

**DRILLING MORNING REPORT # 1**  
**Longtom 3**

10 Jul 2006

From: John Wrenn/ Bryan Webb  
To: John Ah-Cann

| Well Data         |                 |  |         |                |                     |           |  |
|-------------------|-----------------|--|---------|----------------|---------------------|-----------|--|
| Country           | Australia       | MDBRT  | 0.0m    | Cur. Hole Size | AFE Cost            | \$NaN     |  |
| Field             | Gippsland Basin | TVDBRT   | 0.0m    | Last Casing OD | AFE No.             | LSDED01/0 |  |
| Drill Co.         | DOGC            | Progress   | 0.0m    | Shoe TVDBRT    | Daily Cost          | \$0       |  |
| Rig               | OCEAN PATRIOT   | Days from spud   |         | Shoe MDBRT     | Cum Cost            | \$0       |  |
| Wtr Dpth (LAT)    | 56.0m           | Days on well   | 0.60    | FIT/LOT:       | Days Since Last LTI | 1147      |  |
| RT-ASL (LAT)      | 21.5m           | Planned TD MD  | 3590.0m |                |                     |           |  |
| RT-ML             | 77.5m           | Planned TD TVDRT   | 3590.0m |                |                     |           |  |
| Current Op @ 0600 |                 | Running #3 anchor. 4 anchors down, 4 to go.  |         |                |                     |           |  |
| Planned Op        |                 | Complete anchor handling and pre-tension operations. Mix spud mud and spud Longtom 3. Drill to 36" TD. |         |                |                     |           |  |

| Summary of Period 0000 to 2400 Hrs   |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|
| Commence rig move @0930hrs to Longtom3 location. 1st anchor on btm @1849hrs, 2nd anchor on btm @2157hrs. Preparing #8 and #4 to run. |  |  |  |  |  |  |  |

| Operations For Period 0000 Hrs to 2400 Hrs on 10 Jul 2006 |          |    |      |      |      |       |   |
|---|----------|----|------|------|------|-------|---|
| Phse  | Cls (RC) | Op | From | To   | Hrs  | Depth | Activity Description  |
| RM  | P        | RM | 0930 | 1900 | 9.50 | 0.0m  | @0930hrs Commence tight tow from Basker Manifold pile location to Longtom 3.<br>@0935hrs #5 at 26m below fairlead.<br>Distance travelled = 24.1 nm<br>Average tow speed = 2.8 knots.<br>Statement of facts:<br>Rig: 273.8m3 fuel/ 795.5m3 DW/ 422.6m3 PW/ 131.1mt Barite/ 60.9mt Gel/ 83.3mt G cement/ 60.4mt Blend cement.<br>Far Grip: 226m3 fuel/ 248m3 PW.<br>Wrangler: 696.2m3 fuel/ 760m3 DW/ 225m3 PW/ 48mt Gel/ 74mt G cement/ 69.2m3 Blend cement. |
| A   | P        | AH | 1900 | 2400 | 5.00 | 0.0m  | @1849hrs #5 anchor on bottom.<br>@2157hrs #1 anchor on bottom. PCP back to rig @2238hrs.<br>@2250hrs #4 PCP to Wrangler<br>@2254hrs #4 PCP connected to work wire.<br>From 2300hrs to 2355hrs free jammed collar on anchor #4. Rig recovered PCP from boat and raised to free collar, all ok.<br>@2340hrs connect #8 anchor to chain on Far Grip deck while working on #4.<br>@2355hrs #4 PCP passed back to Wrangler.                                      |

| Operations For Period 0000 Hrs to 0600 Hrs on 11 Jul 2006 |          |    |      |      |      |       |   |
|---|----------|----|------|------|------|-------|---|
| Phse  | Cls (RC) | Op | From | To   | Hrs  | Depth | Activity Description  |
| A   | P        | AH | 0000 | 0600 | 6.00 | 0.0m  | @0135hrs #8 connected to chain.<br>@0208hrs #8 drifts south, haul in and re-run.<br>@0313hrs #8 running out.<br>@0324hrs #8 on bottom.<br>@0425hrs #4 on bottom.<br>Commence mixing PHG for spudding well.<br>@0519hrs #8 PCP back to rig<br>@0530hrs #4 PCP back to rig.<br>@0530hrs #7 PCP to Far Grip.<br>@0543hrs #3 PCP to Wrangler. |

| Phase Data to 2400hrs, 10 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)                       | 5         | 10 Jul 2006 | 10 Jul 2006 | 14.50   | 0.604    | 0.0m      |  |

| Bulk Stocks    |      |    |      |        |         |  |
|----------------|------|----|------|--------|---------|--|
| Name           | Unit | In | Used | Adjust | Balance |  |
| Barite Bulk    | MT   | 0  | 0    | 0      | 131.1   |  |
| Bentonite Bulk | MT   | 0  | 0    | 0      | 60.9    |  |
| Diesel         | m3   | 0  | 5.4  | 0      | 268.4   |  |

| Bulk Stocks        |      |    |      |        |         |
|--------------------|------|----|------|--------|---------|
| Name               | Unit | In | Used | Adjust | Balance |
| Fresh Water        | m3   | 0  | 10.7 | 0      | 411.9   |
| Drill Water        | m3   | 0  | 0    | 4.4    | 799.9   |
| Cement G           | MT   | 0  | 0    | 0      | 83.3    |
| Cement HT (Silica) | MT   | 0  | 0    | 0      | 60.3    |
| Brine              | BBLs | 0  | 0    | 0      | 0.0     |

