

13 November 2009

Company Announcements Office  
ASX Limited

Via ASX Online

Dear Sirs,

## **OPERATIONS UPDATE THAILAND**

### **HIGHLIGHTS**

- Bo Rang “B” and “A” Oil Fields both now confirmed commercial;
- Another good test at L44-W Oil Field;
- Si Thep sandstone to be flow tested.

### **SUMMARY**

- **BO RANG OIL FIELDS** - Flow testing of BR-3D1, the first horizontal appraisal well of the Bo Rang “B” volcanic reservoir, resulted in an oil flow of 700 bopd, at a depth of 446 metres. The Bo Rang “B” (shallow volcanic) and “A” (deeper volcanic) reservoirs are two separate fractured volcanic intervals at the Bo Rang structure which have now both been confirmed as being commercial. Audited, net to Carnarvon, contingent oil resources of 9.6 mmbbls (previously reported) have been estimated for the “A” and “B” reservoirs combined. Pending the granting of a production licence (application submitted), some or all of these resource estimates may be revised appropriately as reserves for the forthcoming year end 2009 reserves audit.
- **L44-W FIELD** – Further work at the recently drilled L44-W4ST1 well, which was announced previously as having good shows but requiring a larger capacity separator to enable valid testing, has now been completed and the well commenced producing oil on a 90 day test period at 650 bopd. Audited, net to Carnarvon, contingent oil resources of 1.7 mmbbls (previously reported) have been estimated for the L44-W volcanic reservoir. Pending the granting of a production licence (application submitted), some or all of these resource estimates may be revised appropriately as reserves at the forthcoming year end 2009 reserves audit.

- **SI THEP FIELD** – Testing of the recently drilled Si Thep-2 well has commenced on a newly discovered 9 metre thick sandstone at a depth of 870 metres. This sandstone reservoir which lies beneath a shallower oil producing sandstone reservoir discovered by the previous joint venture at Si Thep-1, exhibited good oil shows whilst drilling. No significant fracture reservoir was observed within the main volcanic interval intersected at this location. However only the top 25 metres of volcanic was intersected before the wellbore passed across the bounding fault into the downthrown fault block. Further work will be required to fully assess the volcanic potential at Si Thep.

## **FULL REPORT**

### **BO RANG “B” OIL FIELD**

#### **BR-3D1 Appraisal well (40% working interest and non-operator)**

The operator, Pan Orient Energy Corporation, has reported that it has confirmed the testing of oil at commercial rates from the first horizontal appraisal well of the Bo Rang “B” oil field, BR-3D1 at 700 bopd from a volcanic target at a depth of 446 metres. This is a significant increase in flow rate from the nearby BR-2ST1 deviated Bo Rang B discovery well which had a cased hole completion and flowed at 35 bopd.

BR-3D1 is currently producing on a 90 day production test allowance at a stabilised rate of 700 barrels of 22 API gravity oil with minor amounts of gas and a BS&W of approximately 2.5%, composed primarily of drilling fluids as the well continues to clean up.

This well was the first horizontal well drilled into the Bo Rang “B” reservoir in an attempt to achieve significantly greater flow rates than the 35 BOPD tested in the BR-2ST1 discovery well reported earlier. These results once again confirm the successful application of horizontal drilling and other techniques that were utilised during the drilling of this well and highlight the shallow zone potential within the Bo Rang and L44-W areas of the L44 concession. In addition to Bo Rang “B” field, there is an even shallower zone potential at L44-W2 where two approximately 20 metre thick volcanic zones were encountered that were gas bearing (with potential down dip oil legs).

A mid-year resource evaluation conducted by Gaffney Cline indicated 2C contingent resources of 5.5 MM recoverable barrels net to Carnarvon for the Bo Rang “B” upper volcanic zone. These resources are contingent upon the granting of the production license for the area by the Thailand Department of Mineral Fuels. The application for the production license was submitted in the third quarter of 2009.

Three additional horizontal appraisal wells targeting the Bo Rang B field are planned to be drilled and tested prior to year end with BR-4D1 currently drilling ahead at a depth of approximately 100 metres. An additional nine multi-well drill pad locations (2 to 3 wells per pad) are currently undergoing environmental review by the Government of Thailand with approval anticipated in January 2010.

## **L44-W OIL FIELD**

### **L44-W4ST1 Appraisal well (40% working interest and non-operator)**

The L44-W4ST1 well is currently producing on a 90 day production test allowance at a stabilised rate of 650 barrels of 28 API gravity oil, with approximately 0.5MMcfg/d of gas (decreasing) and a water cut of less than 1%.

As previously reported, a brief 14 hour test was completed utilising Pan Orient's three phase test separator that resulted in the recovery of drilling fluid, oil and large quantities of natural gas with pressures and volumes beyond the safe operating capacity of the test separator. A larger capacity three phase separator was then mobilised to complete the testing of this well safely.

### **L44-W3ST1 Appraisal well (40% working interest and non-operator)**

The L44-W3ST1 horizontal appraisal well was drilled to test the down dip extent of the L44-W oil accumulation. Despite oil observed at surface while drilling through a highly fractured volcanic reservoir, the well was unsuccessful, flowing only formation water at the end of the test.

A sidetrack from the existing wellbore is planned early in 2010 to evaluate the down dip oil potential of two shallow volcanic zones that were gas bearing at L44-W2..

## **SI THEP OIL FIELD**

### **Si Thep-2 Exploration well (40% working interest and non-operator)**

The Si Thep-2 (Si Thep Deep) exploration well was drilled to a total deviated measured depth of 1,515 metres (1,038 metres TVD(true vertical depth)) penetrating only 25 metres of the main volcanic objective before crossing the north south fault bounding the structure to the west. Testing of this truncated volcanic section indicated the volcanic objective to be tight with very low permeability.

During drilling, the well encountered the shallow sandstone currently producing at Si Thep-1, and an additional nine metre thick sandstone at 870 metre TVD which exhibited highly elevated mud gas readings and good oil shows. Testing of this deeper sandstone is about to commence through 15 metres of perforations across the prospective interval.

Yours faithfully,  
Carnarvon Petroleum Limited



Ted Jacobson  
Chief Executive Officer

## Permit Holders L44/43

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

