

19 November 2008

Company Announcements Office  
ASX Limited

Via ASX Online

Dear Sirs,

## **ANOTHER DEVELOPMENT WELL ON PRODUCTION**

### **NA SANUN EAST DEVELOPMENT PROGRAMME**

#### **SUMMARY**

With the successful completion and testing of the NSE-A4 development well, the Phetchabun Basin Joint Venture has now brought 8 development wells onto production this year. Furthermore with the installation of a larger diameter pump, production at NSE-D1 has been substantially increased to 1,063 bopd. Total production from the Phetchabun Basin fields is now approaching 14,000 bopd. In addition one development well, NSE-D3, is about to be flow tested and a further development well, NSE-D2, will be tested once a small sidetrack is completed. The NSE-C1 appraisal well has reached its target depth and will be flow tested shortly.

#### **NSE-D1 development well (CVN 40%)**

The NSE-D1 development well is located approximately 455 metres north of the NSE-B drill pad. It was previously reported on 7<sup>th</sup> November that NSE-D1 was flow tested at a sustained flow rate of 710 bopd. After the installation of a larger diameter tubing pump, NSE-D1 is currently producing at an increased stabilised rate of approximately 1,063 bopd.

#### **NSE-A4 development well (CVN 40%)**

The NSE-A4 development well has been completed and put on production at a rate of approximately 830 bopd after a number of operational difficulties related to the severity of the fracturing of the main volcanic reservoir. This resulted in the loss of over 64,000 barrels of drilling fluid into the reservoir while attempting to complete the well on three side tracks. In the final side track completion, the production liner was unable to be set through the reservoir section after encountering an obstruction above the reservoir interval. A drill bit was then attached to the end of the production tubing and drilled through to the top of the main reservoir. The resultant production rate is constrained substantially given that oil is being produced through production tubing with a drill bit still attached to the end of the tubing.

### **NSE-D2 development well (CVN 40%)**

The NSE-D2 development well, which is located approximately 330 metres north of the NSE-D1 location, has encountered the top of the main volcanic reservoir at a depth of 754 metres true vertical depth (TVD). Approximately 34 metres of highly fractured volcanic reservoir has been drilled through, with mud losses of approximately 1,200 barrels. The well has been put on test, and is currently flowing mainly gas with some oil, indicating close proximity to a gas oil contact. Rig 14 is currently moving back onto this location to drill a short side track approximately 10 to 15 metres structurally lower into the oil leg, at which time testing is expected to resume at this deeper level beneath the small gas cap.

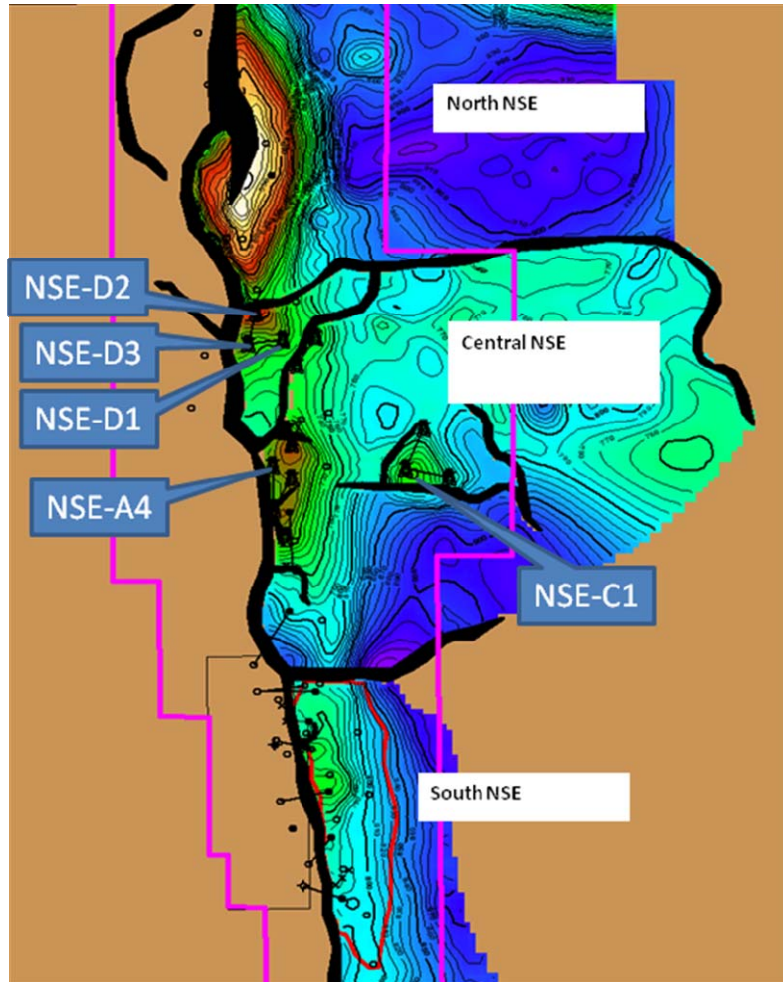
### **NSE-D3 development well (CVN 40%)**

The NSE-D3 development well has been drilled into the main volcanic reservoir at a depth of approximately 823 metres TVD at a sub surface location approximately 315 metres north west of the NSE-D1 location. A highly fractured volcanic reservoir section was encountered that resulted in over 6,000 barrels of drilling fluid losses. An 8 metre highly fractured oil stained core was cut through the main reservoir objective. A slotted liner is currently being set through the volcanic reservoir section and testing is anticipated to commence shortly.

### **NSE-C1 appraisal well (CVN 40%)**

The NSE-C1 appraisal well which is located 1,248 meters east of the NSE-B drill pad, has encountered the top of the main volcanic objective at a depth of 775 meters TVD. Lost circulation was encountered within the main volcanic target with drilling fluid losses of approximately 1,900 barrels. Flow testing to determine the hydrocarbon potential of the volcanic reservoir at this location is anticipated to commence shortly.

This appraisal well is in an area defined as containing “possible” reserves in the 2007 year end 2007 reserves report. A successful flow in this well would enable some of the 3P reserves be brought forward into 2P reserves, hence improving the company’s recoverable reserves position.



*NSE Field Location Map*

Yours faithfully  
Carnarvon Petroleum Limited

RA Anderson  
Company Secretary