CARNARVON
PETROLEUM
LIMITED
ABN 60 002 688 851

17 December 2003

Company Announcements Office
Australian Stock Exchange Limited
Exchange Centre
20 Bond Street
SYDNEY NSW
Via ASX Online

Market Information Services Section
New Zealand Stock Exchange
Caltex Tower
286 – 292 Lambton Quay
WELLINGTON NZ
Via Email

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Dear Sirs,

SUBJECT: HUAI PHAI-1 DRILLING REPORT

The repeat formation tests (RFTs) of the Huai Phai–1 exploration well have been completed. The Joint Venture partners have now agreed to production test the well. Production testing will occur once production casing has been run. Current operations are to run the production casing and to cement it in place. The Aztec 7 rig will then be demobilized from the Huai Phai well site and perforation of the casing will commence ahead of the production testing. Pacific Tiger, the Operator, will report on formation fluid types and flow rates once the production testing has been completed.

The Huai Phai-1 exploration well is located 1.5 kilometres to the northwest of the producing Wichian Buri oilfield. The HP-1 well is the first of a three well program. The second round of drilling, due to commence in January 2004, will comprise the horizontal development wells, N7 and N8, in the northern part of the Wichian Buri oilfield. The Deutag T48 rig will be used for the development program.

Carnarvon's interest in HP-1 is 40% with Pacific Tiger Energy Inc. being the remaining participant at 60%.

Yours faithfully,
CARNARVON PETROLEUM LIMITED

Trevor Irwin
Company Secretary

Enquiries can be directed to: David Orth or Trevor Irwin on 61 3 9225 5400

Level 50, 120 Collins Street, Melbourne, Victoria 3000
Telephone: 61 3 9225 5400 Facsimile: 61 3 9225 5050
e-mail: admin@carnarvonpetroleum.com