| Personnel On Board                      |     |  |
|---|-----|--|
| Company                                 | Pax | Comment  |
| UPSTREAM PETROLEUM                      | 5   | 46 x DOGC<br>5 x DOGC extra ( 2 x welders, 1 x crane op, 2 x coretech)<br>4 x DOGC other (1 x painter, 3 x seamen) |
| NEXUS                                   | 1   |  |
| DOGC                                    | 55  |  |
| DOWELL SCHLUMBERGER                     | 2   |  |
| Trident Offshore Ltd                    | 2   |  |
| CAMERON AUSTRALIA PTY LTD               | 1   |  |
| FUGRO SURVEY LTD (RIG POSITIONING)      | 6   |  |
| FUGRO SURVEY LTD (ROV)                  | 3   |  |
| THE EXPRO GROUP                         | 3   |  |
| SCHLUMBERGER OILFIELD AUSTRALIA PTY LTD | 2   |  |
| Baroid                                  | 2   |  |
| Q-Tech                                  | 1   |  |
| ESS                                     | 8   |  |
| Total                                   | 91  |  |

| HSE Summary         |              |            |  |                   |
|---------------------|--------------|------------|--|-------------------|
| Events              | Date of last | Days Since | Descr.   | Remarks           |
| Abandon Drill       | 09 Jul 2006  | 1 Day      | Weekly abandon rig drill                       | 0100/1300/1900hrs |
| Fire Drill          | 09 Jul 2006  | 1 Day      | Weekly fire drill                              |                   |
| JSA                 | 10 Jul 2006  | 0 Days     | Drillcrew 4, deckcrew 9, mechanic 2, subsea 2. |                   |
| Man Overboard Drill | 20 Jun 2006  | 20 Days    | Monthly man overboard drill                    |                   |
| Safety Meeting      | 09 Jul 2006  | 1 Day      | Weekly crew safety meetings                    |                   |
| STOP Card           | 10 Jul 2006  | 0 Days     | Safe 9 un-safe 7                               |                   |

| Marine                 |              |            |              |            |              |                  |             |         |               |
|------------------------|--------------|------------|--------------|------------|--------------|------------------|-------------|---------|---------------|
| Weather on 10 Jul 2006 |              |            |              |            |              |                  | Rig Support |         |               |
| Visibility             | Wind Speed   | Wind Dir.  | Pressure     | Air Temp.  | Wave Height  | Wave Dir.        | Wave Period | Anchors | Tension (klb) |
| 10.0nm                 | 30kn         | 300.0deg   | 1014.0mbar   | 13C°       | 1.5m         | 300.0deg         |             | 1       | 108.0         |
| Rig Dir.               | Ris. Tension | VDL        | Swell Height | Swell Dir. | Swell Period | Weather Comments |             | 2       | 0.0           |
| 270.0deg               |              | 4418.00klb | 1.0m         | 270.0deg   | 6s           |                  |             | 3       | 0.0           |
| Comments               |              |            |              |            |              |                  |             | 4       | 0.0           |
|                        |              |            |              |            |              |                  |             | 5       | 121.0         |
|                        |              |            |              |            |              |                  |             | 6       | 0.0           |
|                        |              |            |              |            |              |                  |             | 7       | 0.0           |
|                        |              |            |              |            |              |                  |             | 8       | 0.0           |

| Vessel Name        | Arrived (Date/Time) | Departed (Date/Time) | Status                     | Bulks  |      |      |             |                |
|--------------------|---------------------|----------------------|----------------------------|--------|------|------|-------------|----------------|
| Far Grip           |                     |                      | Anchor handling operations | Item   | Unit | Used | Trf. to Rig | Qty. Remaining |
|                    |                     |                      |                            | Diesel | m3   | 13   |             | 213            |
| Fresh Water        | m3                  | 3                    |                            | 245    |      |      |             |                |
| Drill Water        | m3                  |                      |                            | 0      |      |      |             |                |
| Cement G           | mt                  |                      |                            | 0      |      |      |             |                |
| Cement HT (Silica) | mt                  |                      |                            | 0      |      |      |             |                |
| Barite Bulk        | mt                  |                      |                            | 0      |      |      |             |                |
| Bentonite Bulk     | mt                  |                      |                            | 0      |      |      |             |                |

| Pacific Wrangler |  |  | Anchor handling operations | Item               | Unit | Used | Trf. to Rig | Qty. Remaining |
|------------------|--|--|----------------------------|--------------------|------|------|-------------|----------------|
|                  |  |  |                            | Diesel             | m3   | 14   |             | 682.2          |
|                  |  |  |                            | Fresh Water        | m3   | 5    |             | 220            |
|                  |  |  |                            | Drill Water        | m3   |      |             | 760            |
|                  |  |  |                            | Cement G           | mt   |      |             | 74             |
|                  |  |  |                            | Cement HT (Silica) | mt   |      |             | 69.2           |
|                  |  |  |                            | Bentonite Bulk     | mt   |      |             | 48             |
|                  |  |  |                            | Barite Bulk        | mt   |      |             | 0              |
|                  |  |  |                            | Brine              | m3   |      |             | 0              |