

|                   |               | From:             | Peter Devine   | Rohan Richardso  | on            |              |              |  |  |
|-------------------|---------------|-------------------|--|--|---------------|--------------|--------------|--|--|
|                   |               | OIM:              | <b>Rod Dotson</b>                                      |  |               |              |              |  |  |
| Well Data         |               |                   |  |  |               |              |              |  |  |
| Country           | Australia     | Measured Depth    | 2047.0m  | Current Hole Size  | 311mm         | AFE Cost     | \$41,512,831 |  |  |
| Field             |               | TVD               | 1716.0m  | Casing OD  | 340mm         | AFE No.      | 5746043      |  |  |
| Drill Contractor  | DOGC          | Progress          | 0.0m   | Shoe MD  | 652.0m        | Daily Cost   | \$790,235    |  |  |
| Rig               | Ocean Patriot | Days from spud    | 32.87  | Shoe TVD   | 652.0m        | Cum Cost     | \$34,244,868 |  |  |
| Water Depth (LAT) | 66.3m         | Days on well      | 10.79  | F.I.T. / L.O.T.  | / 2.20sg      | Planned TD   | 2552.0m      |  |  |
| RT-SL(LAT)        | 21.5m         | Current Op @ 0600 | Continue to  | work casing with 1.2   | sg (10 ppg) n | nud in hole. |              |  |  |
| RT-ML             | 87.8m         | Planned Op        | Set cement abandonment plug, back off casing and POOH. |  |               |              |              |  |  |
| Rig Heading       | 217.0deg      |                   | Spotted citr   | Spotted citric acid/SAPP pill and attempted to work casing free. |               |              |              |  |  |

## Summary of Period 0000 to 2400 Hrs

RIH 273 mm (10 3/4") casing from 1808 m to 1913 m. Casing became stuck at 1913 m. Lowered mud weight and continued attempts to work casing free.

| Formations           |          |           |           |
|----------------------|----------|-----------|-----------|
| Name                 | Top (MD) | Top (TVD) | Comment   |
| Massacre Shale       | 1207.0m  | 1189.1m   | 33.3m Low |
| Timboon Fm           | 1222.0m  | 1202.2m   | 36.4m Low |
| Paarratte Fm         | 1443.0m  | 1382.3m   | 28.5m Low |
| Skull Creek Mudstone | 1682.0m  | 1564.0m   | 19.7m Low |

Operations For Period 0000 Hrs to 2400 Hrs on 26 Sep 2008

| Phse | Cls<br>(RC) | Ор  | From | То   | Hrs   | Depth   | Activity Description  |
|------|-------------|-----|------|------|-------|---------|---|
| IC   | Р           | CRN | 0000 | 0100 | 1.00  | 2047.0m | Continued to RIH 273 mm (10 3/4") casing from 1808 m to 1868 m. Casing continued to drag 8.9-22 t (20 - 50 klbs) below average running weight, 133 t (300 klbs inc blocks).   |
| IC   | Р           | CRN | 0100 | 0230 | 1.50  | 2047.0m | Made up 273 mm (10 3/4") by (4 1/2") IF water bushing to casing joint on drill floor. Made up casing joint to casing string and TDS to water bushing. Washed casing in from 1868 m to 1913 m with 484 L/min (128 GPM).  |
| IC   | TP<br>(SP)  | CRN | 0230 | 0600 | 3.50  | 2047.0m | Attempted to run joint #39 273 mm (10 3/4") casing, unsuccessful. Casing stuck, no up/down movement no rotation, full circulation. Varied parameters from 67-289 t (150 - 650 klbs), 0-27.1 kNm (0-20 kft.lbs) torque, 0-969 L/min (0-256 GPM) flow rate. Pipe rotated 1/4 turn with 27.1 kNm (20 kft.lbs) Performed pull test to calculate stuck point: Test #1: Starting weight 156 t (350 klbs), final weight 178 t (400 klbs), distance travelled 178 mm (7"). Test #2: Starting weight 156 t (350 klbs), final weight 200 t (450 klbs), distance travelled 241 mm (9.5").  |
| IC   | TP<br>(SP)  | CRN | 0600 | 2400 | 18.00 | 2047.0m | Made up 15.9 m3 (100 bbl) of 1.14 sg (9.5 ppg) citric acid/SAPP pill and displaced into annulus from 1850 m to 1300 m circulating through choke and holding back pressure on annulus to avoid u-tubing, shut in pressure on choke manifold 0.45 MPa (65 psi). Pumped 4.8 m3 (30 bbl) mud to move pill from 1700 m to 1150 m. Allowed pill to soak and continued to work pipe. Pipe increased rotation to 3/4 turn with 27.1 kNm (20 kft.lbs). Circulated pill out and continued to work pipe with 67-355 t (150 - 800 klbs), 0-27.1 kNm (0-20 kft.lbs) torque, 0-969 L/min (0-256 GPM) flow rate, while reducing mud weight to 1.2 sg (10 ppg). |

