

<b>Date:</b>	19 August 2006	<b>Licence / State:</b>	P39 (V) / VIC
<b>Report Period:</b>	06:00 - 06:00 Hours	<b>Rig:</b>	Ensign 32
<b>Days from Spud:</b>	21	<b>GL:</b>	2.7m
<b>Current Hole Size:</b>	8.5"	<b>RT:</b>	8.6m
<b>Depth @ 0600 Hrs:</b>	2080m MDRT	<b>PTD:</b>	2281m MDRT (-1338mSS)
	-1124m TVDSS	<b>Spud Date:</b>	04:30 hrs 29/07/06
<b>24 Hr Progress:</b>	42m		
<b>Current Operation:</b>	Washing and reaming to bottom having repaired Top Drive. Bit @ 1763m @ 06:00hrs.		
<b>Nope Cost</b>	(Drill)\$	(C&S)\$	<b>Cost To Date:</b>
		(P&A)\$	

Casing Data	Hole Size	Depth	Casing Size	Wt:	Type	Shoe Depth	LOT
(Conductor)		100m	20"	-	-	60m	
	17.5"	320m	13.375"	54.5	J55 BTC	317m	EMW= 20.0 ppg
	12.25"	1606m	9.625"	47.0	N80 BTC	<b>1598m *</b>	EMW= 16.7 ppg

\* 9.625m Casing Shoe revised to 1598m based on MWD log

Mud Data	Type:	Wt:	Visc:	WL:	PH:	KCl%:	Cl -:	PV/YP:	Rmf:
	KCL-PHPA	10.5	55	5.9	9.0	6.5	38000	22 / 34	0.12 @ 75°F

Bit Data	No.	Make	Type	Size	Hours	Meters	Condition	
(@ 24:00)	6	Hycalog	TC	HP21G	8.5"	-	Drill out trip #1	
	7	Reed	PDC	RSX272	8.5"	3.0	13	0-1-RG-G-X-I-NO-BHA
	8	Hycalog	PDC	RSX616M	8.5"	3.2	41	2-3-CT-A-X-I-BT-RIG
	9	Hycalog	PDC	RSX616M	8.5"	3.2	20	0-0-NO- -X-I-NO-PR
	9RR	Hycalog	PDC	RSX616M	8.5"	14.87	201	0-0-BU- -X-I-NO-PR
	10	Hycalog	Rock	TC11P	8.5"	20.3	199	In hole

Surveys	Type	MD (m)	Inclination	Azimuth (T)	TVD (m)	Offset (m)	Direction (T)
	MWD	1995.76	30.21	114.36	1056.59	1479.63	118.53
	MWD	2024.65	26.31	113.76	1082.03	1493.26	118.49
	MWD	2053.45	22.08	113.22	1108.30	1505.02	118.45

### OPERATIONS SUMMARY

#### Previous 24 hrs Operations Summary:

Drill ahead from 2038m to 2080m in the Lakes Entrance Formation. Power cable to Top Drive damaged after being snagged in the derrick structure while moving the block, thus disabling the Top Drive. Rig up circulating swedge and circulate while repairing Top Drive power cable. Pump out of hole on wiper trip. Observe Top Drive Hydraulic motor not functioning properly. Pull back into casing shoe and replace faulty Top Drive Hydraulic motor. Layout circulating swedge. Wash and ream back to bottom with excessive cuttings unloading at shakers. Bit at 1763m at 06:00hrs.

#### Anticipated operations:

Wash & ream from 1763m to bottom, circulating sweeps to unload cuttings. Drill ahead 8.5" directional hole, dropping angle by Top Latrobe. Expect to intersect Top Latrobe at 2112m at approx 13° inclination based on current trajectory.

#### Sensor Distances:

Surveys 9.18m, Gamma Ray 11.65m, Resistivity 14.01m, Pressure 16.54m, Density 22.91m, Porosity 26.97m

FORMATION TOPS (Preliminary Field picks)						
FORMATION	ACTUAL TOP		High / Low to	High / Low to	PROGNOSED TOP	
	(MDmRT)	(TVDmSS)	Prognosis	East Reeve-1	(MDmRT)	(TVDmSS)
Jemmy's Point	5.9	2.7	-	-	6	3
Tambo River (Coquina)	143	-134.4	30.6m High	30.8m High	180	-165
Gippsland Limestone	235	-225.9	5.9m Low	0.2m High	230	-220
Lakes Entrance Formation	1880	-956.4	3.6m High	27.1m High	1876 **	-960 **
Latrobe Coarse Clastics					2098	-1155
Latrobe N. Asperus (Coal)					2163	-1220
Total Depth					2281	-1338

\*\* Revised Prognosis

### HYDROCARBON SHOW SUMMARY

INTERVAL	LITHOLOGY & HYDROCARBON FLUORESCENCE	GAS

GAS	MD (m)	Peak	Background	Chromatograph
Trip Gas	-	-	-	-
Connection Gas	-	-	-	-

INTERVAL ROP (min/ft)	LITHOLOGY	GAS (Peak / BG) Composition
2020-2050m ROP: 3.2-7.7 Ave: 5.0	INTERBEDDED CALCAREOUS CLAYSTONE AND SILTSTONE CALCAREOUS CLAYSTONE: (40-60%) Medium brown grey, light to medium grey, trace lithic fragments, trace glauconite, trace fossil fragments, rare carbonaceous specks, soft to firm, subblocky. CALCAREOUS SILTSTONE: (40-60%) Medium grey to medium brown grey, trace lithic fragments, firm to moderately hard, subblocky to subfissile.	3 / 2 units 100% C1
2050-2080m ROP: 3.6-8.5 Ave: 5.0	INTERBEDDED CALCAREOUS SILTSTONE AND CLAYSTONE CALCAREOUS SILTSTONE: Light to medium grey, occasional light green to light green grey, common to locally abundant forams, common glauconite grains, trace lithic fragments, trace pyrite, firm to moderately hard, subblocky. CALCAREOUS CLAYSTONE: Light grey, light brown grey, trace fossil fragments, trace glauconite, soft to firm, subblocky.	2 / 1 units 100% C1