

DRILLING MORNING REPORT # 14
Longtom 3

23 Jul 2006

From: Simon Rodda/ Bryan Webb
To: John Ah-Cann

Well Data							
Country	Australia	MDBRT	2016.0m	Cur. Hole Size	9.500in	AFE Cost	\$40,292,054
Field	Gippsland Basin	TVDBRT	1787.2m	Last Casing OD	16.000in	AFE No.	LSDED01/0
Drill Co.	DOGC	Progress	146.0m	Shoe TVDBRT	995.3m	Daily Cost	\$551,471
Rig	OCEAN PATRIOT	Days from spud	12.37	Shoe MDBRT	995.3m	Cum Cost	\$16,284,025
Wtr Dpth (LAT)	56.7m	Days on well	13.69	FIT/LOT:	/ 13.50ppg	Days Since Last LTI	1160
RT-ASL (LAT)	21.5m	Planned TD MD	5834.0m				
RT-ML	78.2m	Planned TD TVDRT	2458.0m				
Current Op @ 0600		Drilling 9 1/2" Hole @ 2150m MDRT with RST assembly.					
Planned Op		Drill 9 1/2" hole with RST assembly to pilot hole TD.					

Summary of Period 0000 to 2400 Hrs

Drilled 9 1/2" pilot hole from 1870m MDRT to 1930m MDRT. Anadril MWD failure, circulate hole clean and commenced pulling out of hole. 1930m MDRT to 1726m MDRT ok with no hole problems observed. @1726m 50klbs excess drag observevd, circulate to establish if the obstruction was cuttings or mechanical obstruction. No improvement, commenced back reaming from 1726m MDRT to 1154m MDRT, several attempts made to pull on elevators with 40-50klbs drag observed. @1154m MDRT pulled out of hole to surface, laid out MWD/ Ecoscope/ Bit. Made up new PDC bit, samde PD Xceed RST and Telescope, ran in hole on 5" dp.
Ran in hole to 1930m MDRT with no hole problems observed. Commenced drilling 9 1/2" Pilot hole from 1930m MDRT to 2016m MDRT. Note: Ecoscope removed from assembly

FORMATION	
Name	Top
300 Sand	
200 Sand	
100 Sand	
Emperor Volcanics	
TD	

Operations For Period 0000 Hrs to 2400 Hrs on 23 Jul 2006

Phse	Cls (RC)	Op	From	To	Hrs	Depth	Activity Description
IH	P	DA	0000	0230	2.50	1930.0m	Drill 9 1/2" pilot hole with RST from 1870m MDRT to 1930m MDRT. 750gpm/ 3890psi/ 180rpm/ 28-30klbs WOB/ 5-10klbs tq. String wt: 210klbs rotating/ 215klbs up/ 210klbs down. @1906.0m MDRT/ 1724.0m TVD/ 57.15 deg inclination/ 180.91 azimuth. No hole problems observed during drilling and connections, back ream every stand, take survey after connection.
IH	TP (DTF)	DA	0230	0300	0.50	1930.0m	Anadril MWD tool failure, signal failed 3m after connection. Cycle pumps and perform diagnostic checks. Tool un-serviceable. Continue circulating hole clean during these checks.
IH	TP (DTF)	CHC	0300	0500	2.00	1930.0m	Circulate hole clean from 1930m MDRT, rack back 1 stand per 30minutes of circulating. Take torque and drag readings for K & M well modeling.
IH	TP (DTF)	TO	0500	0600	1.00	1930.0m	Pulled out of hole from 1844m MDRT to 1726m MDRT. No excess drag observed.
IH	TP (DTF)	TOT	0500	1230	7.50	1930.0m	@1726m MDRT excessive drag observed. Work pipe and build overpull to pass obstruction up in 10klb intervals until 50klbs of overpull was achieved. Worked pipe to 1720m MDRT, obstruction not improving but string was free to travel down. Made up top drive and established circulation, no indicatiosn of packing off and string rotating freely with 3klbs of torque at 25rpm. Circulated 10mins to establish if thie obstruction was cuttings or not. Stopped rotary and pumps and commenced working string through 1720m MDRT. Drag of 50klbs at point prior to circulation. Commenced back reaming with parameters of 750gpm & 120rpm. Torque fluctuations of 7-20klbs, pump pressure spikes of 50-150psi noted. Work through slowly. Back ream from 1720m MDRT to 1528m MDRT, hole condition not premium as torque spikes and psi spikes still observed. Pull 1528m MDRT to 1498m MDRT with 20klbs drag observed, drag builds then drops off as pipe pulled. Attempt to pull next stand on elevators, 40klbs drag observed.

