



CARNARVON
PETROLEUM
LIMITED
ABN 60 002 688 851

23 November 2006

Company Announcements Office
Australian Stock Exchange Limited

Via ASX Online

Dear Sirs,

DRILLING UPDATE POE-7

On 21 November 2006, the POE-7 exploration well was drilled to a total depth of 1,125 metres. Log and RFT pressure data has indicated that all prospective reservoir zones were likely water bearing. As a result the well will now be plugged and abandoned as unsuccessful.

After the abandonment of POE-7 is complete, the Aztec #7 rig will be utilised for well testing and remedial operations while the drill pad construction for the next exploration well POE-9 is completed. POE-9 is anticipated to spud in early December 2006 and will be the last well of the Phase 1 programme of 8 wells. Meanwhile, testing operations are continuing on the previously drilled and successful 6 wells of Phase 1.

Permit Holders

Pan Orient (Operator) 60%
Carnarvon Petroleum 40%

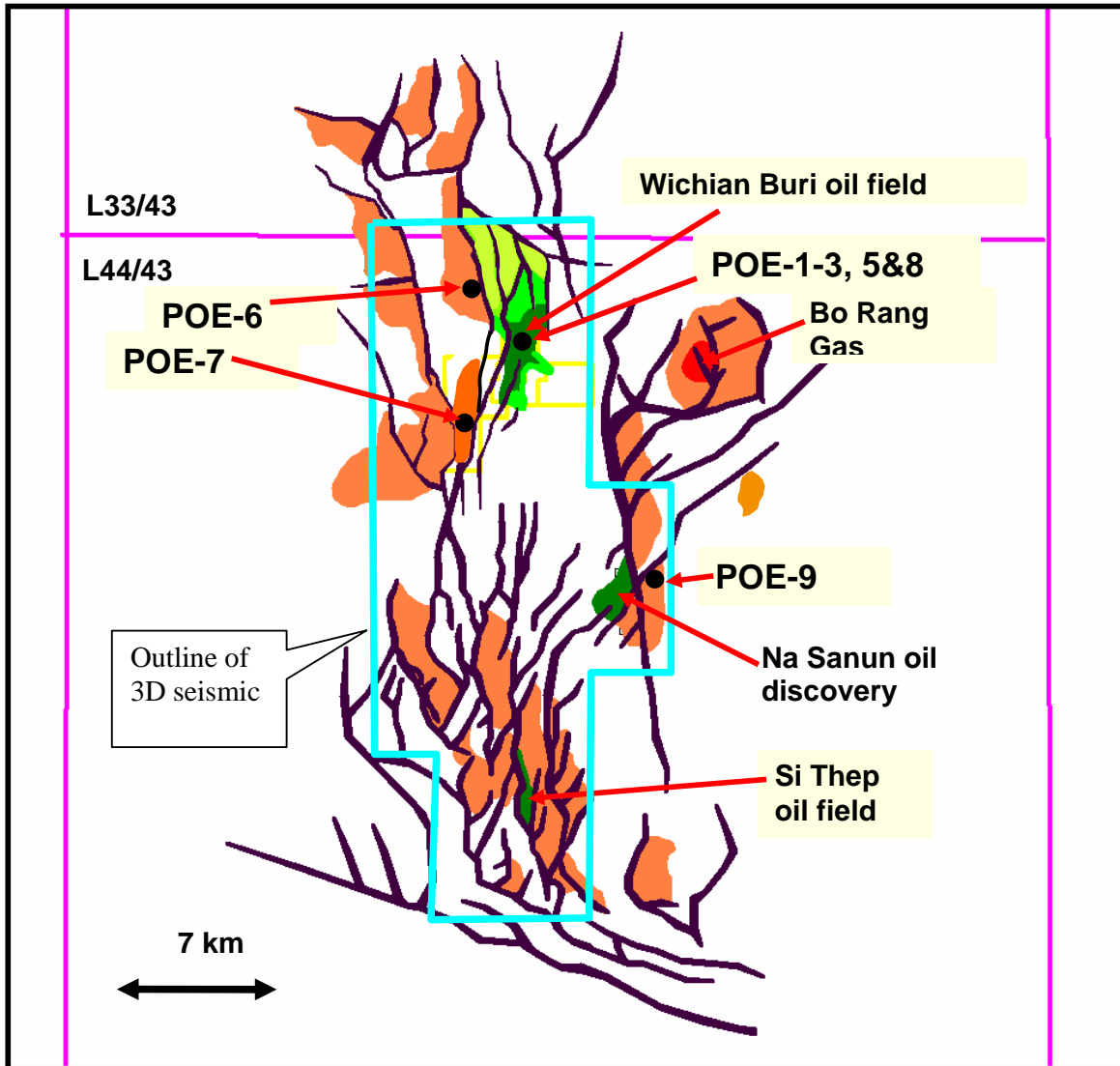


Figure 1: Location Map

Yours faithfully,

Carnarvon Petroleum Limited

RA Anderson
Company Secretary