

20 Jul 2006

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

DRILLING MORNING REPORT # 11
Longtom 3

Well Data							
Country	Australia	MDBRT	1470.0m	Cur. Hole Size	9.500in	AFE Cost	\$40,292,054
Field	Gippsland Basin	TVDBRT	1455.7m	Last Casing OD	16.000in	AFE No.	LSDED01/0
Drill Co.	DOGC	Progress	448.0m	Shoe TVDBRT	995.3m	Daily Cost	\$0
Rig	OCEAN PATRIOT	Days from spud	9.37	Shoe MDBRT	995.3m	Cum Cost	\$0
Wtr Dpth (LAT)	56.7m	Days on well	10.60	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" directional hole with A675XP motor @ 1500m MDRT. Performed spill drill with crews at 0330hrs, ok.					
Planned Op		Drill ahead on well path to 36 deg inclination. Trip out of hole and pick up RST assembly. Run in hole and drill 9 1/2" Pilot hole.					

Summary of Period 0000 to 2400 Hrs
Pulled RST assembly out of hole and laid down PD Xceed and Ecoscope. Bit graded 5-4-BT-A-X-I-WT-BHA. Picked up 5" drill pipe and racked in derrick while waiting on x/o's on helicopter. Made up Mud motor drilling BHA and ran in hole to 1004m MDRT, wash and ream from 1004m MDRT to 1034m MDRT. Run in hole from 1034m MDRT to 1440m MDRT. Commence drilling 9 1/2" hole from 1440m MDRT to 1470m MDRT.

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

Operations For Period 0000 Hrs to 2400 Hrs on 20 Jul 2006

Phse	Cls (RC)	Op	From	To	Hrs	Depth	Activity Description
IH	TP (VE)	TO	0000	0200	2.00	1440.0m	Continued to pull out of the hole from 995m MDRT to 182m MDRT. Complete flow checks @shoe & BOP's, ok.
IH	TP (VE)	HBHA	0200	0430	2.50	1440.0m	Pulled out of hole BHA, laid out Ecoscope and PD Xceed. Bit graded: 5-4-BT-A-X-In-WT-BHA
IH	P	RS	0430	0530	1.00	1440.0m	Service TDS and travelling blocks while cleaning rig floor of SBM residue from backreaming and tripping. Well static.
IH	P	PUP	0530	0800	2.50	1440.0m	Pick up 5"dp while waiting on 2 subs required for Anadril Downhole motor BHA. All drill pipe on board now picked up 3349m.
IH	P	HBHA	0800	1130	3.50	1440.0m	Picked up Mud motor, adjusted to 1.5 deg bend, made up 9 1/2" MX 09 TCI rock bit with 3 x 24 jets. Made up BHA and shallow tested MWD. Ran in hole BHA to 177m MDRT.
IH	P	TI	1130	1330	2.00	1440.0m	Ran in hole from 177m MDRT to 1004m MDRT. Excess drag observed 30-40klbs. Made several attempts to pass, obstruction not mobile.
IH	TP (HC)	RW	1330	1400	0.50	1440.0m	Wash and ream in hole from 1004m MDRT to 1034m MDRT. 50rpm/ 162rpm DH/ 400gpm/ 1200psi/ 2-3klbs torque.
IH	P	TI	1400	1530	1.50	1440.0m	Continued to run in hole from 1034m MDRT to 1440m MDRT. No hole problems observed
IH	P	DM	1530	1800	2.50	1450.0m	Commence drilling 9 1/2" hole with mud motor and MWD Slide from 1440m MDRT to 1450m MDRT. 575gpm/ 2300-2500psi/ 20-35klbs WOB. Formation very non-uniform, 20-25klbs overpull to pull through slide sections, ream and condition as required.
IH	P	DM	1800	1900	1.00	1455.0m	Drill ahead in rotary from 1450m MDRT to 1455m MDRT. 575gpm/ 2400psi/ 15-20klbs WOB/ 2-5klbs tq/ 60rpm/ 221rpm DH.
IH	P	DM	1900	2330	4.50	1465.0m	Slide from 1455m MDRT to 1465m MDRT. 575gpm/ 2300-2500psi/ 20-35klbs WOB.
IH	P	DM	2330	2400	0.50	1470.0m	Drill ahead in rotary from 1465m MDRT to 1470m MDRT.