Phse	Cls (RC)	Op	From	To	Hrs	Depth	Activity Description
IH	TP (DTF)	TO	1230	1430	2.00	1930.0m	Continue to back ream to 1154m MDRT, each stand back reamed from 1498m MDRT to 1154m MDRT was first attempted to be pulled with out pumps and rotary, 40-50klbs drag noted.
IH	TP (DTF)	HBHA	1430	1500	0.50	1930.0m	Pulled out of hole from 1154m MDRT to shoe @995m MDRT. Flow check well, static. Pumped slug and pulled out of the hole to 206m MDRT, BHA below BOP's, flow check well, static.
IH	TP (DTF)	HBHA	1500	1530	0.50	1930.0m	Pulled out of hole from 206m MDRT.
IH	TP (DTF)	HBHA	1530	1600	0.50	1930.0m	Anadril remove radio active source.
IH	TP (DTF)	HBHA	1600	1800	2.00	1930.0m	Continue pulling out of hole BHA, laid out LWD/ MWD & drill bit. Bit graded 2-3-WT-T-X-I-PN-DTF.
IH	TP (DTF)	TI	1800	2100	3.00	1930.0m	Made up Smith M 716 PXC pdc bit. Ran in hole BHA #8 consisting of: Bit/ PD Xceed/ Telescope/ 5" NM HWDP/ 5" HWDP/ Jars/ 5" HWDP. Shallow tested MWD with 500gpm/ 900psi.
IH	P	DA	2100	2400	3.00	2016.0m	Ran in hole from 174m MDRT to 1930m MDRT. Broke circulation and fanned bottom prior to tagging. Staged up pumps and established drilling parameters. No drag observed on trip in hole.
							Drill 9 1/2" pilot hole with RST from 1930m MDRT to 2016m MDRT. 750gpm/ 3700psi/ 180rpm/ 10-15klbs WOB/ 5-6klbs tq. String wt: 210klbs rotating/ 220klbs up/ 200klbs down. @1991.12m MDRT/ 1772.23m TVD/ 54.07 deg inclination/ 193.55 azimuth. No hole problems observed during drilling and connections, back ream every stand, take survey after connection.

Operations For Period 0000 Hrs to 0600 Hrs on 24 Jul 2006

Phse	Cls (RC)	Op	From	To	Hrs	Depth	Activity Description
IH	P	DA	0000	0600	6.00	2150.0m	Drill 9 1/2" pilot hole with RST from 2016m MDRT to 2150m MDRT. 750gpm/ 3700psi/ 180rpm/ 10-15klbs WOB/ 5-6klbs tq. String wt: 210klbs rotating/ 220klbs up/ 200klbs down. @2136.29m MDRT/ 1850.90m TVD/ 61.08 deg inclination/ 197.34 azimuth. Set power drive @20% to counteract slow right and build. No hole problems observed during drilling and connections, back ream every stand, take survey after connection.

Phase Data to 2400hrs, 23 Jul 2006

Phase	Phase Hrs	Start On	Finish On	Cum Hrs	Cum Days	Max Depth
RIG MOVE/RIG-UP/PRESPUD(RM)	9.5	10 Jul 2006	10 Jul 2006	9.50	0.396	0.0m
ANCHORING(A)	19	10 Jul 2006	11 Jul 2006	28.50	1.188	0.0m
CONDUCTOR HOLE(CH)	5.5	11 Jul 2006	13 Jul 2006	34.00	1.417	112.0m
CONDUCTOR CASING(CC)	32	11 Jul 2006	13 Jul 2006	66.00	2.750	112.0m
SURFACE HOLE(SH)	51.5	13 Jul 2006	15 Jul 2006	117.50	4.896	1005.0m
SURFACE CASING(SC)	26.5	15 Jul 2006	16 Jul 2006	144.00	6.000	1005.0m
INTERMEDIATE HOLE(IH)	184.5	16 Jul 2006	23 Jul 2006	328.50	13.688	2016.0m

