

Letter of Notice and Invitation for Consultation

The purpose of this letter is to inform you, as relevant stakeholders in the region, about Carnarvon's upcoming operations in Permit WA-523-P. You are invited to seek additional information or raise any concerns you may have as part of the ongoing consultation process for the project.

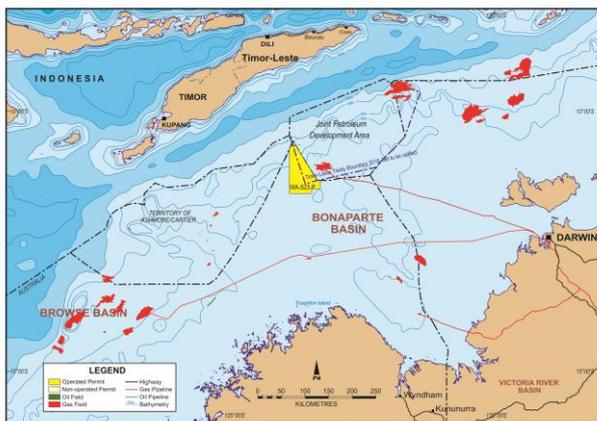


Figure 1. Location of WA-523- P and Buffalo Operations

Carnarvon is committed to protecting the health and safety of all employees, contractors and community who come into contact with its operations, to protecting the environment that we operate in and ensuring that our activities are not harmful to the environment or the greater community.

Overview

Carnarvon Petroleum Ltd (Carnarvon) is a Perth based oil and gas exploration company listed on the Australian stock exchange (ASX: CVN). Carnarvon is preparing an Environment Plan to undertake drilling within the WA-523-P permit area. The Environment Plan is for up to three appraisal wells (Buffalo-10, 11 and 12) in the Buffalo field. Appraisal and production wells have previously been drilled on the Buffalo field.

The proposed Buffalo drilling activities are located on in the Timor Sea, approximately 560 km north-west of Darwin (**Figure 1**). The permit area is in Australian waters, adjacent to the Joint Petroleum Development Area (JPDA).

A 500 m radius safety exclusion zone will be in place around the drilling location for the duration of the drilling program. All planned activities will be contained within the permit area. Approximate location details are provided below.

- Lat: 10 40' 19.632" S: Long: 126 6' 27.957" E
- Approximate water depth – 27 m LAT.

Timing and Duration of Activities

Drilling of the first well is proposed to commence in Q3 2019. Drilling of each appraisal well is expected to be approximately 35 days inclusive of rig positioning. However, this may extend in the event of technical difficulties or delays, for example due to weather.

Up to two additional two wells may be drilled from the same location, depending on the results from Buffalo 10, and subject to rig availability. These wells are likely to be drilled between 18-24months after the completion of Buffalo 10.

Operations will be carried out 24 hours per day, 7 days per week, except where controls developed in the Environment Plan or associated safety case require otherwise. Timing and duration of these activities is subject to change due to drilling rig/vessel availability, unforeseen circumstances and weather.

Description of Activity

The proposed appraisal wells will be drilled in many phases. The first phase is called 'spudding'. This is where the initial hole will be drilled and the conductor casing will be cemented into the ocean floor. Next, the well will be drilled inside the casing to the desired depth. The well will then be cased and cemented to prevent the hole from collapsing and contain formation pressure. This process of drilling and casing continues as required until reaching the target reservoir.

During drilling, drilling fluids and 'muds' will be injected into the well which helps to consolidate the walls of the well and help bring rock samples back to the surface.

To prevent water, oil or gas from flowing out of the well, a blow-out preventer (BOP) is installed on top of the wellhead. The BOP is used for controlling and monitoring the well during drilling operations. A marine riser will also be installed to provide a physical connection between the well and drill rig. At the end of this exploration and appraisal drilling activity, the wells will be temporarily suspended, using appropriate and best practice barriers within the well to make the well safe.

Vessel and Drill Rig

Drilling will be undertaken by a jack-up drilling rig. Support vessels will be required for the duration of drilling activities. They are used to transport equipment and materials between the drilling rig and Darwin. One vessel will be present at the drilling rig on standby at all times, and others will transit out of the Operational area to port for both routine and emergency operations.

Helicopter operations will also be used to transport staff to the rig.

Receiving Environment

The permit area is located outside of any established and proposed Commonwealth and State/Territory Marine Protected Areas, and outside of established shipping fairways. The drilling activities are planned to be undertaken in a previously disturbed area that is dominated by macro- algae and rubble. There are no Critical Habitats or Threatened Ecological Communities, as listed under the EPBC Act, present in the operational area. EPBC Listed species including whales, turtles and migratory birds may transit the area.

Environmental Management

Carnarvon has an established history of safely and successfully drilling exploration, appraisal and production wells in joint venture partnerships in Australian offshore waters.

Carnarvon has undertaken an environmental risk assessment for the proposed drilling program, considering timing, duration, location and potential environmental impacts arising from drilling activities. As a result, a number of mitigation and management measures will be implemented during the proposed drilling program.

A summary of potential key risks and associated management measures identified for the proposed WA-523-P appraisal well drilling program is provided below, in **Table 1** which will be further detailed and developed in the activity Environment Plan (EP).

Table 1. summary of potential key risks and associated management measures identified for the proposed WA-523-P appraisal well drilling program.

Potential Risk and/or Impact	Mitigation and / or Management Measure
Planned activities	
Exclusion zone for marine users	<ul style="list-style-type: none"> • A 500 m radius exclusion zone will be in place around the drill rig for the duration of the drilling program. • Notice to Mariners • Stakeholder Consultation
Physical Presence	<ul style="list-style-type: none"> • Anchor Management Plan • Habitat Mapping
Noise and Light emissions	<ul style="list-style-type: none"> • Compliance with EPBC legislation • Operational measures will be taken to protect marine fauna and ecosystems from noise and light emissions during the Activity.
Effluent discharge and waste management	<ul style="list-style-type: none"> • Routine discharges will meet legal requirements. • Waste Management Plan
Drilling discharges	<ul style="list-style-type: none"> • Drilling discharges will be modelled, and measures taken to manage impacts to ALARP and Acceptable levels. • Habitat Mapping • Chemical selection procedures.
Unplanned risks	
Vessel collision	<ul style="list-style-type: none"> • Marine notifications will be made to relevant stakeholders, describing the location of the activity and a 500 m exclusion zone to prevent the risk of vessel collisions. • An activity support vessel will be on standby during the drilling activities.
Marine fauna interactions	<ul style="list-style-type: none"> • Compliance with EPBC legislation • Measures will be taken to protect marine fauna and ecosystems from vessel activities and to prevent vessel collisions.

Hydrocarbon release	<ul style="list-style-type: none"> • Oil Pollution Emergency Plan • Appropriate vessel spill response plans, equipment and materials will be in place and maintained. • Appropriate refuelling procedures and equipment will be used to prevent spills to the marine environment.
Introduced Marine Species (IMS)	<ul style="list-style-type: none"> • IMS Management will meet legal requirements and reduce risks to ALARP.

Environmental Approvals

An Environment Plan for the proposed appraisal well drilling program will be submitted to the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) for acceptance in accordance with the *Offshore Petroleum and Greenhouse Gas Storage (Environment) Regulations 2009 (Cth)*.

Please note that stakeholder feedback will be communicated to NOPSEMA as required under legislation. Carnarvon will communicate any material changes to the proposed drilling activity to affected stakeholders as they arise.

Providing Feedback

If you would like to comment on the proposed activity outlined in this fact sheet or would like additional information, please contact Carnarvon before 15 August 2018.

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