Operations For Period 0000 Hrs to 0600 Hrs on 27 Sep 2008

1.44sg HTHP-Cake:

| Opera   | itions F    | or Peri | oa uuu    | iu mrs   | to uout | ) Hrs or | 1 27 Sep 200 | <b>J</b> 8  |              |     |            |           |  |  |
|---------|-------------|---------|-----------|----------|---------|----------|--------------|---|--------------|-----|------------|-----------|--|--|
| Phse    | Cls<br>(RC) | Ор      | From      | То       | Hrs     | Depth    |              | Activity Description  |              |     |            |           |  |  |
| IC      | TP<br>(SP)  | CRN     | 0000      | 0600     | 6.00    | 2047.0m  |              | (IN PROGRESS) Continued attempting to work casing free while reducing mud weight to 1.2 sg, (10 ppg). |              |     |            |           |  |  |
| WBM     | Data        |         |           |          |         |          | Cost Today   | \$ 0  |              |     |            |           |  |  |
| Mud Typ | oe:         | KCL/GI  | LY API    | FL:      | 4c      | m³/30m   | KCI:         | 11%   | Solids:      | 14  | Viscosity: | 0sec/L    |  |  |
| Sample  | From        |         | Pit Filte |          |         |          |              |   |              |     | PV:        | 0.029Pa/s |  |  |
| Sample  | ;-F10III.   |         | Filte     | er-Cake: |         |          | Hard/Ca:     | 720   | H2O:         | 85% | YP:        | 0.158MPa  |  |  |
| Time:   |             | 22:     | 00 HTH    | IP-FL:   |         |          | MBT:         | 10  | Oil:         |     | Gels 10s:  | 0.043     |  |  |
|         |             |         | 1         | =.       |         |          | =            |   | <del>-</del> |     | Gels 10m:  | 0.158     |  |  |

Sand:

PHPA:

pH:

0.05

0.25

8.5

1ppb

Fann 006:

Fann 100:

Fann 200: Fann 300:

Fann 600:

Comment DIF fluid in pit 5 contaminated with 13 bbls of KCL/Gly/PHPA mud when mud pressure safety valve activated.

PM:

PF:

Weight:

Temp:

11

35

62

91



| Bulk Stocks   |      |    |      |        |         |         |  |  |  |  |
|---------------|------|----|------|--------|---------|---------|--|--|--|--|
| Name          | Unit | In | Used | Adjust | Balance | Comment |  |  |  |  |
| Barite        | mT   | 83 | 1    | 0      | 138.0   |         |  |  |  |  |
| Gel           | mT   | 0  | 0    | 0      | 33.0    |         |  |  |  |  |
| Cement        | mT   | 0  | 0    | 0      | 94.0    |         |  |  |  |  |
| Fuel          | m3   | 0  | 10.8 | 0      | 430.7   |         |  |  |  |  |
| Potable Water | m3   | 35 | 29   | 0      | 362.0   |         |  |  |  |  |
| Drill Water   | m3   | 0  | 88   | 0      | 622.0   |         |  |  |  |  |

| Billi Water                          | 1110        | Ü | 00      | · · | 022.0 |       |     |
|--------------------------------------|-------------|---|---------|-----|-------|-------|-----|
| Personnel On Board                   |             |   |         |     |       |       |     |
| Company                              |             |   | Comment |     |       |       | Pax |
| Santos                               |             |   |         |     |       |       | 3   |
| DOGC                                 |             |   |         |     |       |       | 47  |
| ESS                                  |             |   |         |     |       |       | 8   |
| BHI                                  |             |   |         |     |       |       | 6   |
| Dowell                               |             |   |         |     |       |       | 2   |
| Rheochem                             |             |   |         |     |       |       | 2   |
| MI Swaco                             |             |   |         |     |       |       | 1   |
| TMT                                  |             |   |         |     |       |       | 6   |
| Cameron                              |             |   |         |     |       |       | 1   |
| Schlumberger Drilling & Measurements | MWD / LWD   |   |         |     |       |       | 3   |
| Santos                               | Geologist   |   |         |     |       |       | 2   |
| Schlumberger Drilling & Measurements | Directional |   |         |     |       |       | 3   |
| Premium Casing Services              |             |   |         |     |       |       | 6   |
| Taylor Brothers                      |             |   |         |     |       |       | 2   |
| DOGC                                 |             |   |         |     |       |       | 1   |
| SMITH                                |             |   |         |     |       |       | 1   |
|                                      |             |   |         |     |       | Total | 94  |