Phse	Cls (RC)	Op	From	To	Hrs	Depth	Activity Description
							575gpm/ 2400psi/ 15-20klbs WOB/ 2-5klbs tq/ 60rpm/ 221rpm DH. @ 1449.90m MDRT/ 1437.72m TVD/ 23.64 deg incl/ 192.57 azim/

Operations For Period 0000 Hrs to 0600 Hrs on 21 Jul 2006

Phse	Cls (RC)	Op	From	To	Hrs	Depth	Activity Description
IH	P	DM	0000	0600	6.00	1500.0m	Drill 9 1/2" pilot hole with mud motor in rotary from 1470m MDRT to 1500m MDRT. 575gpm/ 2300psi/ 65rpm/ 234rpm DH/ 18-20klbs WOB/ 3-4klbs tq. String wt 200klbs rotating/ 200klbs up/ 200klbs down. @ 1476.93m MDRT/ 1461.8m TVD/ 30.11deg incl/ 190.46 azimuth. @ 1481.34m MDRT/ 1465.6m TVD/ 30.35deg incl/ 190.37 azimuth.

Phase Data to 2400hrs, 20 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	111.8m
CONDUCTOR CASING(CC)	32	11 Jul 2006	13 Jul 2006	66.00	2.750	111.8m
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)	110.5	16 Jul 2006	20 Jul 2006	254.50	10.604	1470.0m

WBM Data Cost Today \$ 28363

Mud Type: Petrofree	API FL:	Cl:	Solids(%vol): 209%	Viscosity 93sec/qt
Sample-From: Active pit	Filter-Cake:	K+C*1000:	H2O: 18%	PV 35cp
Time: 2100hrs	HTHP-FL: 2.0cc/30min	Hard/Ca:	Oil(%): 62%	YP 37lb/100ft²
Weight: 12.15ppg	HTHP-cake: 2/32nd"	MBT:	Sand: 0.25	Gels 10s 26
Temp: 54C°		PM: 0.4	pH:	Gels 10m 47
		PF:	PHPA:	Fann 003 18
				Fann 006 19
				Fann 100 42
				Fann 200
Comment	Total product costs to date \$ 602,794.77 Cummulative total \$ 626,594.77 (including engineer)			Fann 300 72
				Fann 600 107

Bit # 5	Wear	I	O1	D	L	B	G	O2	R
Bitwear Comments:									
Size ("):	IADC# 437	Nozzles		Drilled over last 24 hrs			Calculated over Bit Run		
Mfr: HUGHES CHRISTENSEN	WOB(avg) 30.00klb	No.	Size	Progress	30.0m	Cum. Progress	30.0m		
Type: Rock	RPM(avg) 60	3	24/32nd"	On Bottom Hrs	6.9h	Cum. On Btm Hrs	6.9h		
Serial No.: 5102342	F.Rate 13.60bpm			IADC Drill Hrs	8.5h	Cum IADC Drill Hrs	8.5h		
Bit Model 9 1/2" MX 09	SPP 2450psi			Total Revs	101000	Cum Total Revs	101000		
Depth In 1440.0m	HSI			ROP(avg)	4.35 m/hr	ROP(avg)	4.35 m/hr		
Depth Out	TFA 1.325								
Bit Comment									

Bit # 4rr1	Wear	I	O1	D	L	B	G	O2	R
	[5]62.5% WEAR	[4]50% WEAR	[E]BROKEN WEA	[A] - ALL AREAS / ROWS	[X]FIXED CUTTER BITS	[I]IN CUTTER GAUGE	[C]CHIP TEETH CUTTERS	[P]BOTTOM ASSEMBLY	[D]CHANGE HOLE
Bitwear Comments:									
Size ("):	IADC# M322	Nozzles		Drilled over last 24 hrs			Calculated over Bit Run		

