



CARNARVON
PETROLEUM
LIMITED
ABN 60 002 688 851

3 July 2007

Company Announcements Office
Australian Stock Exchange Limited

Via ASX Online

Dear Sirs

OPERATIONS UPDATE

THAILAND

EXPLORATION PERMIT L44/43

NA SANUN-1RD DEVELOPMENT WELL

Na Sanun-1RD ("NS-1RD") has been drilled to a total depth of 990 metres, penetrating the top 30 metres of the first of five potential volcanic reservoirs. Flow testing of this volcanic zone has so far resulted in oil production of approximately 20 barrels of oil per day with a water cut of 76%. The well has been cleaning up over the last three days and pressures, measured at surface, have been increasing. The well will continue to be pumped and monitored for further decline in water cut and improvement in oil flow. If oil production can not be improved significantly from the current zone, NS-1RD will be deepened to evaluate the four additional volcanic zones, two of which resulted in lost circulation (indicating potential reservoir zones) in the previously drilled NS-1 well, 16 meters away.

NA SANUN EAST APPRAISAL DRILLING

The Na Sanun East (POE-9) multi-well appraisal/development drilling program is anticipated to commence later this month.

SEISMIC ACQUISITION

An approximately 110 square kilometre 3D seismic survey covering the northern half of Na Sanun East oil field and all of the Bo Rang structure has been ongoing for the past month with completion expected in mid July.

EXPLORATION PERMIT L33/43

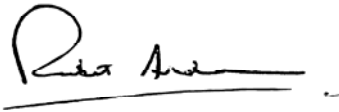
L33-D EXPLORATION WELL

L33-D is the first well to be drilled by the joint venture in the northern exploration permit L33/43. The well is located approximately 1 km northwest of Wichian Buri village and approximately 6 km northwest and structurally separate from the Wichian Buri Oil Field. The L33-D structure is an approximately 4 square kilometre structural closure with all sandstones present below a depth of 500 metres prospective oil reservoirs. Strong amplitudes on seismic at approximately 1,100 meters depth are interpreted to indicate the presence of volcanic intervals equivalent to those encountered in the Na Sanun area. The well is designed to evaluate both the sandstone and volcanic intervals for potential oil bearing reservoir.

The L33-D exploration well is currently drilling ahead towards a planned total depth of approximately 1,200 meters.

Three additional prospects have been identified in concession L33/43 and will be drilled during 2007.

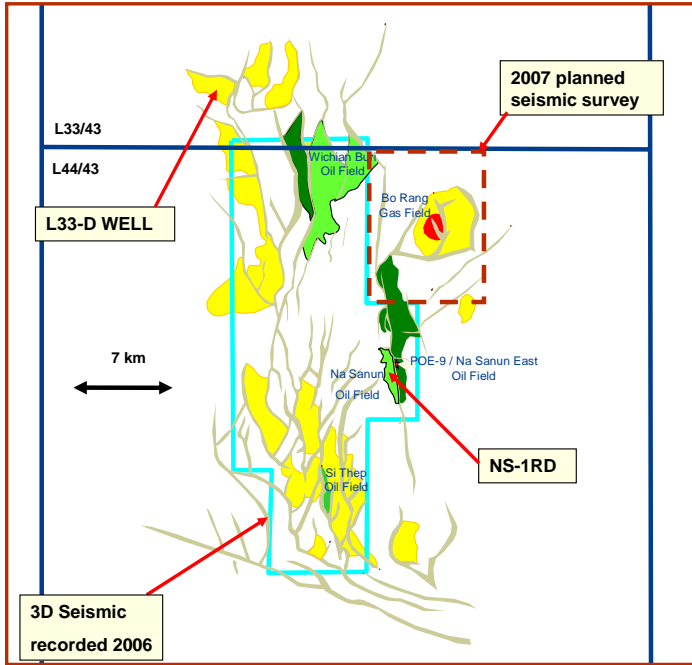
Yours faithfully
Carnarvon Petroleum Limited

A handwritten signature in black ink, appearing to read 'RA Anderson', is written over a horizontal line.

RA Anderson
Company Secretary



2007/8 DRILL PROGRAMME UP TO 37 WELLS



- Oil Field
- New discoveries require appraisal
- Prospects
- 3D Seismic recorded 2006
- - - 3D Seismic 2007 planned – 100 km²



NA SANUN OIL FIELD