WBM Data Cost Today \$ 9212

Mud Type:	Petrofree	API FL:	Cl:	Solids(%vol):	19%	Viscosity	80sec/qt	
Sample-From:	Active pit	Filter-Cake:	K+C*1000:	H2O:	17%	PV	38cp	
Time:	2130hrs	HTHP-FL:	2.8cc/30min	Hard/Ca:		YP	26lb/100ft²	
Weight:	12.05ppg	HTHP-cake:	2/32nd"	MBT:		Gels 10s	24	
Temp:	54C°			PM:	0.75	Gels 10m	47	
				PF:		Fann 003	12	
						Fann 006	13	
						Fann 100	32	
						Fann 200		
						Fann 300	64	
						Fann 600	102	
Comment	Total product costs to date \$ 633,255.21 Cummulative total \$ 662,155.21 (including engineer)							

Bit # 5	Wear	I	O1	D	L	B	G	O2	R
		2	2	WT	A	E	I	NO	BHA
Bitwear Comments:									
Size ("):	IADC#	437	Nozzles	Drilled over last 24 hrs	Calculated over Bit Run				

Mfr: HUGHES CHRISTENSEN	WOB(avg) 30.00klb	No. 3	Size 24/32nd"	Progress 0.0m	Cum. Progress 105.0m
Type: Rock	RPM(avg) 60			On Bottom Hrs 0.0h	Cum. On Btm Hrs 18.9h
Serial No.: 5102342	F.Rate 14.20bpm			IADC Drill Hrs 0.0h	Cum IADC Drill Hrs 23.5h
Bit Model 9 1/2" MX 09	SPP 2800psi			Total Revs 307000	Cum Total Revs 1022000
Depth In 1440.0m	HSI			ROP(avg) N/A	ROP(avg) 5.56 m/hr
Depth Out 1545.0m	TFA 1.325				

Bit Comment

Bit # 6	Wear	I	O1	D	L	B	G	O2	R
		2	3	WT	T	X	I	PN	DTF
Bitwear Comments:									

Size ("):	IADC# M322	Nozzles		Drilled over last 24 hrs		Calculated over Bit Run	
Mfr: REED HYCALOG	WOB(avg) 26.00klb	No. 6	Size 18/32nd"	Progress 0.0m	Cum. Progress 325.0m		
Type: PDC	RPM(avg) 163			On Bottom Hrs 0.0h	Cum. On Btm Hrs 10.0h		
Serial No.: 212936	F.Rate 17.80bpm			IADC Drill Hrs 0.0h	Cum IADC Drill Hrs 0.0h		
Bit Model 9 1/2" RSX616M-A4	SPP 3600psi			Total Revs 152000	Cum Total Revs 281000		
Depth In 1545.0m	HSI			ROP(avg) N/A	ROP(avg) 32.50 m/hr		
Depth Out 1930.0m	TFA 1.49						

Bit Comment

Bit # 7	Wear	I	O1	D	L	B	G	O2	R
Bitwear Comments:									

Size ("):	IADC# M323	Nozzles		Drilled over last 24 hrs		Calculated over Bit Run	
Mfr: SMITH	WOB(avg) 20.00klb	No. 2	Size 16/32nd"	Progress 146.0m	Cum. Progress 146.0m		
Type: PDC	RPM(avg) 180	5	18/32nd"	On Bottom Hrs 3.9h	Cum. On Btm Hrs 3.9h		
Serial No.: JW7648	F.Rate 17.80bpm			IADC Drill Hrs 3.0h	Cum IADC Drill Hrs 3.0h		
Bit Model M716PXC	SPP 3800psi			Total Revs 44	Cum Total Revs 44		
Depth In 1930.0m	HSI			ROP(avg) 37.44 m/hr	ROP(avg) 37.44 m/hr		
Depth Out	TFA 1.63						

Bit Comment

BHA # 7							
Weight(Wet) 40.00klb	Length 182.6m	Torque(max) 10ft-lbs	D.C. (1) Ann Velocity				
Wt Below Jar(Wet) 16.00klb	String 210.00klb	Torque(Off.Btm) 3ft-lbs	D.C. (2) Ann Velocity 615fpm				
Drilling Jar Hours	Pick-Up 215.00klb	Torque(On.Btm) 5ft-lbs	H.W.D.P. Ann Velocity 281fpm				
	Slack-Off 210.00klb		D.P. Ann Velocity 281fpm				

BHA Run Description Power drive Xceed steerable drilling assembly, Ecoscope.