Mfr:	REED HYCALOG	WOB(avg)	16.00klb	No.	Size	Progress	418.0m	Cum. Progress	836.0m
Type:	PDC	RPM(avg)	156	6	18/32nd"	On Bottom Hrs	8.1h	Cum. On Btm Hrs	16.2h
Serial No.:	212935	F.Rate	17.80bpm			IADC Drill Hrs	13.5h	Cum IADC Drill Hrs	27.0h
Bit Model	9 1/2" RSX616M-A4	SPP	3350psi			Total Revs	121000	Cum Total Revs	242000
Depth In	1022.0m	HSI				ROP(avg)	51.60 m/hr	ROP(avg)	51.60 m/hr
Depth Out	1440.0m	TFA	1.49						
Bit Comment Pull out of hole due to Xceed's inability to build angle during kick off and build.									

BHA # 6									
Weight(Wet)	30.00klb	Length	177.6m	Torque(max)	6ft-lbs	D.C. (1) Ann Velocity			
Wt Below Jar(Wet)	14.00klb	String	200.00klb	Torque(Off.Btm)	1ft-lbs	D.C. (2) Ann Velocity			
Drilling Jar Hours		Pick-Up	200.00klb	Torque(On.Btm)	2ft-lbs	H.W.D.P. Ann Velocity			
		Slack-Off	200.00klb			D.P. Ann Velocity			

BHA Run Description Kick off assembly to build inclination to 36 deg before tripping to run RST assembly.

BHA Run Comment									
Equipment	Length	OD	ID	Serial #	Comment				
Bit	0.24m	9.500in		5102342	MX 09 IADC 437 TCIwith 3 x 24 jets A675XP with 1.5 bend and 9.125 stabilizer sleeve				
Down Hole Motor	7.70m	6.750in		3601					
Float Sub	0.48m	6.750in	2.875in	cmp1543	Float sub with float installed.				
Stab	2.06m	8.500in	2.875in	207A321	8 1/2" string 3 blade spiral stabilizer				
X/O	0.49m	6.875in	2.875in	3048					
Telescope x/o	8.03m	6.875in	2.875in	FA27					
X/O	0.49m	6.875in	2.875in	FA27					
5" Non-mag HWDP	9.09m	5.000in	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 # 5									
Weight(Wet)	40.00klb	Length	182.6m	Torque(max)	11ft-lbs	D.C. (1) Ann Velocity			
Wt Below Jar(Wet)	16.00klb	String	195.00klb	Torque(Off.Btm)	3ft-lbs	D.C. (2) Ann Velocity 615fpm			
Drilling Jar Hours	1	Pick-Up	195.00klb	Torque(On.Btm)	7ft-lbs	H.W.D.P. Ann Velocity 281fpm			
		Slack-Off	195.00klb			D.P. Ann Velocity 281fpm			

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

BHA Run Comment									
Equipment	Length	OD	ID	Serial #	Comment				
Bit	0.22m	9.500in		212935	RSX616M-A2 Re-run 1				
Power drive Xceed	7.66m	9.188in		119					
Ecoscope	8.05m	9.375in		779					
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						

Survey									
MD (m)	Incl (deg)	Azim (deg)	TVD (m)	Vsec (deg)	N/-S (m)	E/-W (m)	DLS (deg/30m)	Tool Type	
1449.90	23.6	192.6	1437.72	72.5	-69.5	-22.9	3.7	MWD	
1476.93	30.1	190.5	1461.81	84.7	-81.5	-25.4	7.3	MWD	
1481.34	30.4	190.4	1465.60						

