



CARNARVON  
PETROLEUM  
LIMITED  
ABN 60 002 688 851

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Company Announcements Office  
Australian Stock Exchange Limited

Via ASX Online

Dear Sirs,

## **OPERATIONS UPDATE**

### **HIGHLIGHTS**

- POE-3 is producing oil commingled from “H” and “F” sandstones at stabilised rates of 108 bopd – “G” sandstone is still to be perforated and added to the commingled oil flow.
- POE-1 RD has successfully completed drilling – 8 metres of net oil pay encountered in “F” sandstone.
- POE-5 commingling of “G” and “H” sandstones has commenced – primary target “F” sandstone still to be perforated and production tested.
- POE-2 has been perforated in “F” sandstone and flowing oil to surface while cleaning up.
- POE-9 commenced drilling.

### **OPERATIONS UPDATE**

Of the 8 wells in the Phase 1 drilling programme, 6 have been successful in finding oil pay, one was unsuccessful and one well has commenced drilling (POE-9 which will complete Phase 1). The current success rate of 6 out of 7 wells is excellent, validating the production potential and prospectivity of the Wichian Buri Oil Field and the work being undertaken by the Joint Venture team.

Production testing of the Phase 1 wells and the workover programme of existing production wells is now well underway. Gross field oil production which has been constrained due to the intense field operations is now starting to indicate the anticipated potential of the Phase 1 drilling programme.

The field is currently producing at a gross rate of approximately 275 bopd. However, this rate does not reflect the total production potential of Wichian Buri which is expected to increase further over the next few weeks as:

- several wells which are currently shut in for installation of pumps are brought back into production;
- wells that have just been perforated clean up to give a stabilised oil flow; and
- further oil zones are perforated and commence flowing oil.

The following table summarises the extent of production testing of the various oil intervals intersected in the successful Phase 1 wells in the order in which they were drilled. Those zones currently perforated and flowing oil are expressed in bold italics:

**POE-2**

Net oil pay ~11.4 m

*5.8m F sand – testing oil*

*5.6m G sand – testing oil*

**POE-1**

Re-drill completed

Net Oil Pay 8 metres

8 m F sand

**POE-8**

Net oil pay 9 m

2 m F sand

3 m G sand

4 m H sand

**POE-6**

Net oil pay 14.2 m

4 m F sand

*10.2m G sand – testing oil*

**POE-3**

Net oil pay 29.2 m

*15m F sand – testing oil*

9 m G sand

*5.2m H sand – testing oil*

**POE-5**

Net oil pay 28 m

15 m F sand

*5m G sand – testing oil*

*8m H sand – testing oil*

**POE-1 RD DEVELOPMENT WELL – Completed Drilling**

POE-1 RD was drilled to a total depth of 995 metres. The well encountered 8 metres of very good quality “F” sandstone in the northernmost and structurally highest position drilled to date in the main Wichian Buri Field. Drilling was terminated above the deeper “G” sandstone to avoid the drilling difficulties experienced in the previous POE-1 well. Production testing is anticipated to commence shortly.

**POE-9 EXPLORATION WELL – Commenced Drilling**

POE-9 will be the last well in the Phase 1 drilling programme. This well is an updip appraisal of the Na-Sanun-1 oil discovery in 1997, which flowed approximately 1,400 bopd from a fractured volcanic sill before watering out.

POE-9 is located approximately 400 metres east and 150 metres updip from Na Sanun-1, targeting a number of volcanic sills in structural closure. Carnarvon has assigned the prospect a chance of success of 25% with high impact to the Company if successful. Drilling of this well is anticipated to be completed by the end of December 2006.

### **POE-3 DEVELOPMENT WELL - Production Testing Update**

POE-3 is flowing oil at a stabilised rate of 108 bopd from the commingled "F" and "H" sandstone reservoirs. Should the "G" sandstone testing be successful at POE-5, the "G" sandstone in POE-3 will also be perforated and flow tested in due course.

### **POE-5 DEVELOPMENT WELL – Production Testing Update**

Production from the "H" sandstone only previously reached a stabilised rate of approximately 22 bopd. The "G" sandstone has now also been perforated and commingled production from both the "H" and "G" zones is flowing to surface. New flow rates will be announced once they reach stabilised levels. The "F" sandstone level will be perforated in due course and oil flow commingled with the "G" and "H" production.

### **POE-2 DEVELOPMENT WELL – Production testing Update**

POE-2 has now been perforated in the "F" sandstone in addition to the previously perforated G sandstone, and commingled oil is flowing to surface.

### **WORKOVER PROGRAMME**

The production wells WB-N7 and WB-N8 have been re-completed in the "F" and "G" sandstone reservoirs and beam pumps installed. These wells were previously only completed in the F sandstone, and production from the two reservoir levels will be commingled to maximise oil production. The WB-N8 well is currently flowing oil at a much enhanced rate and reaching a stabilised level. Work is progressing on WB-N7.

Other existing production wells within the Wichian Buri Oil Field will also be re-completed to enhance production.

