

# Thailand Operations Update

15 April 2010



## Thailand L44 Concession

Starting in February 2010 the Joint Venture began drilling with a new drilling rig with superior equipment and which is better suited to horizontal drilling. This new drilling rig is capable of drilling approximately three wells per month, improving drilling performance, and reducing the overall cost of drilling.

The Operator has set an oil sales target of an average 10,000 BOPD gross

Full scale development of the Bo Rang B, Bo Rang A, L44-W and NSE-F1 discoveries made in 2009 will commence towards the end of April when four surface pads, capable of handling three wells per pad, are completed. This drilling is part of the remaining development well program planned for the remainder of 2010 with up to 27 wells utilizing a single drilling rig. In the event of oil prices remaining near current levels, consideration will be given to utilizing a second rig to target the significant exploration potential that is currently undrilled in Concession L44.

Exploration drilling will commence upon the completion of this current phase of development and appraisal drilling.

In the first quarter of 2010, the Joint Venture drilled five wells. Two horizontal development wells were drilled at Bo Rang "B" (L44V-D3 and L44V-D4) and are each on production at 600 BOPD gross (240 net to Carnarvon). The NSE-G3 exploration well drilled in the first quarter is currently suspended and will be re-entered and sidetracked in order to test a deeper volcanic objective after completion of the current development drilling program. The NSE-E3 horizontal well has been drilled on the NSE-E1 structure and is currently being tested. The NSE-H3 well is currently drilling through the primary reservoir objective.

Further information on current operations will be provided to shareholders shortly via the Company's March 2010 Quarterly Report.

The current political situation in Thailand has not affected the Joint Venture's operations in any way and is believed by the Operator's management to be unlikely to affect operations in the future. Any change to this assessment will be immediately communicated to shareholders.

New drill rig capable of three wells per month

Operator's oil sales target in 2010 an average 10,000 bopd gross

Development of four discoveries in 2009 to commence in April 2010

Five wells drilled in the first quarter of 2010

Current political situation in Thailand has not affected production

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