| HSE Summary                |               |              |               |  |
|----------------------------|---------------|--------------|---------------|--|
| Events                     | Num<br>Events | Date of Last | Days<br>Since | Remarks  |
| Abandon Drill              | 1             | 21 Sep 2008  | 5 Days        | Abandon drill completed after the simulated fire drill under control. Alarm sounded at 10:29 hrs, initial muster completed at 10:42 hrs, full muster completed at 10:52 hrs.  Some personnel who were woken reported to incorrect muster station due to not hearing the PA. Control - personnel responsible for checking rooms to communicate announcements and check understanding.                     |
| Environmental Audit        | 1             | 03 Sep 2008  | 23 Days       | Rig visit by DPI. Conducted an environmental audit on Santos operation.  |
| Fire Drill                 | 1             | 21 Sep 2008  | 5 Days        | Simulated a fire on the port box girder oil drums. Alarm sounded at 10:29 hrs, emergency under control at 10:38 hrs. Rescue and fire teams discussed scenario and resolution.  |
| First Aid                  | 1             | 06 Sep 2008  | 20 Days       | IP was needle gunning when his right hand slipped off the gun and the right index finger went under the needles of the gun causing a 3cm laceration. The finger was treated and the IP resumed full duties.  |
| JHA                        | 17            | 26 Sep 2008  | 0 Days        | Drill crew - 4 Deck Crew - 10 Welder - 3   |
| Lost Time Incident         | 1             | 30 May 2008  | 119 Days      | Man had his left hand caught between an 8" drill collar and the casing tongs when he was trying to secure the tong.  Preliminary checks on the rig deemed only stitches required and the hand was not broken.  The person was medivac'd off the rig @ 23:00hrs.  Man was released from Royal Hobart hospital with 12 stitches to the hand (no broken bones).   |
| Medical Treatment Incident | 1             | 13 Aug 2008  | 44 Days       | During lifting operations of 3rd party tooling on the pipe deck, IP was assisting the dogman in attaching slings to the whip-line hook. During this process the hook swung and hit the IP in the side of the hardhat resulting in an injury to the IPs neck. The IP was immobilised as a precautionary measure, treated as per symptoms and in readiness for medivac to hospital for further assessment. |
| Pre-Tour Meeting           | 4             | 26 Sep 2008  | 0 Days        | Discussed upcoming operations and associated hazards prior to each shift starting.   |
| PTW Issued                 | 10            | 26 Sep 2008  | 0 Days        | 8 x hot work<br>2 x cold work  |
| Safety Audit               | 1             | 29 Jul 2008  | 59 Days       | Santos environment audit conducted.  |
| Safety Audit               | 1             | 30 Jul 2008  | 58 Days       | EHSMS audit conducted onboard.   |
| Safety Meeting             | 3             | 21 Sep 2008  | 5 Days        | Reviewed stop cards for the week and awarded Santos Stop card winner to Gavin Shaw and Jamie Durnin.  Discussed the fire drill and the scenario of a fire on the port side box girder. Reviewed DODI alcohol and drug policy.  |
| Santos Induction           | 1             | 26 Sep 2008  | 0 Days        | Inducted new personnel to site after DODI rig wide induction.  |
| Stop Observations          | 37            | 26 Sep 2008  | 0 Days        | 15 - Safe<br>22 - Corrective Actions   |
| STOP Tour                  | 1             | 26 Sep 2008  | 0 Days        | Submitted 3 by Diamond supervisor Stop audit.  |

| Shakers, Volumes and Losses Data Engineer : Kellie Jericho / Carrisa |                   |             |        |        |        |           |       |  |  |  |
|--|-------------------|-------------|--------|--------|--------|-----------|-------|--|--|--|
| Available  | 288.4m³           | Losses      | 88.4m³ | Equip. | Descr. | Mesh Size | Hours |  |  |  |
| Active   | 58.5m³            | Downhole    | 0.0m³  |        |        |           |       |  |  |  |
| Mixing   |                   | Surf+ Equip | 8.6m³  |        |        |           |       |  |  |  |
| Hole   | 150.4m³           | Dumped      | 52.6m³ |        |        |           |       |  |  |  |
| Slug   | $0.0 m^{3}$       | De-Sander   |        |        |        |           |       |  |  |  |
| Reserve  | 77.4m³            | De-Silter   |        |        |        |           |       |  |  |  |
| Kill   | 0.0m <sup>3</sup> | Centrifuge  | 27.2m³ |        |        |           |       |  |  |  |
| Storage  | 2.1m³             |             |        |        |        |           |       |  |  |  |