BHA Run Comment

Equipment	Length	OD	ID	Top Conn	Serial #	Comment
Bit	0.22m	9.500in			212936	RSX616M-A2 Re-run 1
Power drive Xceed	7.66m	9.188in			119	
Telescope x/o	8.52m	6.875in			FA27	
5" Non-mag HWDP	9.09m	6.625in	2.875in		4449	
5in HWDP	27.47m	5.000in	3.000in			
Drilling Jars	9.68m	6.375in	2.750in		DAH03584	
5in HWDP	111.86m	5.000in	3.000in			

BHA # 8							
Weight(Wet) 38.00klb	Length 174.6m	Torque(max) 10ft-lbs	D.C. (1) Ann Velocity				

Wt Below Jar(Wet)	14.00klb	String	210.00klb	Torque(Off.Btm)	3ft-lbs	D.C. (2) Ann Velocity	615fpm
Drilling Jar Hours	43	Pick-Up	215.00klb	Torque(On.Btm)	8ft-lbs	H.W.D.P. Ann Velocity	281fpm
		Slack-Off	210.00klb			D.P. Ann Velocity	281fpm

BHA Run Description Power drive Xceed steerable drilling assembly.

BHA Run Comment

Equipment	Length	OD	ID	Top Conn	Serial #	Comment
Bit	0.31m	9.500in		4 1/2" reg	JW7648	M716 PXC. PDC
Power drive Xceed	7.66m	9.188in			119	
Telescope x/o	8.52m	6.875in			FA27	
5" Non-mag HWDP	9.09m	6.625in	2.875in		4449	
5in HWDP	27.47m	5.000in	3.000in			
Drilling Jars	9.68m	6.375in	2.750in		DAH03584	
5in HWDP		5.000in	3.000in			
	111.86m					

Survey

MD (m)	Incl (deg)	Azim (deg)	TVD (m)	Vsec (deg)	N-S (m)	E-W (m)	DLS (deg/30m)	Tool Type
1933.52	56.0	183.8	1739.11	438.8	-433.8	-68.0	3.0	MWD
1962.79	54.8	188.5	1755.75	462.8	-457.7	-70.6	4.2	MWD
1991.12	54.1	193.6	1772.23	485.9	-480.3	-75.0	4.5	MWD
2018.10	54.1	197.6	1788.06	507.6	-501.4	-80.9	3.7	MWD
2049.86	56.0	198.2	1806.26	533.4	-526.1	-88.9	1.9	MWD
2078.07	57.9	198.6	1821.64	556.9	-548.5	-96.3	2.1	MWD
2107.67	60.1	198.2	1836.87	582.0	-572.6	-104.3	2.3	MWD

Bulk Stocks

Name	Unit	In	Used	Adjust	Balance
Barite Bulk	MT	0	26.86	0	110.5
Bentonite Bulk	MT	0	0	0	21.8
Diesel	m3	0	19.5	0	413.4
Fresh Water	m3	33	30.5	11	435.1
Drill Water	m3	0	9.6	0	764.3
Cement G	MT	0	0	0	143.8
Cement HT (Silica)	MT	0	0	0	51.4
Brine	m3	0	0	0	0.0

Pumps

Pump Data - Last 24 Hrs								Slow Pump Data									
No.	Type	Liner (in)	MW (ppg)	Eff (%)	SPM (SPM)	SPP (psi)	Flow (bpm)	Depth (m)	SPM1 (SPM)	SPP1 (psi)	Flow1 (bpm)	SPM2 (SPM)	SPP2 (psi)	Flow2 (bpm)	SPM3 (SPM)	SPP3 (psi)	Flow3 (bpm)
1	A1700PT	5.500	12.15	97													
2	12P 160	6.000	12.15	97	64	3800	8.90		30	390	3.00	40	440	4.00	50	530	5.00
3	12P 160	6.000	12.15	97	53	3800	8.90		30	0	3.00	40	0	4.00	50	0	5.00

