



CARNARVON
PETROLEUM
LIMITED
ABN 60 002 688 851

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Company Announcements Office
Australian Stock Exchange Limited

Via ASX Online

Dear Sirs

THAILAND PRODUCTION NOW 4,000 bopd

THAILAND PRODUCTION

With further success in appraisal drilling on the Na Sanun East oil field, production from Carnarvon's Thailand permits has now reached a gross rate of approximately 4,000 barrels of oil per day ("bopd") (Carnarvon share 1,600 bopd).

EXPLORATION PERMIT L44/43

NS8-D1 Development Well

The latest Na Sanun East ("NSE") oil field development well NS8-D1 is now on production at a rate of 1,480 bopd of 35 degree API crude oil. The well is free flowing on choke settings of 25/64 inch on the annulus and 48/64 inch on the tubing. Flowing casing head pressure is 190 psi and flowing tubing head pressure is 80 psi.

NS8-D1 is a deviated development well, drilled to a true vertical depth ("TVD") of 886 metres, within the southern fault compartment of the NSE oil field between the POE-9 and NS3-D1 wells. The target volcanic reservoir was encountered at a depth of approximately 859 metres TVD, penetrating approximately 31 metres (measured thickness) of reservoir section prior to the termination of drilling due to the severity of drilling mud losses into this extremely fractured and permeable volcanic reservoir.

These test results demonstrate high deliverability within the southern fault compartment that is similar to that encountered at L44-H located in the central fault compartment.

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NS2-D1 Development Well

NS2-D1 is a deviated development well that was drilled to 865 metres TVD and is 452 metres north of the NS8-D1 well detailed above. The target volcanic reservoir was encountered at an approximate depth of 807 metres TVD at what is mapped on seismic as near the structurally highest point of the northern fault compartment. Severe lost circulation was encountered while drilling through the approximately 78 metres (measured thickness) of target volcanic reservoir with mud losses totaling approximately 7,690 bbls at rates of 120 to 300 bbls/hr.

Testing is anticipated to commence within the next 48 hours with results anticipated within approximately 7 days.

L44G-D1 Appraisal Well

The NSE oil field appraisal well L44G-D1 is on production from perforations between 558 to 621 metres TVD at an average rate of approximately 50 bopd of 37 degree API crude oil after initial flush production at rates of 100-200 bopd. These early stage results represent the first oil production from the northern fault compartment of the NSE field.

L44G-D1 is a deviated appraisal well that encountered multiple potential volcanic reservoirs, two of which have been proven oil bearing and the remainder tight at this location, with low permeability. These test results confirm the hydrocarbon potential of a fairway that is a minimum 7.5 kilometres in length (north-south), with a maximum extent still unconstrained by a defined oil/water contact to the north and south as well as to the east. This well was drilled on pre-existing 2D seismic, whereas future follow-up drilling in the northern fault compartment will be targeted on the basis of a recently acquired 3D seismic survey.

NS5-D1 Appraisal Well

The Aztec drilling rig #14 is currently rigging up on deviated appraisal well NS5-D1, located within the central fault compartment of the NSE structural closure, 400 metres south of L44-H. Drilling is anticipated to commence in 48 hours and take 14 to 21 days to complete. This will be the second well drilled into NSE's central fault compartment.

NS6-D1 Development Well

The Aztec #7 drilling rig is currently setting surface casing on deviated development well NS6-D1, located within the south fault compartment of the NSE structural closure approximately 430 metres north of the original POE-9 discovery well. Drilling is anticipated to take 14 to 21 days to complete.

Carnarvon's CEO Ted Jacobson commented;

“This latest result at NS-8D1 is outstanding. We are now in a position as a joint venture where we are producing in excess of 4,000 bopd (1,600 bopd net to Carnarvon). We have exceeded our original hopes to reach 2,500 bopd, where we would self fund the current operations of 2 drilling rigs and one work-over rig. This now gives us confidence to expand the development of our existing discoveries and drill some interesting new appraisal wells at other prospects such as at Bo Rang and Si Thep. To this end our joint venture will explore the possibility of contracting an additional drilling rig.

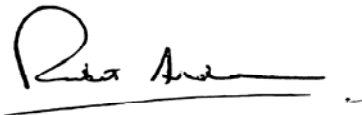
We really have come a long way in the last 2 years since Pan Orient and Carnarvon embarked on this current intensive drilling programme. We have exceeded all expectations, increasing oil production from under 100 bopd to now over 4,000 bopd and we have identified significant upside in this new fractured volcanic play. We have many more wells to drill in the Na Sanun area, but the additional potential at Bo Rang and Si Thep and other areas should not be underestimated. These are not considered high risk prospects as several wells have already been drilled in these areas that have intersected fractured volcanics with oil shows but were not tested.

