

31 March 2008

Company Announcements Office  
ASX Limited

Via ASX Online

Dear Sirs

### **L44-R OIL DISCOVERY**

#### **L44-R Oil Discovery (Carnarvon 40%)**

The L44-R exploration well, which was drilled to a total depth of approximately 1,277 meters, encountered three potential volcanic reservoirs within an approximate 4 sq km structural closure, located 10.5 kms south of the producing NSE oilfield. Potential volcanic reservoirs of approximately 27 meters, 45 meters and 207 meters in thickness were encountered between 665m to 1,277m respectively.

Test #1 was conducted by open hole completion from 1,050 meters to 1,277 meters in the deepest volcanic target and resulted in the recovery of large quantities of drilling mud, formation water and very minor indications of oil.

Test #2 was conducted through cased hole perforations between 820-850 meters resulting in the recovery of large quantities of drilling fluids, formation water and small amounts of oil and gas. Approximately 5 barrels of 33 API oil was recovered while circulating out the annulus at the end of testing.

Test #3 was conducted through cased hole perforations at a shallow depth of 660-690 meters in the uppermost volcanic zone, resulting in production of approximately 29 bopd of 27 API oil with no water. Based on these results, it is interpreted that L44-R is located in a structurally high position and consequently has not encountered the field oil water contact. It is further interpreted that therefore there remains further oil potential along strike and down dip to the discovery well.

The operator, Pan Orient, is currently evaluating a number of options to optimize production rates within the L44-R discovery area which include:

- 1) an open hole completed side track from the L44-R discovery well that would attempt to reduce fracture infill that may have been caused by the cemented casing completion of this well;
- 2) an open hole completed appraisal well located approximately 1 km to the north east that would drill high angle deviated or horizontal through the proven producing zone; and
- 3) mechanical fracturing (“frac”) of the existing well modeled on success in very similar volcanic reservoirs located onshore China.

L44-R is remarkable due to the complete lack of hydrocarbon shows observed while drilling through the lost circulation zones, yet commercial quantities of oil have been pumped to surface on test. Based on these results, the operator has upgraded the status of 2 large volcanic reservoir prospects at Si Thep (approximately 7.5 sq kms in area) and Nong Bua (approximately 4.6 sq kms in area). Both these structures, drilled in the 1980's by an earlier operator, encountered lost circulation in volcanics but were never tested due to the lack of hydrocarbon shows observed while drilling. Plans are underway to start drill pad construction at Si Thep and Nong Bua immediately. Updates will be provided upon completion of a detailed testing programme over a number of potential intervals.

**POE-9A Appraisal Well (Carnarvon 40%)**

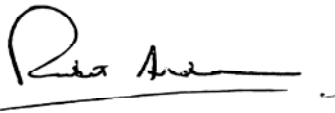
POE-9A appraisal well, located approximately 130 meters south of the NSE discovery well POE-9, is about to be logged after reaching intermediate casing depth at 1,134 meters. Very severe lost circulation within the main volcanic interval was encountered at 849 and 854 meters with loss rates of 264-280 bbls per hour and 200+ bbls per hour through the remainder of the 65 meter thick interval. A very intensely fractured zone, or cavern, was encountered between 871-881 meters with penetration rates greater than 200 meters per hour. Upon the setting of intermediate casing, drilling will continue through at least 1 deeper volcanic objective to a total depth of approximately 1,200 meters. Updates will be provided upon completion of a detailed testing programme over a number of potential intervals.

Upon completion of the POE-9A appraisal well, drilling will commence on the NS1-D1 high angle deviated/horizontal side track. NS1-D1ST will deviate north of the original NS1-D1 well bore that failed to intersect the major fracture network at a location mid way between POE-9 and NS2-D1.

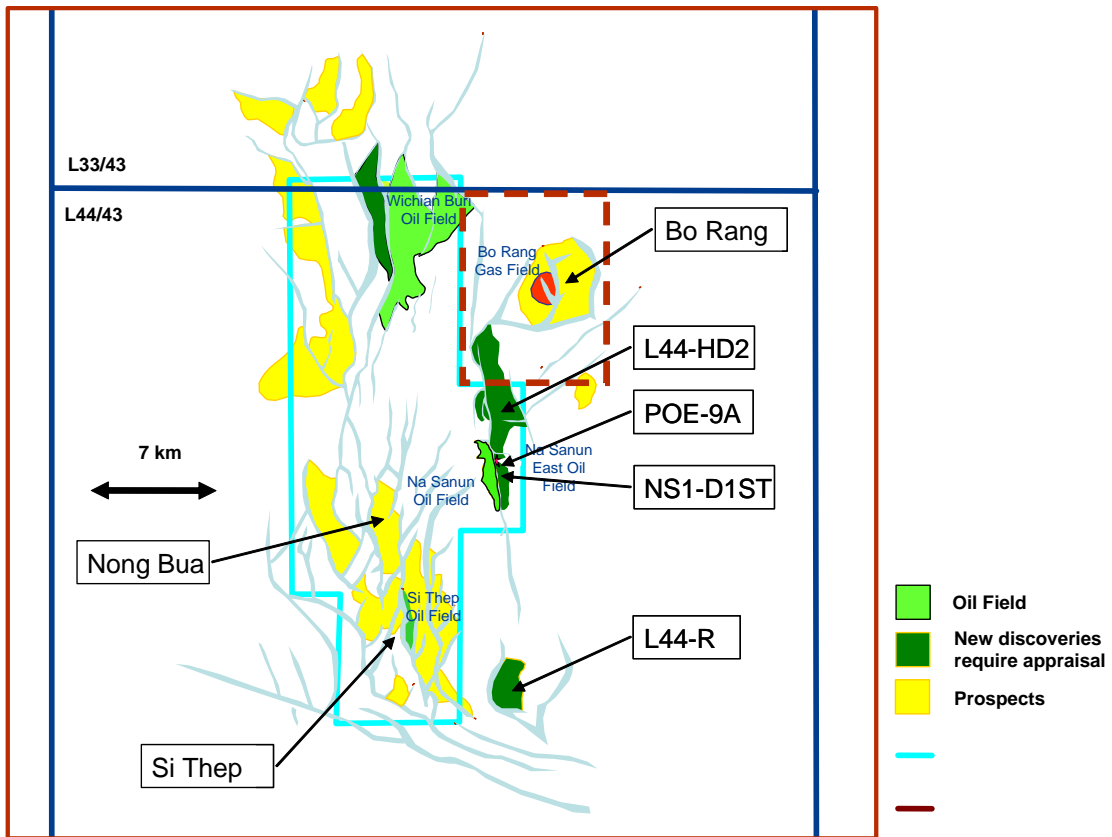
**L44H-D2 Appraisal Well (Carnarvon 40%)**

L44H-D2 deviated appraisal well is currently drilling ahead at a depth of 565 meters towards a total depth of approximately 1,800 meters true vertical depth (TVD) that will be reached at a subsurface location approximately 640 meters northwest of the L44-H producing well (currently producing at over 3,600 bopd). The objective of L44H-D2 is to test the deep volcanic targets underlying the main volcanic producing zone within the NSE central fault compartment. Updates will be provided upon completion of a detailed testing programme over a number of potential intervals.

Yours faithfully  
Carnarvon Petroleum Limited



RA Anderson  
Company Secretary



**Figure 1:** Onshore Thailand Exploration Permit L44/43 showing general location of wells