



CARNARVON
PETROLEUM
LIMITED
ABN 60 002 688 851

3 October 2006

Company Announcements Office
Australian Stock Exchange Limited

Via ASX Online

Dear Sirs,

CARNARVON WEEKLY DRILLING REPORT POE-3 DEVELOPMENT WELL COMMENCES

The Phase 1 drilling programme at the Wichian Buri Oil Field, onshore Thailand, commenced on 11 July 2006 and is currently progressing with the start-up of drilling POE-3, the 5th well of the planned 7 well programme.

1. POE-6 Exploration Well

Drilling of the POE-6 well has now been completed and the well has been suspended ready to be flow tested using the smaller work over rig as soon as perforation charges arrive on site.

2. POE-3 Development Well

The POE-3 development well is located approximately 0.27 kilometres northeast of the Wichian Buri-1 producing well, which has been the best producing oil well in the field with 11 years of production.

The programme goal for POE-3 is as an infill development well to boost production from the "F" sandstone reservoir within the Wichian Buri Oil Field. Seismic interpretation indicates that POE-3 is located 10 metres updip of the Wichian Buri-1 well and may capture attic reserves not currently being drained by existing production wells. The "G" sandstone reservoir will be a secondary target.

Permit Holders

Pan Orient (Operator) 60%
Carnarvon Petroleum 40%

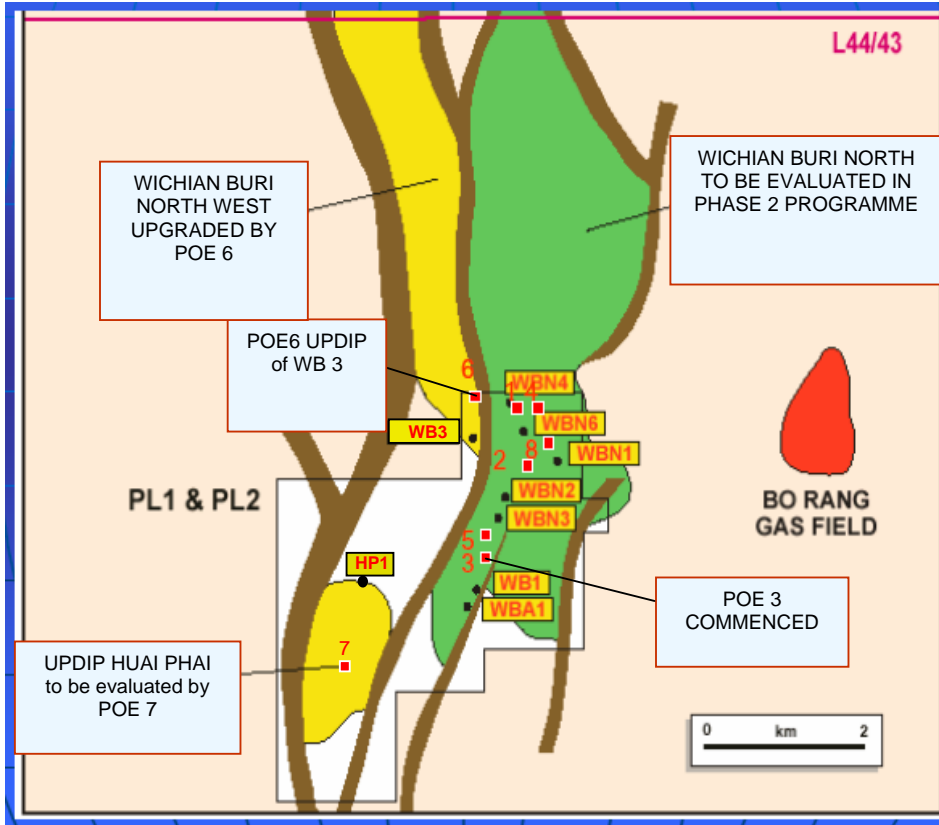


Figure 1: Location of POE-6 and POE-3

Yours faithfully,

Carnarvon Petroleum Limited

RA Anderson
Company Secretary