



CARNARVON
PETROLEUM
LIMITED
ABN 60 002 688 851

18 February 2004

Company Announcements Office
Australian Stock Exchange Limited
Exchange Centre
20 Bond Street
SYDNEY NSW
Via ASX Online

Dear Sirs,

SUBJECT: Phase III Drilling

The Phase III drilling program at Wichian Buri is progressing as planned and is on schedule.

The 9 5/8 inch casing has been successfully run and cemented in place in the middle section of the WB-N8 well. The rig was then skidded to the WB-N7 location and drilling resumed in the middle section of the well with a 12 1/4 inch hole. A depth of approximately 350 meters was reached in WB-N7 as of yesterday morning Thailand local time. Future operations are to drill to the next casing point in WB-N7 at about approximately 1323 meters measured depth along the length of the hole, prior to running and cementing in place 9 5/8 inch casing. At current drilling rates, this is likely to occur within the next 24 hours.

Following completion of the 9 5/8 inch casing in the middle section of both wells, drilling of the third and final section of each well will then be undertaken sequentially. Drilling of WB-N7 will be concluded when total measured depth (the length of the hole) has been attained at approximately 1658 meters, equivalent to 882 meters true vertical depth. The rig will then be skidded back to WB-N8 to drill the third section to a measured depth of approximately 1743 meters, equivalent to 910 meters true vertical depth, at which stage the three multi lateral legs will be drilled.

The full drilling program is expected to take approximately two weeks from commencement of drilling on 11 February 2004. Once drilling has concluded, the drilling rig will be demobilized and procedures to complete the wells will then commence. Completion of the two wells is likely to take up to a further two weeks before production commences.

Daily operations reports on the progress of the drilling will be released on Carnarvon Petroleum's web site (www.Carnarvonpetroleum.com) in the Activity Reports section. Further ASX announcements will be made upon reaching the total depth of each well.

The programmed drilling schedule for the two wells is as follows:

1. WB-N7 - 17 1/2 inch hole section drilled to 258 meters measured depth (258 meters true vertical depth), with 13 3/8 inch casing run and cemented, has been successfully completed.

-
2. WB-N8 - 17 ½ inch hole section drilled to 253 meters measured depth (253 meter true vertical depth), with 13 3/8 inch casing run and cemented, has been successfully completed.
 3. WB-N8 - 12 ¼ inch hole section drilled to 1178 meters measured depth (954 meters true vertical depth), with 9 5/8 inch casing run and cemented, has been successfully completed.
 4. WB-N7 – drilling of a 12 ¼ inch hole section to approximately 1323 meters measured depth has commenced
 5. WB-N7 – drilling of an 8 ½ inch hole section to approximately 1658 meters measured depth (882 meters true vertical depth).
 6. WB-N8 – drilling of an 8 ½ inch hole section to approximately 1743 meters measured depth (910 meters true vertical depth).
 7. WB-N8 – sequential drilling of three multi-lateral legs, Leg 1, Leg 3, and Leg 2.

The two wells are being drilled as horizontal wells to increase production and to improve productivity. The multi-lateral completion of WB-N8 has been designed to augment production from the currently producing portion of Wichian Buri Field. WB-N7 will, if successful, allow for the application of a third production license, PL3, to enable additional drilling to further increase production to take place later this year.

Yours faithfully,
CARNARVON PETROLEUM LIMITED

Trevor Irwin
Company Secretary

Enquiries can be directed to: David Orth or Trevor Irwin on 61 3 9225 5400

Level 50, 120 Collins Street, Melbourne, Victoria 3000
Telephone: 61 3 9225 5400 Facsimile: 61 3 9225 5050
e-mail: admin@carnarvonpetroleum.com