



CARNARVON
PETROLEUM
LIMITED
ABN 60 002 688 851

11 September 2006

Company Announcements Office
Australian Stock Exchange Limited

Via ASX Online

Dear Sirs,

**CARNARVON WEEKLY DRILLING REPORT
POE-6 CURRENTLY DRILLING**

The Phase 1 drilling programme at the Wichian Buri Oil Field, Thailand commenced on 11 July 2006 and is currently progressing with the drilling of the 4th well of the planned 7 well programme (recently extended from 6 to 7 wells).

Recent Activity:

1. POE-8 Development Well

On September 1 2006, the POE-8 well (well # 3) was drilled to a total depth of 1,312 metres, approximately 200 metres below the initially planned total depth of 1,100 metres. The deepening of POE-8 was a decision made on the basis of strong indications of hydrocarbons (both oil shows and high mud gas readings) encountered while drilling below 1,100 metres.

Logging indicates hydrocarbon pay of approximately 2 metres within the F sand, 3 metres within the G sand and 4 metres in a deeper sand at 1,250 metres. Neither the G nor the deeper sand has been flow tested on the concession to date.

Log interpretation also suggests that hydrocarbons may be present in shallower zones at 615 metres, 635 metres, 660 metres and 785 metres and in a deeper hydrocarbon zone within a fractured volcanic sill at 1,155 metres. Testing will be required to determine the hydrocarbon potential of these additional zones.

Drilling of the POE-8 well has now been successfully completed and the well has been suspended ready for production testing using the smaller workover rig currently operating on site.

This is an encouraging result with possible hydrocarbon pay interpreted from logs at several levels throughout the well from shallow depths of 615 metres to 1,250 metres. In particular, the log interpreted zone of possible shallow hydrocarbons intersected at 615 metres is consistent with similar log results in POE-2 and other adjacent wells. This interval has previously not been tested and successful flow testing at this level could add significantly to the reserves at the greater Wichian Buri Field.

2. POE-2 Development Well

Further analysis of the logging data at the POE-2 well (well # 1) indicates a zone of possible hydrocarbon pay of approximately 7 metres in the shallower section at a depth of 572 metres. This zone has never been flow tested before and will require testing to determine the hydrocarbon potential.

Current Activity:

1. POE-6 Exploration Well – Commences Drilling Operations

The POE-6 well was spudded yesterday, September 11th (well # 4) and is located 500 metres north and 35 metres structurally up dip from WB-3, a well drilled in the late 1980's that flowed oil to surface from a thin oil column over water. POE-6 will test a large area of possible reserves within a separate fault block to the west of the main Wichian Buri field. A success at this well could add significant additional reserves to the greater Wichian Buri Field.

Forward Programme:

1. Ongoing Phase 1 Drilling Programme

The Following wells are planned to be drilled for the remainder of Phase 1 following on from POE-6:

POE-5 Development Well
POE-3 Development Well
POE-7 Exploration Well

It also planned that the drilling rig will return to POE-1 well (well #2) to remove the drill pipe in the hole and complete drilling to total depth. Logs will then be run to evaluate potential oil zones within the well including both the "F" and "G" sandstone levels.

At completion of drilling, wells are being cased and suspended ready for production testing using a more cost effective smaller workover rig, currently on site performing workover operations on existing wells to improve oil flow rates. It is now anticipated that the scheduled programme of long term production testing of all wells will commence sequentially early next month.

2. Reassessment of Previous Wells

Following the encouraging results from the log analysis of POE-8 and POE-2, Carnarvon will be undertaking a further analysis of all previous wells drilled at the Wichian Buri Oil Field with a view to identifying hydrocarbon zones overlooked by the previous Joint Ventures.

Permit Holders

Pan Orient (Operator) 60%
Carnarvon Petroleum 40%

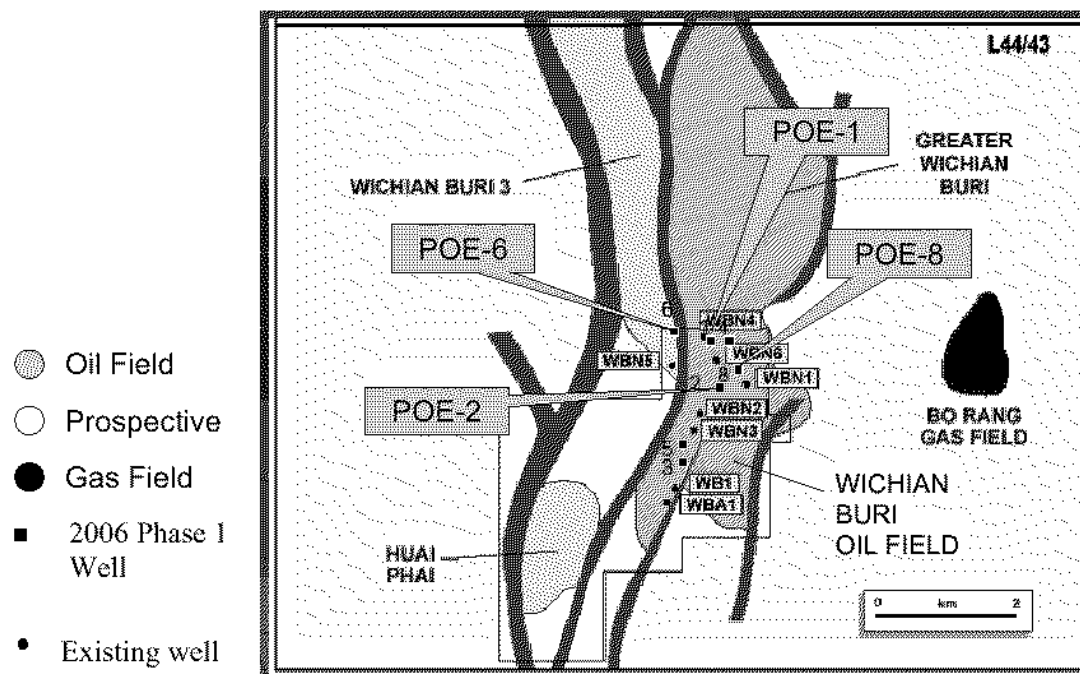


Figure 1: Location of POE wells

Yours faithfully,

Carnarvon Petroleum Limited

RA Anderson
Company Secretary