

# Permit Acquisition

## Tuatara-1 Drilling July



Carnarvon is pleased to announce that Carnarvon (NZ) Pty Limited, a wholly owned subsidiary of Carnarvon Petroleum Ltd, has farmed into PEP38524, offshore Taranaki Basin in New Zealand. Carnarvon will contribute towards the cost of the Tuatara-1 exploration well ("Tuatara-1") to earn a 10% participating equity interest from AWE New Zealand Pty Ltd. The farm-in agreement between Carnarvon and AWE is conditional only upon relevant New Zealand Government approvals.

Tuatara-1, which is due to be drilled next month in July 2010, will target approximately 80 to 100 MMBBL of potential recoverable oil reserves. The well, which is planned to be drilled to a depth of 2,000 metres, will be located in 50 metres of water, around 15 kilometres offshore to the north of New Zealand's South Island. The Tuatara prospect is interpreted to contain Moki sandstone reservoirs typical of a Taranaki Basin-style structural trap. Seismic expression over the structure is similar to the Maari oil field, the largest crude oil field in New Zealand, which is located 80 kilometres to the northwest of Tuatara-1. In particular encouraging seismic amplitudes over the structure are interpreted to represent possible migration of hydrocarbons into the trap.

The decision to invest in New Zealand and specifically Tuatara are as follows:

- Fiscal terms in New Zealand are very attractive when compared to Carnarvon's other regions of focus in SE Asia and Australia
- New Zealand is a very low sovereign risk country
- The operator AWE is highly respected and technically competent
- If successful a 10% interest in Tuatara will add a meaningful addition to Carnarvon's oil reserves of 8 to 10mmbbls net
- Expenditure commitments are within Carnarvon's financial capabilities with Tuatara-1 estimated to cost between US\$16mm and US\$20mm (Carnarvon share US\$2.4mm to US\$2.8mm).

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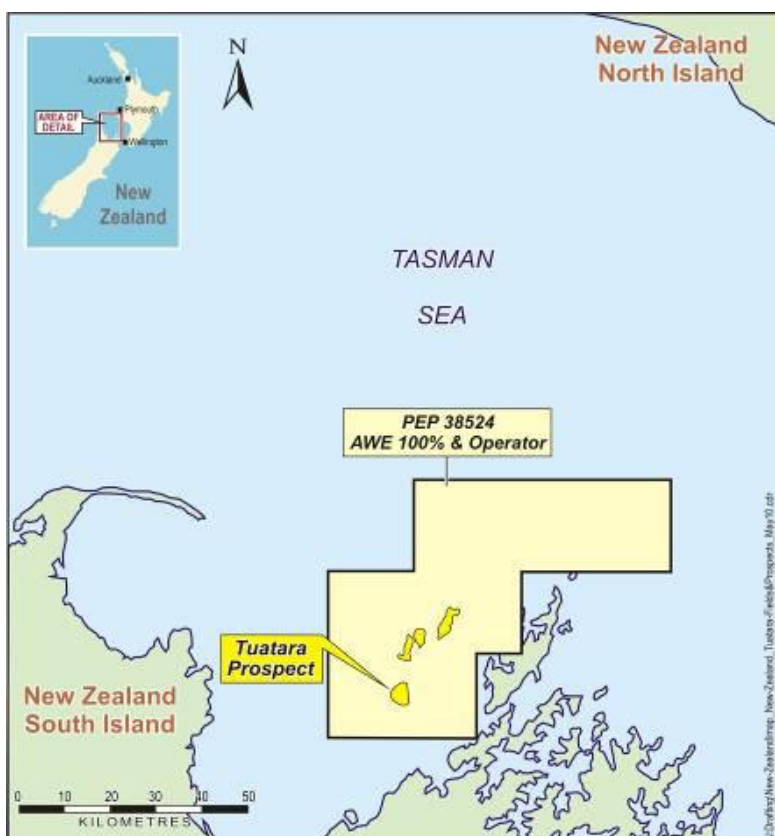
[www.carnarvon.com.au](http://www.carnarvon.com.au)

- Tuatara-1 meets Carnarvon’s strict new venture guidelines covering compelling technical and commercial fundamentals
- Seismic amplitudes provide encouragement that hydrocarbons have migrated through the structure
- Tuatara-1 is a relatively low risk exploration prospect with an estimated chance of success of about 25%

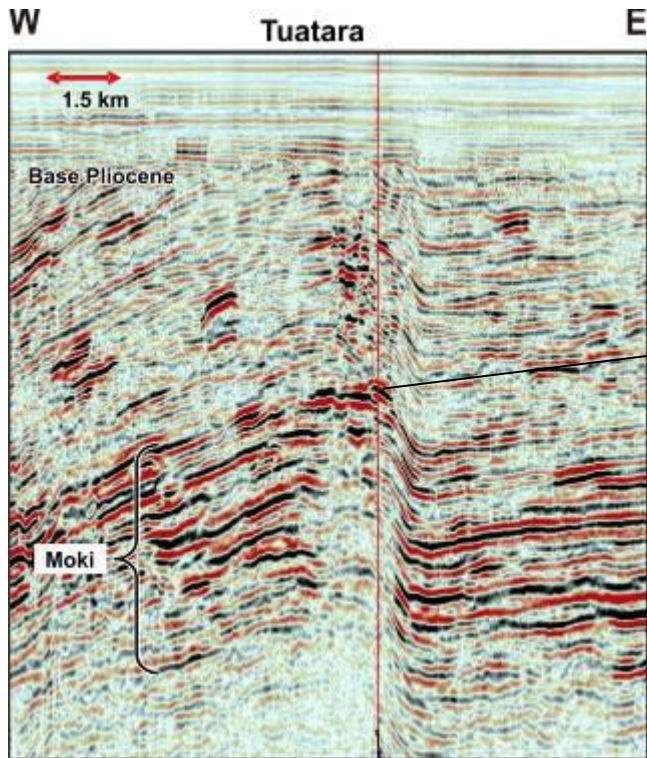
Carnarvon’s CEO Ted Jacobson commented “We see a lot of exploration opportunities within Southeast Asia and Australasia, but many do not fit our strict new venture guidelines. However we believe Tuatara is a quality prospect that is well defined on seismic and ready to drill now. If successful it would add significantly to our current oil reserves. New Zealand is one of our favoured places to invest with very good fiscal terms, a supportive Government and certainly within our time zone of operations.”

As a result of the farmin, the PEP38524 joint venture will comprise

Carnarvon	10%
AWE	65% and operator
ROC	15%
KEA Petroleum	10%



Tuatara-1 is located in 50 metre water depth, 15 kms offshore North Island and with a Potential size of 80 – 100 mmbbls recoverable oil



Tuatara-1 is located on a well defined structural closure with seismic amplitudes indicating possible hydrocarbon entrapment