



CARNARVON
PETROLEUM
LIMITED
ABN 60 002 688 851

23 August 2007

Company Announcements Office
Australian Stock Exchange Limited

Via ASX Online

Dear Sirs

OPERATION UPDATE THAILAND

EXPLORATION PERMIT L44/43

L44-H APPRAISAL WELL

The Aztec #7 rig has moved off the NS3-D1 location and onto the L44-H appraisal well location. The L44-H well was spudded on 21 August 2007 and is currently drilling ahead.

The L44-H appraisal well, located 1.7 kilometres north of the original POE-9 discovery, is designed to appraise the Na Sanun East field in a central location. This well is interpreted from 3D seismic to be targeting similar fractured volcanics as POE-9 within a separate and structurally higher fault compartment.

Drilling is anticipated to take approximately 3 weeks.

L44G-D1 APPRAISAL WELL

The Aztec #14 rig has completed the L44-G well and has skidded to a new cellar on the same location to drill the L44G-D1 appraisal well. The well was spudded on 22 August 2007 and is currently drilling ahead.

The L44G-D1 appraisal well is a deviated well, drilling to a downhole target location approximately 500 metres north west and 120 m up structure from the lost circulation zone discovered while drilling L44-G. The surface location of the well is located approximately 7.3 kilometres north of the original POE-9 discovery.

Drilling is anticipated to take approximately 3 weeks. Upon the completion of L44G-D1, testing will commence on both wells as the distance between concrete well cellars does not allow room for a service rig, required for testing, while simultaneously drilling an adjacent location.

L44-G APPRAISAL WELL

The L44-G well reached a total depth of 1,027 m MD before drilling was halted due to a low rate of penetration while the well was still within the first volcanic zone. The well has been completed with 4 ½” casing in preparation for testing.

The L44-G appraisal well is located approximately 7.3 kilometres north of the POE-9 discovery well.

The top of the primary target volcanic zone was penetrated at a depth of 855 metres, with a minimum of 162 m intersected. Significant oil and gas shows were reported throughout the entire well. Of particular note, free oil was observed over the shale shakers while drilling through the primary volcanic objective at 896 and 910 metres. Lost circulation, similar to that encountered while drilling the productive volcanic zones at POE-9 and NS-4, was encountered while drilling within the same primary target volcanic at 960 metres.

Logging operations have also been completed and fracturing of the target volcanic zone has been interpreted on image logs.

Flow testing on this well cannot commence until the recently spudded L44G-D1 well is complete and the Aztec Rig #14 has left location. Initial test results are not anticipated for 4 to 5 weeks.

NS-3D1 APPRAISAL WELL

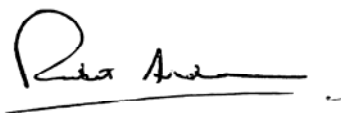
The NS3-D1 well reached a total depth of 990 m MD (900 m TVD) before drilling was halted due to a low rate of penetration and continued lost circulation while the well was still within the first volcanic zone. The well has been completed with 4 ½” casing and 2 7/8” tubing in preparation for flow testing scheduled to begin imminently.

NS-3D1 was directionally drilled from the existing Na Sanun-3 well site into the adjacent POE-9 fault block. The primary target was the main volcanic reservoir zone at a subsurface location approximately 1.5 kilometres south of the POE-9 discovery well.

Elevated mud gas readings and good oil shows were observed in the well after penetrating the top of the volcanic target and prior to encountering significant mud losses (lost circulation) of 50 bbls/hr and 138 bbls/hr over two separate intervals within this primary zone. The well was terminated in the volcanic zone with a minimum of 160 m TVD encountered, although losses were only reported for the lower section of around 15m.

Testing on this well will commence shortly as the Aztec Rig #7 has been demobilised for the L44-H well location and the test equipment is mobilised and installed. The well has already been completed with production tubing. After initial clean-up operations, test results are expected to be available within a few days.

Yours faithfully
Carnarvon Petroleum Limited



RA Anderson
Company Secretary

CARNARVON PETROLEUM
2007
THAILAND DRILLING PROGRAMME
RESULTS TO DATE

Well	Well Type	Area	Target	Spud Date	Total Depth metres	Status
NS-3	Appraisal Well	Na Sanun Oil Field	Fractured volcanics	31 March 2007	1,060	Suspended for future re-entry
NS-4	Appraisal Well	Na Sanun Oil Field	Fractured volcanics	30 April 2007	993	Successful - On long term production test
NS-1RD	Appraisal Well	Na Sanun Oil Field	Fractured volcanics	2 June 2007	990	Uncommercial oil flow - suspended for future re-entry
L33-D	Exploration well	L33/43 Exploration Permit	Fractured volcanics	3 July 2007	1,420	Unsuccessful - plugged and abandoned
L44-G	Appraisal well	Na Sanun East Oil Field	Fractured volcanics	19 July 2007	1,027	Testing operations in progress
NS-3-D1	Appraisal Well	Na Sanun East Oil Field	Fractured volcanics	30 July 2007	900	Testing operations in progress
L44-H	Appraisal Well	Na Sanun East Oil Field	Fractured volcanics	21 August 2007		Commenced drilling
L44-G-D1	Appraisal Well	Na Sanun East Oil Field	Fractured volcanics	22 August 2007		Commenced drilling