## DRILLING MORNING REPORT # 11 Henry-2 DW1 ( 26 Sep 2008 )

| Marine     |               |               |              |            |              |           |             |             |               |              |
|------------|---------------|---------------|--------------|------------|--------------|-----------|-------------|-------------|---------------|--------------|
| Weather ch | eck on 26 Sep | 2008 at 24:0  | 00           |            |              |           |             | Rig Support |               |              |
| Visibility | Wind Speed    | Wind Dir.     | Pressure     | Air Temp.  | Wave Height  | Wave Dir. | Wave Period | Anchors     | Chain out (m) | Tension (mt) |
| 18.5km     | 9km/h         | 170.0deg      | 1016.00bar   | 13.0C°     | 0.2m         | 170.0deg  | 3sec        | 1           | 1353.0        | 92.08        |
| Roll       | Pitch         | Heave         | Swell Height | Swell Dir. | Swell Period | Weather   | Comments    | 2           | 1372.8        | 110.22       |
| 0.4deg     | 0.4deg        | 0.50m         | 1.5m         | 240.0deg   | 12sec        |           |             | 3           | 1386.8        | 115.21       |
| 0.4deg     | 0.4deg        | 0.50111       | 11.0111      | 240.0deg   | 12560        |           |             | 4           | 1414.0        | 88.00        |
| Rig Dir.   | Ris. Tension  | VDL           |              | Comments   |              |           |             | 5           | 1365.8        | 104.78       |
| 217.0deg   | 122.47mt      | 1023.76mt     |              |            |              |           |             | 6           | 1389.9        | 97.98        |
|            |               | . 525.7 61110 |              |            |              |           |             | 7           | 1393.9        | 89.81        |
|            |               |               |              |            |              |           |             | 8           | 1389.9        | 88.00        |

| Boats       | Arrived (date | e/time)      | Departed (date/time) | Status                |               | Bulks |          |
|-------------|---------------|--------------|----------------------|-----------------------|---------------|-------|----------|
| Far Grip    | 21:15         | hrs 26/09/08 |                      | Standby Ocean Patriot | Item          | Unit  | Quantity |
|             |               |              |                      |                       | Fuel          | m3    | 194      |
|             |               |              |                      |                       | Potable Water | m3    | 280      |
|             |               |              |                      |                       | Drill Water   | m3    | 340      |
|             |               |              |                      |                       | Gel           | mt    | 59       |
|             |               |              |                      |                       | Cement        | mt    | 0        |
|             |               |              |                      |                       | Barite        | mt    | 0        |
|             |               |              |                      |                       | KCI Brine     | m3    | 9        |
|             |               |              |                      |                       | NaCl Brine    | m3    | 0        |
|             |               |              |                      |                       |               | m3    | 43.7     |
|             |               |              |                      |                       | Mud           | m3    | 0        |
| Nor Captain |               |              | 22:55 hrs 26/09/08   | On steam to Portland  | Item          | Unit  | Quantity |
|             |               |              |                      |                       | Fuel          | m3    | 549.8    |
|             |               |              |                      |                       | Potable Water | m3    | 262      |
|             |               |              |                      |                       | Drill Water   | m3    | 414      |
|             |               |              |                      |                       | Gel           | mt    | 42       |
|             |               |              |                      |                       | Cement        | mt    | 0        |
|             |               |              |                      |                       | Barite        | mt    |          |
|             |               |              |                      |                       | KCI Brine     | m3    | 0        |
|             |               |              |                      |                       | NaCl Brine    | m3    | 0        |
|             |               |              |                      |                       | Mud           | m3    | 60       |
| Helicopter  | Movement      |              |                      |                       |               |       |          |
| Flight #    | Time          |              | Destination          |                       | Comment       |       | Pax      |
| BYV         | 11:12 Oc      | cean Patriot |                      |                       |               |       | 7        |
| 5101        | <b>_</b>      |              |                      |                       |               |       |          |

| Flight # | Time  | Destination   | Comment    | Pax |
|----------|-------|---------------|------------|-----|
| BYV      | 11:12 | Ocean Patriot |            | 7   |
| BYV      | 11:27 | Essendon      |            | 8   |
| BYV      | 16:36 | Ocean Patriot | Fisherman. | 1   |
| BYV      | 16:41 | Essondon      |            | 0   |