



CARNARVON
PETROLEUM
LIMITED
ABN 60 002 688 851

23 March 2004

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

Dear Sirs,

SUBJECT: Phase III Drilling

Pacific Tiger Energy, Operator of the Wichian Buri Oil Field in central Thailand, is continuing production testing on the Company's recently drilled WB-N7 and WB-N8 wells. A small work over rig is now conducting clean-up operations on the well sites.

Horizontal and multi-lateral drilling was a new type of drilling on this field and extensive testing is required to insure the stability of long-term production. The horizontal and multi-lateral drilling of WB-N7 and WB-N8 intersected significant intervals of oil-bearing sandstone reservoir. The Operator will provide production flow rates for release once optimisation testing has been completed and production rates have stabilized.

The initial production flow rates from WB-N8 have been within the expected range and have been variable as pump rate optimization studies continue. Pressure tests on WB-N8 have indicated that the pump rate and reservoir drawdown can be increased to increase immediate production. The Operator expects that the lowering of tubing deeper into the well will further optimize pumping.

Initial tests on WB-N7 indicated a need for further well clean up. The operator expects to be back to pumping on WB-N7 early this week. The work over on N7 will allow stabilized flow rates to be established enabling the application for Production License 3 in the near term.

On the basis of the information to hand so far, the Company expects WB-N8 and WB-N7 to provide continuing production and cash flow to the JV over the long term. Carnarvon is closely monitoring the ongoing operations in Thailand and will make additional releases as soon as the information is available.

Carnarvon's interest in the SWIA Joint Venture is 40% with Pacific Tiger Energy Inc. being the remaining participant at 60%.

Yours faithfully,
CARNARVON PETROLEUM LIMITED

Trevor Irwin
Company Secretary

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