

18 July 2008

Company Announcements Office  
ASX Limited

Via ASX Online

Dear Sirs,

### **NEW OIL DISCOVERY AT NSE-A1 FLOWS AT 1,245 BOPD**

The following summarises current operations in Carnarvon's Phetchabun Basin permits in Thailand in which it holds a 40% interest.

#### **NA SANUN EAST OIL FIELD DEVELOPMENT**

##### **NSE-A1 New Pool Discovery Well**

The NSE-A1 vertical well, which is the first well drilled from the NSE-A drill pad, is currently free flowing from a newly discovered, approximately 17 metre thick upper volcanic/volcanic clastic reservoir at a restricted rate of approximately 1,245 bopd. Current water cut is very low at approximately 0.5% and flowing tubing and casing head pressures are high at 210 psig @26/64" choke and 340 psig @26/64" choke, respectively.

NSE-A1, located off the crest of the NSE Central fault compartment, was drilled vertically and was planned to core the upper section of the approximately 180 metre thick main volcanic reservoir. However, whilst drilling through a previously untested upper zone at approximately 720 metres true vertical depth (TVD), above the main volcanic objective, very high mud gas readings and strong oil shows resulted in the decision to cut 20 metres of core at that depth. Initial well site analysis of the core indicated mixed fractured volcanics and volcanic clastics with good oil shows throughout and good visible matrix porosity in the volcanic clastic section.

NSE-A1 represents the first oil production within the Central and Southern fault compartment of the NSE Field from a zone other than the main massive volcanic. The full areal extent of this upper zone will be evaluated during the current round of NSE appraisal drilling. However, initial interpretation suggests this zone may be quite extensive and may relate to:

- the oil producing zone in the L44G-D1 well located in the northern fault compartment of the NSE Field approximately 3.5 kilometres to the north;
- the upper volcanic zone at Bo Rang-1 that tested gas, approximately 7 kilometres to the northeast;

- a very thick approximately 100 metre thick (gross) section at L44H-D1 that exhibited very good oil shows and very high mud gas readings while drilling through an interbedded clastic and volcanic section that was never logged due to borehole obstructions through that section; and
- a prospective zone that was encountered in the recently drilled NSE-A3 well (see following).

### **NSE-A3 Appraisal Well**

The NSE-A3 deviated appraisal well, which was also drilled from the NSE-A drill pad, has reached a total measured depth of 897 metres, penetrating the top of the main volcanic target at a depth of 755 metres TVD at a location approximately 420 metres due north of the NSE-A drill pad surface location. Drilling fluid losses of approximately 3,833 bbls were observed while drilling 60 metres of horizontal section within the upper 6 metres of the approximately 180 metre thick volcanic. A formation micro imaging (FMI) log that was run after the well reached total depth indicates intense fracturing over the main volcanic zone. The shallower productive section at NSE-A1, detailed above, was also encountered in NSE-A3 exhibiting high mud gas readings and good oil shows.

Testing of the main volcanic reservoir zone in NSE-A3 is anticipated to commence shortly.

### **NSE-A4 Appraisal Well**

The Aztec rig #14 is currently skidding over to the NSE-A4 well cellar. This well will target the main volcanic reservoir at a subsurface location approximately 400 metres northeast of the NSE-A drill pad and near the crest of the NSE Central fault compartment.

### **Development Programme**

Full scale development of the NSE field and adjacent areas, with up to 19 planned vertical and horizontal wells, has commenced and is now progressing steadily. Production is anticipated to ramp up significantly over the coming months as a result of this development drilling program. Early drilling results have been exceptionally encouraging with an indicated new pool discovery at NSE-A1 flowing at a constrained rate of 1,245 barrels of oil per day (bopd).

<b>WICHIAN BURI OIL FIELD</b>
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### **L44-C Vertical Appraisal Well**

The L44-C vertical appraisal well is currently drilling ahead at a depth of 370 metres towards objectives within the F and G sandstones at a location 1.15 kilometres north of the POE-6 oil discovery and within the POE-6 fault compartment. The well will also evaluate a deeper volcanic objective. The deeper volcanic objective is interpreted to be the same as that encountered at WB-1 “Deep”, drilled earlier this year, but situated in a position approximately 250 metres structurally higher.

L44-C is part of a multi-well appraisal program that is intended to define the potential of sandstone and volcanic reservoir targets in the up dip portion of the POE-6 and Wichian Buri fault compartments for future vertical and horizontal infill drilling.

## **L33/43 PERMIT EXPLORATION**

### **L33-3 Exploration Well**

The L33-3 exploration well was located on concession L33/43 on the basis of one north/south oriented 2D seismic line within the untested Khon Khwang graben, located 33 kilometres north of the nearest proven production at Wichian Buri. The well was drilled to a depth of 1,084 metres TVD and abandoned after an extensive testing programme failed to produce hydrocarbons at commercial rates.

A further two additional exploration prospects, unrelated to L33-3 and within the southernmost portion of the L33/43 concession, are ready for drilling. Drilling pads have been completed and drilling is planned to take place later in 2008 at these two locations.

## **NA SANUN OIL FIELD**

### **NS9-H1 Horizontal Appraisal Well**

NS9-H1, located within the Na Sanun oil field (due west and a distinctly separate field from NSE) has been abandoned after failing to encounter the main reservoir objective. A structurally higher volcanic zone encountered to the north of the main volcanic zero edge, though exhibiting oil shows, failed to produce hydrocarbons at commercial rates after extensive testing.

## **COMMENT FROM CEO**

### **Carnarvon CEO Ted Jacobson commented**

“The NSE-A1 well flow test results of 1,245 bopd in a new, previously untested upper zone in the central compartment of the Na Sanun East Field are excellent, particularly considering the well has been choked back as planned.

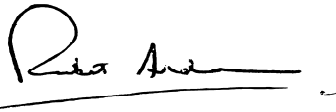
Development of the Na Sanun East Oil Field, which was delayed awaiting the approval of the production and environmental licences, is now in full swing, with NSE-A1 on production from a new zone, NSE-A3 recently completed and being prepared for testing and NSE-A4 due to commence drilling. Several multi-pad well sites are in construction and infrastructure has recently been upgraded. The Joint Venture is now progressing at pace towards achieving the targeted 15,000 bopd gross oil production by year end.

In addition to the ongoing busy development of the Na Sanun East Oil Field, the Joint Venture will maintain exploration and appraisal activities outside that field with continued drilling through 2008 and into 2009.”

**Permit Holders**

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

Yours faithfully  
Carnarvon Petroleum Limited



RA Anderson  
Company Secretary

