



CARNARVON
PETROLEUM
LIMITED
ABN 60 002 688 851

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Company Announcements Office
Australian Stock Exchange Limited

Via ASX Online

Dear Sirs,

**WEEKLY OPERATIONS
NEW RESERVOIRS OUTSIDE WICHIAN BURI OIL FIELD
ADDITIONAL EXPLORATION WELL ADDED TO PHASE 1 DRILLING**

Highlights

- The high impact exploration well POE-7 is about to commence drilling.
- An additional high impact exploration well POE-9 has been added to the Phase 1 programme.
- New producing oil reservoir in “G” sandstone will add incremental oil production. Other zones including primary target “F” sandstone still to be tested:
 - POE-6 producing at a stabilised rate of 45 bopd from “G” sandstone from outside current production area
 - POE-2 producing oil at a stabilised rate of 40 bopd from “G” sandstone.
- New producing oil reservoir in “H” sandstone with POE-3 currently flowing oil on test.
- The Development well POE-5 has been drilled, logged and cased awaiting testing of several potential oil zones encountered in the well.

1. Testing Programme

The Phase 1 drilling programme has been very successful and in all wells, logging data has indicated possible oil pay at several levels. In order to efficiently evaluate the oil potential in these wells production testing on each well will start on the deepest potential oil reservoir first and progressively move up the well to test the shallower zones. Each successfully tested zone will be flow tested for an extended period of up to 1 month to evaluate the flow characteristics in detail to optimise future production.

2. POE-6 Production Testing

The testing of the “G” sandstone, the first of four potential oil zones encountered at POE-6, has been completed with initial rates of flush production greater than 200 bopd recorded before stabilising at approximately 45 bopd. To confirm reservoir performance, the “G” sandstone will be produced for a period of approximately 20 to 30 days before additional shallower zones are perforated. Flow from all additional zones will be commingled with that from the “G” sandstone to maximise commercial production from the well.

POE-6 was drilled in a separate fault block approximately 3 square kilometers in area, located immediately west of the Wichian Buri Oil Field and extending outside the Wichian Buri Production Licence into the L44/43 Exploration Permit. The well was drilled inside the production licence recognising significant updip potential to the north within the exploration permit with the crest of the structure mapped on seismic to be some 100 metres higher to the north of POE-6. Two deviated wells drilled by an earlier operator penetrated the “G” sandstone in this compartment prior to encountering the target ‘F’ sandstone objective in the main Wichian Buri Field, previously the only reservoir completed for commercial production. Both wells encountered good “G” sandstone reservoirs with individual sandstones up to 10 meters in net thickness which were never tested. Further wells will be required to fully evaluate the extent of this new producing oil reservoir.

Prior to the drilling of POE-6 there were no proven reserves assigned to this POE-6 fault compartment and this new oil flow will add significantly to overall reserves base.

3. POE-2 Production Testing

Testing has been completed in the “G” sandstone, one of two zones interpreted as hydrocarbon bearing on the basis of open hole logs. Production is currently stable at 40 bopd and represents the first “G” sandstone production within the main Wichian Buri field. To confirm reservoir performance, the “G” sandstone will be produced for a period of approximately 20 to 30 days before the “F” sandstone is perforated and flow commingled. Prior to the drilling of POE-2 there were no proven reserves assigned to the “G” sandstone in the main Wichian Buri field.

4. POE-3 Production Testing

Testing has commenced from the “H” sandstone, the deepest of three zones interpreted as hydrocarbon bearing on the basis of open hole logs. The well is still cleaning up with no stabilised rates to report; however, oil is being recovered at surface. Upon completion of testing from the “H” sandstone, the “G” and “F” sandstones will be perforated and production commingled. The “F” sandstone encountered at POE-3 is one of the best encountered within the Wichian Buri Field and is 4 meters structurally higher than the WB-1 well, the best producer in the field

5. POE-5 Development Well

Drilling, logging and casing of the POE-5 development well, the 6th well of the now eight well Phase 1 Program (see additional well POE-9), has been completed. Interpretation of open hole logs indicates net hydrocarbon pay of approximately 15 meters in the “F” sandstone and 8 meters in the “H” sandstone. This is the best log result from the “H” sandstone to date from the Phase 1 drilling programme, however, as with POE-3, the hydrocarbon potential of the “G” sandstone is inconclusive on logs and production from the H sand at POE-3 has positive implications for the “G” sandstone in POE-5 as well as POE-3. Testing is anticipated to commence shortly.

6. POE-7 Exploration Well

The Aztec #7 rig is currently moving to POE-7, an appraisal to the Huai Phai-1 (“HP-1”) well drilled in 2002 which encountered 3 meters of hydrocarbons at the top of the “F” sandstone. POE-7 is positioned on the basis of the newly acquired 3D seismic survey and is located approximately 1.5 kilometers south and 75 meters structurally higher than HP-1. The prospect is deemed moderate risk with high impact.

