

| | | | |
|-------------------------------|---|-------------------------|-------------------------------------|
| Date: | 4 th August 2008 – 06:00 EST | Licence / State: | VIC/P44 |
| Report Period: | 06:00 – 06:00 Hours EST | Rig: | OCEAN PATRIOT |
| Days From Sidetrack: | 02 | RT - SEAFLOOR: | 86.9m |
| Current Hole Size: | 311mm (12 ¼") | WATER DEPTH | 66.1m MSL |
| | | RT: | 20.8m MSL |
| Depth @ 06:00 Hrs EST: | 1944m MDRT | PTD: | 2504m MDRT |
| | 1681.7m TVDRT | Sidetrack from | 21:00 hrs on 2 nd August |
| | (-1660.9m SS MSL) | Netherby 1: | 2008 |
| 24 Hr Progress: | 294m | | |
| 06:00 – 06:00 EST | | | |
| Current Operation: | Preparing to pull out of hole at 311mm (12¼") hole section Total Depth. | | |
| Nope Cost (Drill)\$ | (C&S)\$ 25.4 million | Cost To Date: | |
| | (P&A)\$ | | |

| Casing Data | Hole Size | Depth | Casing Size | Wt: | Type | Shoe Depth | LOT |
|-------------|----------------|--------|-----------------|----------------------|-----------|------------|------------------|
| | 914 mm (36") | 130.9m | 762mm (30") | 461 kg/m (310 lb/ft) | Conductor | 130.9m | |
| | 445mm (17.5") | 647.5m | 340mm (13.375") | 101 kg/m (68 lb/ft) | L80 | 642.2m | 2.12sg (17.7ppg) |
| | 311mm (12.25") | | 244mm (9 5/8") | 70 kg/m (47lb/ft) | | | |
| | 216mm (8½") | | | | | | |

| Mud Data | Type: | Wt: | Visc: | WL: | PH: | KCl: | Cl -: | PV/YP: | Rmf: |
|----------|---------|------|-------|-----|------|------|-------|--------|------------------|
| | KCl/GLY | 11.0 | 68 | 4.4 | 10.0 | 9.0 | 47k | 22/36 | 0.092Ωm @ 23.5°C |

| Bit Data | No. | Make | Type | Size | Hours | Meters | Condition | |
|----------|-----|------|------|--------|--------------|--------|-----------|---------|
| Current | 1 | Reed | PDC | RSX616 | 311mm (12¼") | 15.6 | 294 | In Hole |
| Previous | | | | | | | | |

| Surveys | Type | MD (m) | Inclination | Azimuth (T) | TVD (m) | Offset (m) | Direction (T) |
|-----------|------|--------|-------------|-------------|---------|------------|---------------|
| | LWD | 1919.6 | 80 | 123 | 1677.6 | 585 | 118 |
| Projected | LWD | 1944.5 | 81 | 123 | 1681.8 | 609 | 118 |

OPERATIONS SUMMARY

Previous 24 hrs Operations Summary at 06:00 hrs EST

Drill 311mm (12¼") deviated hole from 1650m to 1915m. Circulate sample. Continue to directional drill 311mm (12¼") hole from 1915 to 1927m. Circulate sample. Continue to drill 311mm (12¼") hole from 1927m to 1932m. Circulate sample. Continue to drill 311mm (12¼") hole from 1932m to 1937m confirm penetration of the Waarre "A" Formation. Drill 311mm (12¼") hole from 1937m to 1944m for casing rat hole. Circulate hole clean. Prepare to pull out of hole.

Anticipated Operations:

Pull out of hole and run 244mm (9 5/8") casing.

| FORMATION | FORMATION TOPS | | | | | |
|-----------------------------|----------------|-----------|---------------|------------|---------------|-----------|
| | ACTUAL TOP | | High / Low | High / Low | PROGNOSED TOP | |
| | (mMDRT) | (mSS MSL) | Prognosis (m) | Netherby 1 | (MDmRT) | (mSS MSL) |
| SEA LEVEL | 20.8 | 0.0 | | | 20.8 | 0.0 |
| HEYTSBURY GP | 86.9 | -66.1 | | - | 87.0 | -65.0 |
| MEPUNGA FM | 674.0 | -653.2 | 9.8 High | - | 685.0 | -663.0 |
| DILWYN FM / WANGERRIP GP | 778.0 | -757.2 | 6.2 Low | - | 773.0 | -751.0 |
| PEMBER MUDSTONE | 1004.5 | -979.6 | 22.4 High | - | 1027.0 | -1002.0 |
| PEBBLE POINT FM | 1069.0 | -1042.2 | 17.2 Low | - | 1051.0 | -1025.0 |
| MASSACRE SHALE | 1139.0 | -1110.4 | 17.4 Low | - | 1123.0 | -1093.0 |
| TIMBOON FM | 1155.0 | -1125.4 | 21.4 Low | - | 1135.0 | -1104.0 |
| PAARATTE FM | 1346.0 | -1293.6 | 9.6 Low | - | 1337.0 | -1284.0 |
| SKULL CREEK MDST | 1561.0 | -1469.5 | 15.5 Low | 0.2 High | 1555.0 | -1454.0 |
| K85 UNCONFORMITY | 1898.0 | -1652.7 | - | 0.1 Low | NP | NP |
| WAARRE "A" | 1929.0 | -1658.5 | 0.5 High | 3.6 High | 1939.0 | -1659.0 |
| EUMERALLA FM | | | | | NP | NP |
| TOTAL DEPTH | | | | | 2504 | -1622.0 |

