development in 2006, is approximately 10 million barrels. The reserves estimate and requirement for additional wells and facility capacity will be reassessed following an analysis of results from initial field production performance.

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
 - Jax Mariano
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