



CARNARVON
PETROLEUM
LIMITED
ABN 60 002 688 851

25 October 2007

Company Announcements Office
Australian Stock Exchange Limited

Via ASX Online

Dear Sirs

NS2-D1 TESTS AT HIGH 1,920 BOPD

EXPLORATION PERMIT L44/43 THAILAND

NS2-D1 Development Well

The NS2-D1 development well has tested at a maximum rate of 1,920 barrels of oil per day ("bopd") of 35 degree API crude oil, with an average 3% of water that is decreasing as the well continues to clean up and unload some of the 7,690 barrels of drilling fluid lost into the reservoir while drilling. The well was free flowing on a choke setting of 32/64 inches on the annulus. Flowing casing head pressure is 260 psi and the shut in tubing head pressure is 250 psi. Pressure data at various choke settings indicates the well may be capable of rates much higher than the tested flow rate.

Production has been temporarily choked back as a result of limited oil storage capacity. This situation will be rectified shortly and the well will be put on long term production test rates of between 1,800 and 1,900 bopd.

NS2-D1 is the best well with the highest flow rate drilled and tested to date within the NSE structural closure. All the other NSE wells continue to perform above expectation with sustained oil rates and very low water cut.

NS2-D1 is a deviated well drilled to a true vertical depth ("TVD") of 865 metres within the southern fault compartment of the NSE oil field between POE-9 and NS8-D1 wells. The target volcanic reservoir was encountered at a depth of approximately 807 metres TVD penetrating approximately 78 metres (measured thickness) of reservoir section.

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NS5-D1 Development Well

The Aztec rig #14 is currently drilling ahead at a depth of 554 metres TVD on deviated development well NS5-D1 located within the central fault compartment of the NSE field, 400 metres to the south of L44-H. Drilling is anticipated to take up to 14 days to complete. This will be the second well drilled into the central fault compartment of the NSE field.

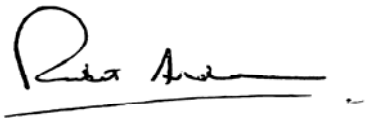
NS6-D1 Development Well

The Aztec rig #7 is currently drilling ahead at a depth of 511 metres TVD on deviated development well NS6-D1 located within the southern fault compartment of the NSE structural closure located approximately 430 metres north of the original POE-9 discovery well. Drilling is anticipated to take up to 14 days to complete. This will be the fifth well drilled into the southern fault compartment on the NSE field.

Permit Holders

Pan Orient Energy (Operator)	60%
Carnarvon Petroleum	40%

Yours faithfully
Carnarvon Petroleum Limited

A handwritten signature in black ink, appearing to read "RA Anderson", is written over a horizontal line. The signature is cursive and somewhat stylized.

RA Anderson
Company Secretary