HYDROCARBON SHOW SUMMARY

| INTERVAL | LITHOLOGY & HYDROCARBON FLUORESCENCE | GAS |
|----------|--------------------------------------|-----|
| | | |

| GAS | MD (m) | Peak | Background | Chromatograph |
|-----|--------|------|------------|---------------|
| | | | | |

GEOLOGICAL SUMMARY

| INTERVAL ROP (m/hr) | LITHOLOGY | GAS (Peak / BG) Composition |
|---|---|--------------------------------|
| | SKULL CREEK MUDSTONE 1561m MDRT (-1469.5m SS MSL) | |
| 1650 – 1810m 10 – 62 m/hr Av: 25 m/hr | SILTSTONE WITH MINOR INTERBEDDED SANDSTONE. <u>SILTSTONE</u> : medium brownish grey, grey brown, locally arenaceous, minor fine carbonaceous specks, rare calcareous fragments, rare fine grained glauconite, trace nodular pyrite, soft to firm, moderately hard in part, blocky to sub blocky. <u>SANDSTONE</u> : translucent, light grey, very light brown, very fine to fine grained, sub angular to sub rounded, well sorted, weak calcareous cement, minor off white argillaceous matrix, trace very fine lithics, trace nodular pyrite, trace fine grained glauconite, friable, poor visual porosity, no fluorescence. | 1 – 3 U 99/1/tr |

| | | |
|---|---|---|
| 1810 – 1898m 8 – 30 m/hr Av: 15 m/hr Controlled drilling from 1874m MDRT | SILTSTONE WITH MINOR INTERBEDDED FINE GRAINED SANDSTONE. <u>SILTSTONE</u> : medium to dark greenish grey, medium to dark brownish grey, locally arenaceous, minor fine carbonaceous specks, abundant fine grained glauconite, trace LIMESTONE fragments, firm to moderately hard, blocky to sub blocky <u>SANDSTONE</u> : translucent, light grey, very light brown, very fine to fine grained, sub angular to sub rounded, well sorted, weak calcareous cement, common off white argillaceous matrix, trace very fine lithics, trace nodular pyrite, common fine grained glauconite, friable, poor visual porosity, no fluorescence. | 1 - 5 U chrom. data unreliable |
| | WAARRE "B" 1898m MDRT (-1652.7m SS MSL) | |
| 1898 – 1929m 6 – 16 m/hr Av: 12 m/hr Control drilled | SILTSTONE. <u>SILTSTONE</u> : dark greenish grey, medium dark grey, medium to dark brownish grey, locally arenaceous, rare fine carbonaceous specks, abundant fine grained glauconite, firm to moderately hard, blocky to sub blocky. | 5 U chrom. data unreliable |
| | WAARRE "A" 1929m MDRT (-1658.5m SS MSL) | |
| 1929 – 1944m 5 – 19 m/hr Av: 11 m/hr Control drilled | SANDSTONE WITH MINOR INTERBEDDED SILTSTONE. <u>SANDSTONE</u> : off white, clear to translucent, very fine to fine, moderately well sorted, sub-round, weak siliceous cement, common to abundant off white argillaceous matrix, occasional carbonaceous specks and minor micro laminations, firm to friable, minor loose, trace fine glauconite grains, common rock flour, very poor visual porosity, poor inferred porosity, no fluorescence. <u>SILTSTONE</u> : pale brown, medium brown grey in part, argillaceous to minor arenaceous, occasional glauconite grains and carbonaceous specks, very soft to dispersive, occasionally firm to moderately hard, amorphous, sub-blocky. | 5 U chrom. data unreliable Peak: 1944m 29U 99/1/tr |

REMARKS:LWD Sensor Offsets from the Bit:

GR: 11.41m
Res: 11.36m
D&I: 18.87m