Bulk Stocks						
Name	Unit	In	Used	Adjust	Balance	
Barite Bulk	MT	0	12.26	0	159.0	
Bentonite Bulk	MT	0	0	0	21.8	
Diesel	m3	0	15.2	0	462.1	
Fresh Water	m3	34	28.2	0	400.9	
Drill Water	m3	0	2.4	0	442.9	
Cement G	MT	0	0	0	64.3	
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	73	2500	6.84	1462.0	30	390	3.00	40	450	4.00	50	600	5.00
3	12P 160	6.000	12.15	97	73	2500	6.84		30		3.00	40		4.00	50		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	7	
DOGC	54	45 x DOGC 3 x DOGC extra(1 x welder, 1 x crane op, 1 x dogman) 6 x DOGC other (2 x painter, 3 x union hydraulic, 1 x casing systme hand)
DOWELL SCHLUMBERGER	2	
FUGRO SURVEY LTD (ROV)	3	
SCHLUMBERGER ANADRIL	5	2 x MWD, 2 x DD, 1 x tainee MWD.
BAROID	2	
ESS	8	
GEOSERVICES OVERSEAS S.A.	6	
Q-Tech	1	
K & M	2	
Brandt	1	
SCHLUMBERGER OILFIELD AUSTRALIA PTY LTD	2	
	Total	93

HSE Summary				
Events	Date of last	Days Since	Descr.	Remarks
Last BOP Test	17 Jul 2006			
Abandon Drill	15 Jul 2006	5 Days	Weekly abandon rig drill	
Fire Drill	15 Jul 2006	5 Days	Weekly fire drill	
JSA	19 Jul 2006	1 Day	Drillcrew 7, deckcrew 9, mechanic 4, subsea 0, Painters 0, welder 1, catering 0.	
Man Overboard Drill	20 Jun 2006	30 Days	Monthly man overboard drill	
Safety Meeting	16 Jul 2006	4 Days	Weekly crew safety meetings	0100/1300/1900hrs
STOP Card	20 Jul 2006	0 Days	Safe 6 un-safe 2	

Shakers, Volumes and Losses Data						
Available	2,817.7bbl	Losses	48.8bbl	Equip.	Descr.	Mesh Size
Active	455.8bbl	Down-hole	22.8bbl	Shaker1	VSM100	10/145/145/145/145
Hole	850.7bbl	Centrifuge	15bbl	Shaker2	VSM100	10/180/180/165/165
Reserve	1,119.1bbl	ROC	11bbl	Shaker3	VSM100	10/200/200/145/145
Slug	23.1bbl			Shaker4	VSM100	10/200/200/145/145
Petrofree ester	369bbl					

Marine									
Weather on 20 Jul 2006							Rig Support		
Visibility	Wind Speed	Wind Dir.	Pressure	Air Temp.	Wave Height	Wave Dir.	Wave Period	Anchors	Tension (klb)
10.0nm	0kn	0.0deg	1037.0mbar	11C°	0.5m	0.0deg		1	174.0
Rig Dir.	Ris. Tension	VDL	Swell Height	Swell Dir.	Swell Period	Weather Comments		2	172.0
270.0deg	292.00klb	4684.60klb	1.0m	90.0deg				3	249.0
Comments								4	240.0
								5	300.0
								6	304.0
								7	243.0
								8	174.0

Vessel Name	Arrived (Date/Time)	Departed (Date/Time)	Status	Bulks					
Item	Unit	Used	Trf. to Rig	Qty. Remaining					
Far Grip		0815hrs 18th July	En-route to rig.						
	Diesel	m3	6	0	295				
	Fresh Water	m3	5	0	485				
	Drill Water	m3	0	0	0				
	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				
Pacific Wrangler		1020hr 17 July	Running standby						
	Diesel	m3	12.1	0	543.1				
	Fresh Water	m3	5	0	236				
	Drill Water	m3	0	0	512				
	Cement G	mt	0	0	44				
	Cement HT (Silica)	mt	0	0	0				
	Barite Bulk	mt	0	129	0				
	Bentonite Bulk	mt	0	0	0				
	Brine	m3	0	0	0				
		m3		650	0				
	m3	0	434	0					

Helicopter Movement				
Flight #	Company	Arr/Dep. Time	Pax In/Out	Comment
1	BRISTOW HELICOPTERS AUSTRALIA PTY LTD	0840 / 0902	16 / 14	Re-fuel 515 litres Remaining 426 litres