Carnarvon will inform the market of any significant changes in oil flow rates once flows reach stabilised levels.

### **CORPORATE UPDATE**

The completion of POE-9 before year end will mark the end of the Phase 1 work programme at the Wichian Buri Oil Field.

In the new year, Carnarvon will continue the production testing and workover programmes, with a view to maximising oil production and hence cashflow from historical and Phase 1 wells. The Joint Venture has one small workover rig contracted specifically for this purpose in addition to a larger rig for well drilling operations

Well locations are being reviewed for the Phase 2 drilling programme which is planned to commence early in the new year.

### **Permit Holders**

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

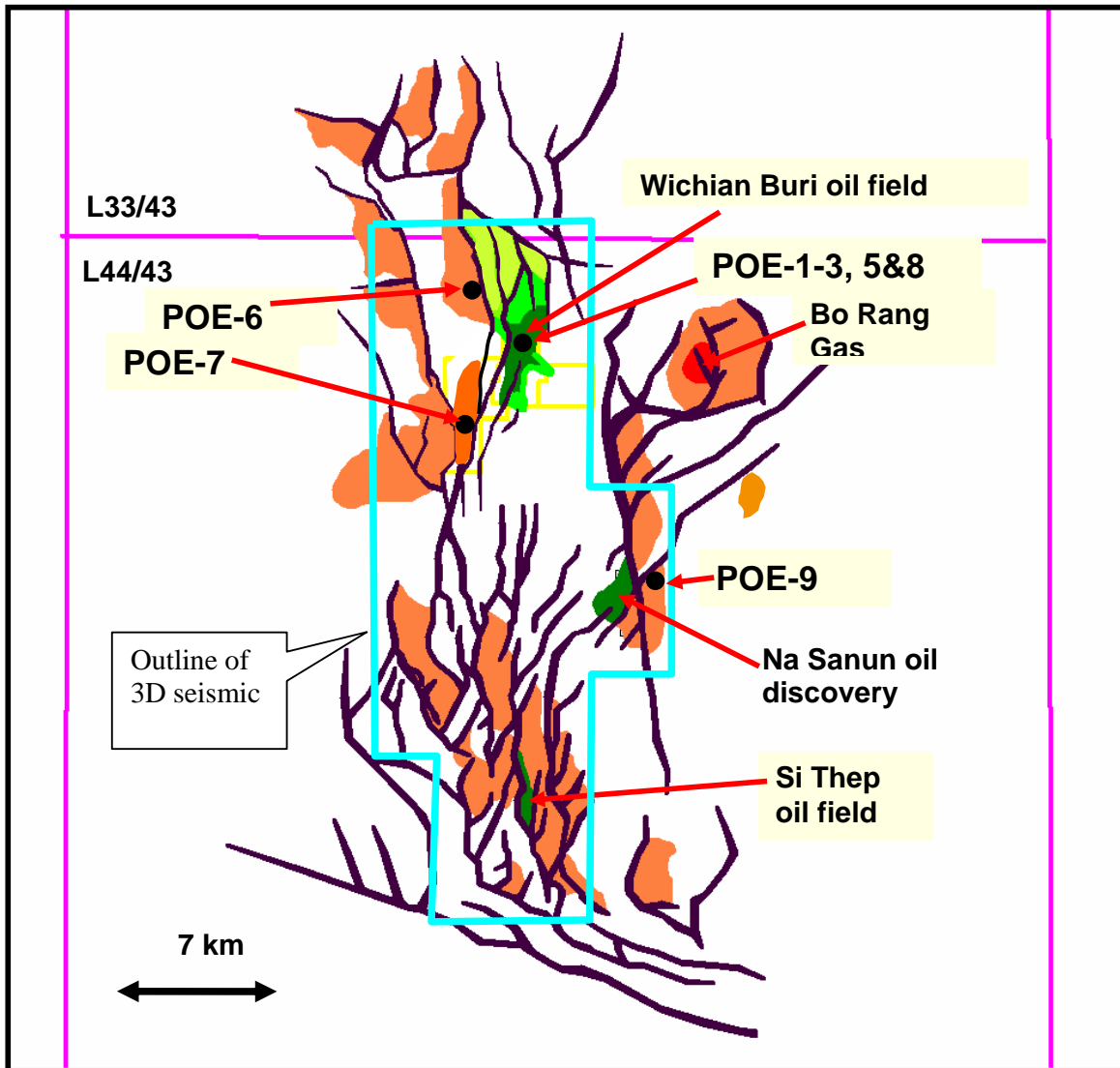


Figure 1: Location Map

**GLOSSARY**

|                       |  |
|-----------------------|--|
| bopd                  | barrels of oil produced per day  |
| commingled production | oil produced from several zones in same well                           |
| perforate             | puncture holes in casing to permit the flow of oil                     |
| workover              | re-enter an existing well bore to carry out reservoir maintenance      |
| cleaning up           | initial flow from a well returning drilling fluids and muds to surface |

Yours faithfully,

Carnarvon Petroleum Limited

RA Anderson  
Company Secretary