At least 6 more development and appraisal wells will be drilled prior to year end and another well, NS2-D1 is about to start testing. The future drilling programme will certainly be exciting.”

Permit Holders

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

Yours faithfully
Carnarvon Petroleum Limited



RA Anderson
Company Secretary

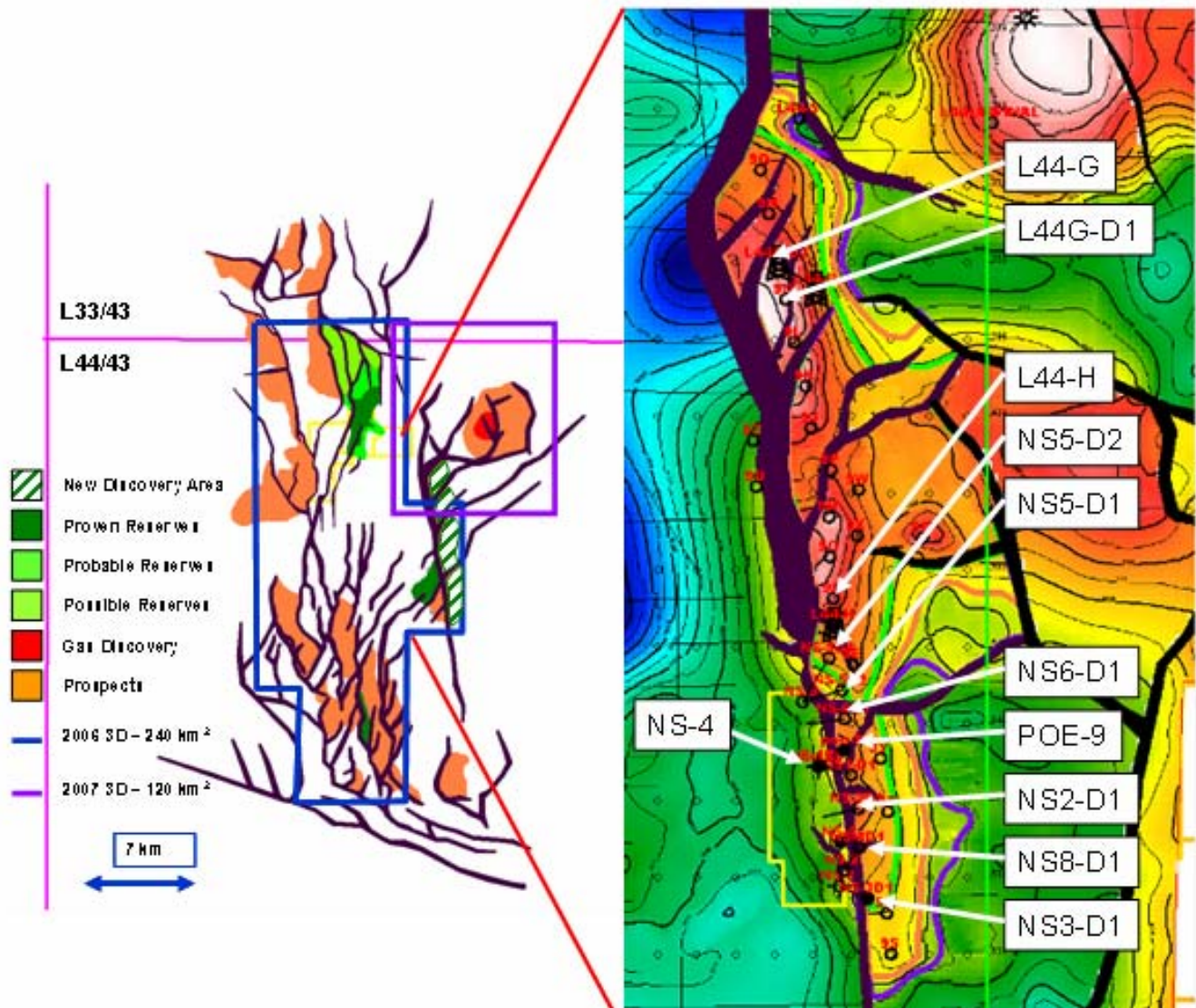


Figure 1: Indicative well locations – Thailand permit L44/43