



CARNARVON
PETROLEUM
LIMITED
ABN 60 002 688 851

09 October 2007

Company Announcements Office
Australian Stock Exchange Limited

Via ASX Online

Dear Sirs

THAILAND DRILLING AND TESTING UPDATE

EXPLORATION PERMIT L44/43

Production

Total production for the Phetchabun Basin permits remains steady at rates above 2,600 bopd. The Na Sanun and Na Sanun East Fields are now producing the major part of this production from the 4 wells POE-9, NS-4, L44-H, and NS-3-D1 at a combined rate of around 2,250 bopd.

L44G-D1 and L44-G Appraisal Well

The Na Sanun East (“NSE”) oil field appraisal wells L44G-D1 and L44-G in the northern lobe of the structure, have been perforated and flow tested over 4 and 3 intervals, respectively. Preliminary testing results indicate an oil and gas charged system with tight, low permeability reservoir, with the exception of the lowest tested interval in the structurally lowest well (L44-G) that tested approximately 200 barrels per day of water.

The second test on L44G-D1 flowed minor amounts of oil, approximately 3-4 barrels, with no indications of water, the first test was tight with no influx of any kind. Three additional zones have been perforated above the zone that flowed minor oil with testing to start immediately. Results will be announced in the next few days.

L44-H Appraisal Well

The L44-H well is located in the central lobe of the Na Sanun East (“NSE”) oil field, approximately 3.25 kilometres north of the producing NS3-D1 well.

Well testing is continuing and a stable rate of around 1,280 bbls/day has been achieved.

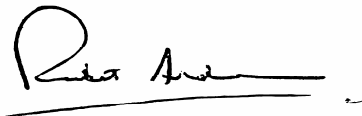
NS8-D1 Development Well

NS8-D1 was a deviated development well drilled to true vertical depth of 886 meters within the southern fault compartment of the NSE oil field. Approximately 31 meters (measured thickness) of the main target volcanic reservoir was penetrated prior to the termination of drilling due to the severity of drilling mud losses into this extremely fractured and permeable volcanic reservoir. Drilling mud losses of 9.2 bbls/hr, 80 bbls/hr and 102 bbls/hr were encountered at 944.2, 956.2 and 977.2 meters measured depth respectively, with total drilling mud losses of approximately 3,100 barrels. Numerous oil shows and high mud gas readings were encountered during drilling. Test results are anticipated within the next 10 days.

NS2-D1 Development Well

NS2-D1 is a deviated development well currently drilling ahead at a true vertical depth of 838 meters within the main volcanic reservoir of the southern fault compartment of the NSE oil field. Drilling continues with mud losses of up to 180 bbls/hr into this extremely fractured and permeable volcanic reservoir. Drilling is anticipated to be completed within the next 5 days and testing results are anticipated within 10 days after drilling is completed.

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

