

# THAILAND OPERATIONS UPDATE

26 November 2010



## CONCESSION L44/43

### WICHIAN BURI EXTENSION FIELD

The production license application for the WBEXT field was submitted on November 22, 2010 and approval has historically been received 90 days from the date of submission. In the meantime wells within the WBEXT Field are produced on a 90 day production test period, following which they are shut in until approval of the production licence.

### WBEXT-1C Appraisal Well

The WBEXT-1C well is currently producing during a 90-day production test from the WBV1 volcanic reservoir at a rate of 3,500 BOPD with a flowing bottom hole pressure 1,197 psia and a water cut of less than 0.05%.

A shallow 10 meter thick volcanic zone was also encountered in the well approximately 150 meters above the main WBV1 objective with severe drilling fluid losses (an indicator of good permeability), elevated mud gas readings and oil observed in samples and at surface. A future well is planned to evaluate this new target.

### WBEXT-1 Production Well

The adjacent WBEXT-1 well producing 3,500 bopd from the WBV1 volcanic reservoir was shut in on November 2, 2010 as required at the termination of its 90-day production test and as outlined in a prior press release. The WBEXT-1C well is within 200 meters of the offsetting WBEXT-1 well, and the WBEXT-1 well may be recompleted to produce from a different sandstone or volcanic zone.

### WBEXT-2ST2 Appraisal Well

The WBEXT-2ST2 well is currently shut in with no fluid influx into the well bore after briefly flowing approximately 500 barrels of oil and 1,500 barrels of water. The test results from this well are currently being investigated as to an explanation for the sudden drop of fluid level and bottom hole pressure with the possibility that the WBV2 volcanic zones at WBEXT-1 well and WBEXT-2 well may not be part of the same hydrocarbon pool.

L33 Production  
Licence Approved

WBEXT Production  
Licence Application  
Submitted  
22/11/2010

WBEXT-1C Currently  
Producing 3,500  
BOPD

WBEXT-3 Currently  
Drilling Targeting  
WBV1 Approximately  
2km North East Of  
WBEXT-1

WBEXT-2A To Be  
Side Tracked To  
Target WBV3  
Volcanic

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## **WBEXT-3 Appraisal Well**

The WBEXT-3 well is being drilled from a surface location approximately two kilometers northwest of the WBEXT-1 surface location and is targeting various volcanic and sandstone intervals equivalent to those found hydrocarbon bearing in wells drilled from the WBEXT-1 drilling pad. The well is currently drilling ahead at a true vertical depth (“TVD”) of approximately 800 meters after logging what are interpreted as potentially oil bearing sands between 450 to 490 meters TVD and 510 to 540 meters TVD. At 796 meters TVD a volcanic zone was encountered that resulted in total drilling fluid losses (no returns) and the decision to set casing. The current plan is to drill ahead approximately 140 meters to determine if any further volcanic zones are present and to then complete the well for testing.

At the completion of drilling at WBEXT-3, the rig will move on to the WBEXT-2AST1 location to sidetrack the original wellbore in order to target the WBV3 unproven volcanic zone at a location interpreted to be more highly fractured than at the original WBEXT-2A location which was tight with the recovery of no fluid when tested as announced in an earlier press release.

## **WBEXT-1A Appraisal Well**

The WBEXT-1A well is producing during a 90-day production test period until early December. The initial production test rate of 3,000 BOPD has been choked back to 200 BOPD as a result of water incursion.

## **CONCESSION L33/43**

### **WICHIAN BURI EXTENSION FIELD**

Appraisal drilling of the portion of the WBEXT field in Concession L33/43 will commence in the first quarter of 2011 as drilling within the structure progresses northwards from L44/43 into L33/43.

### **L33 FIELD**

The L33-1 and L33-2 oil fields discovered during the third quarter of 2010 represent the first discovery of hydrocarbons at commercial rates in Concession L33. No oil production could be sold from wells in Concession L33 until a point of sale had been established by a production license in the Concession, granted by the Thailand Department of Mineral Fuels. A production license was granted in November and the Joint Venture is waiting for the final environmental approval for production. Meanwhile, production and sale of oil from these wells commenced on November 20, 2010 under a 90-day production test. The L33-1 well is currently producing 800 BOPD and the L33-2 well is currently producing 650 BOPD.

## **PRODUCTION**

Oil sales in October 2010 averaged 8,648 BOPD gross to the JV. Oil sales are expected to be approximately 6,000 BOPD gross in November limited by the shut-in of the WBEXT-1 well at the beginning of November (having completed its 90-day production test), the increase in water cut from the WBEXT-1A well and new wells which came on-stream at WBEXT-1C, L33-2 and L33-1 in the second half of November. Current production is approximately 8,000 BOPD gross with the two L33 wells initially being produced at a combined 1,450 BOPD, which is less than the rates tested for these wells, as the wells are being observed for production performance during this initial period. At this stage, Carnarvon management believes the guidance previously given for the Joint Venture to produce between 1 to 1.5 mmbbls per annum will be met.

## Thailand 2010 Drilling – Concessions L33/43 & L44/43

