

25 July 2008

Company Announcements Office  
ASX Limited

Via ASX Online

Dear Sirs,

### **NSE-A3 SUCCESSFUL AT 2,250 BOPD**

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

##### **NSE-A3 Horizontal Appraisal Well (CVN 40%)**

Testing is underway on the recently drilled NSE-A3 horizontal appraisal well. NSE-A3 is currently free flowing oil from the main volcanic reservoir within the Na Sanun East (NSE) central fault compartment at a stabilised rate of approximately 2,250 bopd with a low 0.1% water cut and choke settings/surface flowing pressures of 42/64" @ 120 psi on the tubing and 24/64" @ 130 psi on the casing.

The NSE-A3 horizontal appraisal well was drilled to 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-A1 surface location. A 60 meter horizontal section was drilled within the upper 6 metres of the approximately 180 meter thick main volcanic reservoir.

Last week, on the 18<sup>th</sup> July, Carnarvon announced a 1,245 bopd discovery of a new upper volcanic/volcanic clastic reservoir in its NSE-A1 well. This newly discovered productive zone at NSE-A1 was also encountered in NSE-A3, and drilled though, exhibiting high mud gas readings and good oil shows. This supports the interpretation that this new shallower reservoir is extensive across the Na Sanun East field.

##### **NSE-A4 New Horizontal Appraisal Well (CVN 40%)**

The NSE-A4 horizontal appraisal well is currently drilling ahead at a depth of approximately 120 metres towards the top of the main volcanic reservoir objective at a subsurface location approximately 350 metres northeast of the NSE-A drilling pad, within the NSE central fault compartment.

## **Development Plan Progress**

The high flow rates at NSE-A3, combined with the new zone discovery at NSE-A1 announced one week ago, provide an exceptional start to the main NSE central fault compartment development that is now underway. The multi-well drill pad containing NSE-A1, NSE-A3, and NSE-A4 was the first of its kind undertaken by the joint venture under the development plan. There is currently one additional multi-well drill pad where construction has been completed, three additional multi-well drill pads that are under construction plus another three multi-well drill pads where the land has been purchased and construction is about to commence.

## **WICHIAN BURI OIL FIELD APPRAISAL**

### **L44-C Vertical Appraisal Well (CVN 40%)**

The L44-C vertical appraisal well is currently drilling ahead at a depth of approximately 1,000 metres with objectives within the F and G sandstones and a deeper “WB-1” volcanic at a location 1.15 kilometres north of the POE-6 oil discovery and within the POE-6 fault compartment. Oil shows and elevated mud gas readings have been observed whilst drilling at a number of stratigraphic levels. The WB-1 “Deep” volcanic reservoir is anticipated to be encountered at a depth of approximately 1,250 metres.

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.

## **CEO COMMENT**

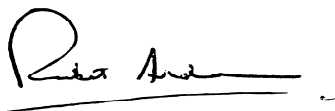
Carnarvon’s CEO Ted Jacobson commented;

“The good flow results from NSE-A1 announced last week and now NSE-A3 are an excellent start to the development of the Na Sanun East Oil Field. The operator of the field, Pan Orient, has successfully embarked on drilling horizontal production wells from multi well drill pads. These larger pads allow multiple operations from the one site without the need for restricting operations in adjacent wells. The joint venture maintains its target of 15,000 bopd gross oil production by years end.

In addition to the development of the NSE field, appraisal of the Wichian Buri field is well underway with the drilling of L44-C. Hopefully this will significantly boost production from this field separate from Na Sanun East production.”

Yours faithfully

Carnarvon Petroleum Limited



RA Anderson  
Company Secretary

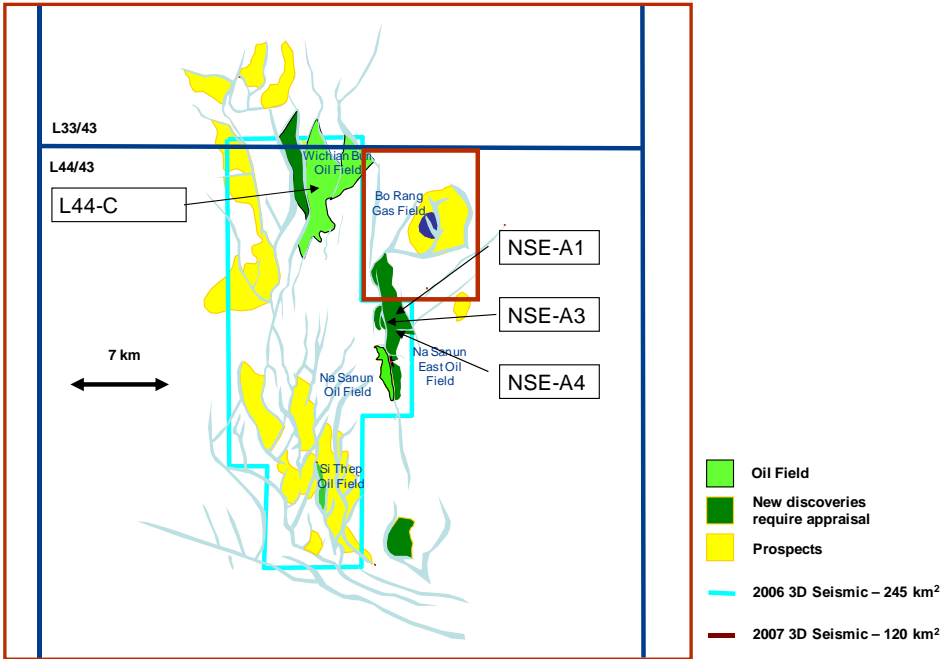


Figure 1: Approximate well locations in central onshore Thailand Phetchabun Basin permits.