Casing

OD (in)	Csg Shoe MD (m)	Csg Shoe TVD (m)	Csg Landing Depth MD (m)	Csg Landing Depth TVD (m)	LOT/FIT (ppg)
30 "	110.80	110.80	110.80	110.80	0.00
16 "	995.32	995.32	995.32	995.32	

Personnel On Board

Company	Pax	Comment
NEXUS	6	
DOGC	53	45 x DOGC 2x DOGC extra (, 1 x crane op, 1 x dogman) 6 x DOGC other (2 x painter, 3 x union hydraulic, 1 x crane cab man)
DOWELL SCHLUMBERGER	2	

Personnel On Board		
FUGRO SURVEY LTD (ROV)	3	2 x MWD, 2 x DD, 1 x tainee MWD.
SCHLUMBERGER ANADRIL	5	
BAROID	2	
ESS	8	
GEOSERVICES OVERSEAS S.A.	6	
Q-Tech	1	
K & M	2	
Brandt	1	
WEATHERFORD AUSTRALIA PTY LTD	2	
Total	91	

HSE Summary					
Events	Date of last	Days Since	Descr.	Remarks	
Last BOP Test	17 Jul 2006				
Abandon Drill	15 Jul 2006	8 Days	Weekly abandon rig drill		
Fire Drill	15 Jul 2006	8 Days	Weekly fire drill		
JSA	22 Jul 2006	1 Day	Drillcrew 6, deckcrew 11, mechanic 4, subsea 0, Painters 0, welder 0, marine 1, 3rd party 4.		
Man Overboard Drill	20 Jun 2006	33 Days	Monthly man overboard drill		
Safety Meeting	16 Jul 2006	7 Days	Weekly crew safety meetings	0100/1300/1900hrs	
STOP Card	23 Jul 2006	0 Days	Safe 9 un-safe 10		
Trip / Kick Drill	22 Jul 2006	1 Day	Trip and pit drill	Held trip drills and pit drills. Trip drills 1 x 28secs	

Shakers, Volumes and Losses Data						
Available	2,616.8bbl	Losses	84bbl	Equip.	Descr.	Mesh Size
Active	464.9bbl	Down-hole	22bbl	Shaker1	VSM100	10/145/145/145/145
Hole	994.3bbl	Centrifuge	41bbl	Shaker1	VSM100	10/200/200/200/200
Reserve	800.8bbl	ROC	21bbl	Shaker2	VSM100	10/180/180/165/165
Slug	17.8bbl			Shaker2	VSM100	10/200/200/200/200
Petrofree ester	339bbl			Shaker3	VSM100	10/200/200/145/145
				Shaker3	VSM100	10/200/200/200/200
				Shaker4	VSM100	10/200/200/145/145
				Shaker4	VSM100	10/200/200/200/200

Marine									
Weather on 23 Jul 2006							Rig Support		
Visibility	Wind Speed	Wind Dir.	Pressure	Air Temp.	Wave Height	Wave Dir.	Wave Period	Anchors	Tension (klb)
10.0nm	6kn	90.0deg	1028.0mbar	13C°	0.3m	90.0deg		1	176.0
								2	170.0
								3	238.0
								4	245.0
								5	293.0
								6	256.0
								7	214.0
								8	172.0

Vessel Name	Arrived (Date/Time)	Departed (Date/Time)	Status	Bulks				
Far Grip	1815hrs 21 July		Running standby	Item	Unit	Used	Trf. to Rig	Qty. Remaining
				Diesel	m3	2	0	593
				Fresh Water	m3	8	0	456
				Drill Water	m3	0	0	174
				Cement G	mt	0	0	0
				Cement HT (Silica)	mt	0	0	0
				Barite Bulk	mt	0	0	129
				Bentonite Bulk	mt	0	0	0
				Brine	m3	0	0	0
					bbls	0	0	1418

Pacific Wrangler		0615hrs 22 July	En-route to Melbourne	Item	Unit	Used	Trf. to Rig	Qty. Remaining
				Diesel	m3	2.7	0	532.6
				Fresh Water	m3	1	0	230
				Drill Water	m3	0	0	78
				Cement G	mt	0	0	0
				Cement HT (Silica)	mt	0	0	0
				Barite Bulk	mt	0	0	0
				Bentonite Bulk	mt	0	0	0
				Brine	m3	0	0	0
					m3		0	0
					m3	0	0	0