



CARNARVON
PETROLEUM
LIMITED
ABN 60 002 688 851

5 June 2007

Company Announcements Office
Australian Stock Exchange Limited

Via ASX Online

Dear Sirs,

OPERATIONS UPDATE THAILAND

GOOD OIL FLOW AT NA SANUN-4

Na Sanun-4 Appraisal Well

Flow testing of the Na Sanun-4 appraisal well ("NS-4") is continuing.

NS-4 penetrated the top 39 meters of the first target volcanic reservoir interval at a depth of approximately 952 meters. Severe lost circulation in the upper portion of the first target volcanic zone necessitated early termination of drilling prior to evaluating at least four deeper volcanic targets. These will be evaluated later in the drilling programme.

Currently NS-4 is on production at a stabilised rate of approximately 686 bopd of 29.9 degree API crude with a GOR of 100-150 scf/bbl and 0.1% water cut. NS-4 reached a peak rate of 950 bopd that stabilised at 780 bopd prior to being choked back. The current 686 bopd rate is on choke settings of 10/64" on the annulus and 24/64" on the tubing. Flowing casing head pressure is 285 psi and flowing tubing head pressure is 80 psi. There has been insignificant recovery of the more than 3,400 barrels of drilling fluid that was lost to the formation during drilling operations. This is interpreted to be the result of an extensive fracture system within the volcanics.

Based on the good results from NS-4, the joint venture has decided to re-drill the Na Sanun-1 well which was drilled in 1994. The joint venture is also considering modifying the drilling programme further by adding two more Na Sanun appraisal locations that would be in addition to the 5 initially planned.

Second Drill Rig

A second Aztec rig is anticipated to commence drilling operations in approximately two to three weeks with mobilisation starting this week from northeast Thailand. This new rig will commence drilling the two appraisal wells L44-G and L44-H to the north of the POE-9 oil discovery (now called Na Sanun East Oil Field). These two wells have the potential to significantly increase the extent of the Na Sanun East Oil Field.

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Na Sanun-1RD

On 2nd June 2007 drilling commenced on a re-drill of the earlier drilled well Na Sanun-1. NS-1RD is located approximately 800 meters north of NS-4 and within the same fault compartment. Drilling is anticipated to take 10-12 days to completion.

Carnarvon Petroleum CEO Ted Jacobson commented:

“We are very pleased with the results of NS-4. The production rates announced are exceptional for a shallow onshore well drilled and completed with a "slim hole" design.

The very good oil flow rates at NS-4 and the negligible recovery of water associated with the oil is more evidence that the results of the flow testing of the old Na Sanun-1 well were not valid due to a poor cement job in the well. As a result the joint venture has agreed to modify the well programme to further appraise the Na Sanun Oil Field with the re-drill of NS-1 and the addition of two more appraisal wells. This is certainly a good result with 2 successful wells out of 3 drilled into fractured volcanics within the Na Sanun area and supports the decision by the joint venture to focus the 2007 well programme on the fractured volcanic play. With up to 35 more wells to go in the current programme we believe this year will be very exciting.”

Carnarvon Petroleum Limited

RA Anderson
Company Secretary