

# Thailand Operations Update

29 May 2012



Carnarvon Petroleum Limited ("Carnarvon") (ASX:CVN) provides shareholders with an update on operations in the L33/43, L44/43 and SW1A concessions onshore Thailand where Carnarvon has a 40% equity interest.

## Highlights

- New wells at NS-4A and NS-9A initially flowed over 200 bopd (gross) each before settling at between 50 and 100 bopd (gross) each.
- Following completion of the above wells the drilling rig was demobilised from the field to enable technical and preparatory work to be undertaken, before it returns in June 2012.
- A workover campaign, focusing on optimising artificial lift systems and testing new zones within existing wells, successfully increased production and appraised previously untested reservoir formations.
- In mid-May approximately 465 BOPD (gross) of production was temporarily shut in at Concession L44/43 while the company awaits the approval for long term use on surface lands held by the Agricultural Land Reform Office (ALRO) of the Government of Thailand. Production is anticipated to be brought back on by mid-August 2012.
- The environmental impact assessment ("EIA") application, to develop the sandstone and volcanic reservoirs in the WBEXT field, is advancing through the Government approval process. The joint venture, similar to other oil and gas operations within the country, is experiencing delays in this approval process.
- Carnarvon's management are meeting with the purchaser of Pan Orient's 60% interest in L33/43, L44/43 and SW1A concessions in Thailand during the week commencing 28 May 2012.

## Drilling

### NS-4A Exploration Well

The NS-4A well explored a volcanic interval below the main productive zone at Na Sanun. This interval was water bearing. The zone was isolated and a sandstone interval was tested above the producing Na Sanun volcanic. The well produced 250 BOPD gross (100 BOPD net to Carnarvon) upon commissioning and is now producing 50 BOPD gross (20 BOPD net to Carnarvon).

This sandstone interval above the main Na Sanun volcanic, although relatively thin with four metres of net oil pay, appears on seismic data to cover a substantial area of around 1.6 km<sup>2</sup>. This new discovery has been successfully tested in the NS-4A and NS-4 workovers, and two immediate follow up wells are planned for this sandstone.

## **NS-9A Appraisal Well**

The NS-9A well appraised the main volcanic interval of the Na Sanun field. The well was commissioned at 580 BOPD gross (232 BOPD net to Carnarvon). Water production has been encountered and the well is currently producing 70 BOPD gross.

## **Workovers**

### **NSE-F7 Pump Replacement**

The NSE-F7 well stopped producing due to a faulty submersible pump. A pump replacement allowed the well to be recommissioned at 170 BOPD gross (68 BOPD net to Carnarvon). The well is now producing at 80 BOPD (32 BOPD net to Carnarvon).

### **NSE-F5 Artificial Lift Upgrade**

Flow from the NSE-F5 well was restricted by gas production causing pump inefficiencies. A gas handling packaged was added to the existing artificial lift system. The well is now producing 63 BOPD gross (25 BOPD net to Carnarvon)

### **L44-G3 Recompletion**

The existing perforations in this well failed to produce at commercial rates. The existing perforations were isolated and a new zone was tested. The well tested oil at sub-commercial rates but is planned to be re-drilled horizontally later in 2012.

### **NSE-A3 Recompletion**

The NSE-A3 well was shut in as production has depleted the open zone. The depleted interval in this well was isolated and a new zone was tested. The new zone was tight and failed to produce at commercial rates.

### **NS-4 Recompletion**

The NS-4 well has produced over 115,000 barrels (46,000 barrels net to Carnarvon) from a volcanic interval. The volcanic interval has been depleted and the well was shut in after it could no longer flow at commercial rates. The volcanic interval was isolated and the equivalent sand from NS-4A was perforated. The NS-4 well tested 220 BOPD gross and is currently producing 96 BOPD gross (38 BOPD net to Carnarvon) from this sandstone reservoir.

### **NSE-E3ST1 Pump Replacement**

The NSE-E3ST1 well was unable to flow due to a malfunctioning pump. The pump was replaced and the well was recommissioned at 288 BOPD gross (115 BOPD net to Carnarvon), significantly above the production rate before the pumping issues. Flush production has since subsided and the well is flowing at rates experienced before the pump problems.

## **WBEXT-1F Re-perforation**

The existing producing zone was re-perforated in an attempt to increase the production rate and oil recovery. The well is currently producing 72 BOPD gross (29 BOPD net to Carnarvon).

## **Thailand Production**

Thailand production for the June 2012 quarter to date has averaged approximately 1,660 BOPD gross (665 net to Carnarvon). Production increases from current levels are anticipated from:

1. the approval for long term use of ALRO land (456 BOPD gross shut in at present),
2. commencement of the sandstone development program (10 to 15 well program ready to commence once the application has been approved), and
3. successful volcanic appraisal wells.

## **Pan Orient Sales Process**

On 23 May, 2012 Pan Orient announced that it has entered into an agreement for the sale of its operated 60% interest in Thailand Concessions L44/43, L33/43 and SW1 for a cash price of USD \$170 million plus approximately USD \$8 million for working capital and other adjustments.

The consideration of US\$170m for Pan Orient's 60% interest translates into US\$113 million or \$0.16 per share for Carnarvon's 40% interest in these assets.

The sale agreement provides for closing on or about 15 June 2012 and for Pan Orient to undertake a hand over of field and technical operations over the next six months.

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Yours faithfully



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