7. POE-9 Exploration Well

POE-9 has just been added to the current drilling program and will be the last well drilled in the Phase 1 drilling programme. The well is located to the south of the Wichian Buri Oil Field and is an appraisal of the Na Sanun-1 well drilled in 1997, which flowed approximately 1,400 bopd from a fractured volcanic sill before watering out. POE-9 is located approximately 400 meters east and 150 meters up dip from Na Sanun-1, targeting a number of volcanic sills within structural closure. Bright seismic amplitudes on the crest of the structure are interpreted to be hydrocarbon indicators. The prospect is also deemed moderate risk with high impact.

CEO Comment

Carnarvon’s CEO Ted Jacobson commented: “We are all excited by the success of the current drilling programme. To date there has been a 100% success rate in both the drilling of the wells and production testing.

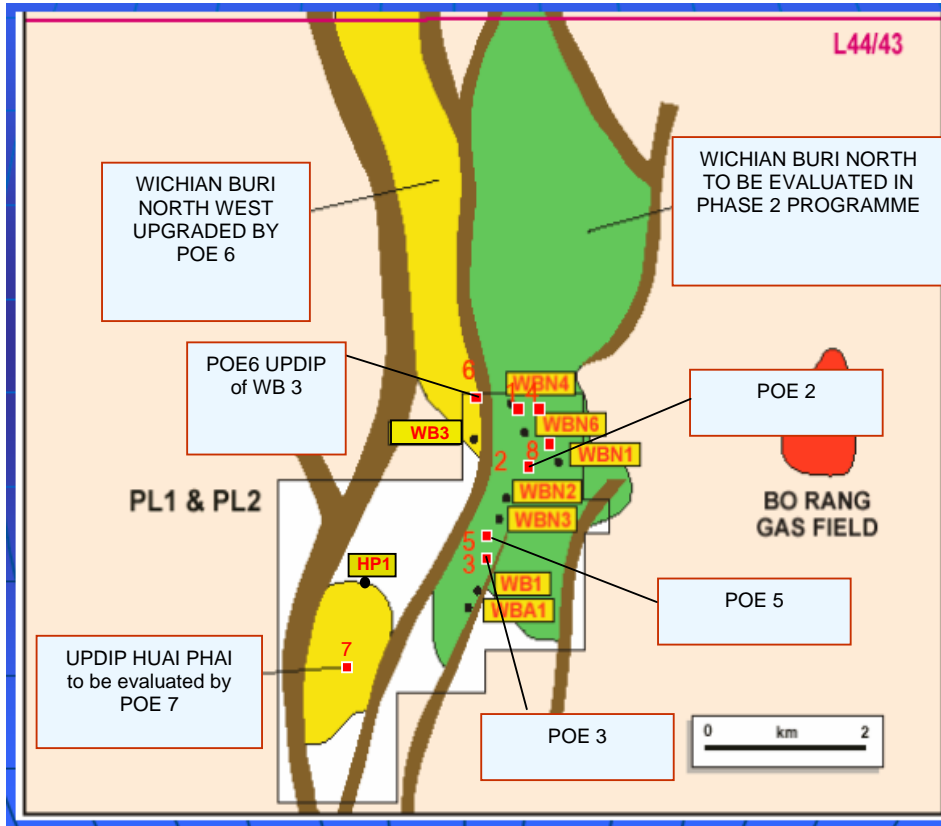
Many potential sandstone reservoirs have been intersected by drilling in the Wichian Buri area with the shallowest been designated the “A” sandstone and the deepest the “H” sandstone. Until the success of the current Phase 1 Drilling Programme, the only producing reservoir in the Wichian Buri Field was the “F” sandstone, so we are particularly pleased with the new oil flows from the deeper “G” and “H” sandstones in the POE-6, 2 and 3 wells which will add incremental production. These two levels have never been flow tested before and are a very important result with more testing to come of the shallower zones.

In addition we are about to drill two high impact exploration wells at POE-7 and POE-9. These two wells are both significantly updip of oil intersections encountered in previously drilled wells, and with good reservoir potential. The drilling of these wells will be an exciting finish to an already exciting programme.”

ASX releases on drilling and production testing at Wichian Buri will continue to be made weekly at the beginning of each week.

Permit Holders

Pan Orient (Operator) 60%
Carnarvon Petroleum 40%



- Oil Field
- Prospective
- Gas Field
- Existing wells
- Phase 1 wells

Figure 1: Location of Phase 1 wells (other than POE-9)

Yours faithfully,

Carnarvon Petroleum Limited

RA Anderson
Company Secretary