

26 Jul 2006

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

**DRILLING MORNING REPORT # 17**  
**Longtom 3**

Well Data							
Country	Australia	MDBRT	3437.0m	Cur. Hole Size	9.500in	AFE Cost	\$40,292,054
Field	Gippsland Basin	TVDBRT	2580.6m	Last Casing OD	16.000in	AFE No.	LSDED01/0
Drill Co.	DOGC	Progress	223.0m	Shoe TVDBRT	995.3m	Daily Cost	\$0
Rig	OCEAN PATRIOT	Days from spud	15.37	Shoe MDBRT	995.3m	Cum Cost	\$20,075,560
Wtr Dpth (LAT)	56.7m	Days on well	16.69	FIT/LOT:	/ 13.50ppg	Days Since Last LTI	1163
RT-ASL (LAT)	21.5m	Planned TD MD	5834.0m				
RT-ML	78.2m	Planned TD TVDRT	2458.0m				
Current Op @ 0600		Rigging up to run wire line logs. Bit graded 1-8-RO-S-X-1-WT-PR					
Planned Op		Rig up logging equipment. Assemble tool string #1 and RIH, log interval.					

Summary of Period 0000 to 2400 Hrs
Drill 9 1/2" pilot hole from 3214m MDRT to 3437m MDRT. Circulate hole clean. Pulled out of hole from 3437m MDRT to 1645m MDRT, 50klbs overpull observed, attempt to work through, obstruction not mobile. Commence back reaming from 1645m MDRT to 1463m MDRT.

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

Operations For Period 0000 Hrs to 2400 Hrs on 26 Jul 2006							
Phse	Cls (RC)	Op	From	To	Hrs	Depth	Activity Description
IH	P	DA	0000	1600	16.00	3437.0m	Drill 9 1/2" pilot hole with RST from 3214m MDRT to 3437m MDRT. 670gpm/ 4050psi/ 180rpm/ 25klbs WOB/ 9-12klbs tq on btm, 3-4klbs tq off btm. @ 3214m String wt: 245klbs rotating/ 295lkbs up/ 230klbs down. @ 3294m String wt: 250klbs rotating/ 300lkbs up/ 235klbs down. @ 3322m String wt: 250klbs rotating/ 300lkbs up/ 240klbs down. @3437m String wt: 255klbs rotating/ 320klbs up/ 235klbs down. Survey: @3437m MDRT/ 2580.61m TVD/ 55.55deg inclination/ 188.34azimuth. No drag observed during connection. Continued with extended back reaming time by 5minutes per stand. Back ream every stand, take survey after connection. .
IH	P	CHC	1600	1730	1.50	3437.0m	Circulate btms up from 3437m MDRT.
IH	P	TO	1730	2130	4.00	3437.0m	Flow check well, static. Pulled out of hole from 3437m MDRT to 1645m MDRT. @3182m MDRT work 30k drag, wipe once, hole clean. @3083m MDRT work 35k drag, wipe once, hole clean. @3055m MDRT work 50k drag, wipe twice, hole clean. @2830m MDRT work 30k drag, wipe once, hole clean.
IH	TP (HC)	RW	2130	2400	2.50	3437.0m	@1645m MDRT 50k drag observed, work and wipe without improvement, obstruction moving but very slowly. Commence back reaming with 180rpm, 650gpm,3-10 tq. Ream twice and then run through without pumps and rotary, zero drag observed. Continue back reaming to 1463m MDRT. Each stand was attempted to be pulled with out pumps and rotation but drag increased up to 50klbs at the point the last stand was back reamed to. Continued to back ream, no pressure spikes observed, torque fluctuations of between 7-17klbs

Operations For Period 0000 Hrs to 0600 Hrs on 27 Jul 2006							
Phse	Cls (RC)	Op	From	To	Hrs	Depth	Activity Description
IH	TP (DFC)	RW	0000	0200	2.00	3437.0m	Continue back reaming with 180rpm, 650gpm,3-8 tq. Ream twice if torque spike observed once if torque constant, run through without pumps and rotary, zero drag observed. Continue back reaming to 1291m MDRT.

Phse	Cls (RC)	Op	From	To	Hrs	Depth	Activity Description
IH	P	TO	0200	0430	2.50	3437.0m	Each stand was attempted to be pulled with out pumps and rotation prior to back reaming, but drag ramped up instantly to 40-45klbs at the point the last stand was back reamed to. Pulled out of hole from 1291m MDRT to 174m MDRT. No excess drag observed. Flow check well @995m MDRT 16" shoe, ok.
IH	P	HBHA	0430	0600	1.50	3437.0m	Pulled out of hole BHA, rack HWDP in derrick and laid down Anadril down hole tools. Bit #7 Smith M716 1-8-RO-S-X-1-WT-PR

**Phase Data to 2400hrs, 26 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)	256.5	16 Jul 2006	26 Jul 2006	400.50	16.688	3437.0m

**WBM Data**

**Cost Today \$ 34184**

Mud Type: Petrofree	API FL:	Cl:	Solids(%vol): 20%	Viscosity 74sec/qt
Sample-From: Active pit	Filter-Cake:	K+C*1000:	H2O: 16%	PV 41cp
Time: 2115hrs	HTHP-FL: 2.8cc/30min	Hard/Ca:	Oil(%): 64%	YP 23lb/100ft²
Weight: 12.10ppg	HTHP-cake: 2/32nd"	MBT:	Sand: 0.25	Gels 10s 26
Temp: 72C°		PM: 0.75	pH:	Gels 10m 45
		PF:	PHPA:	Fann 003 13
Comment	Total product costs to date \$ 833,924.85 Cummulative total \$ 867,924.85 (including engineer)			Fann 006 14
				Fann 100 33
				Fann 200
				Fann 300 64
				Fann 600 105

**Bit # 7**

		Wear	I	O1	D	L	B	G	O2	R
Bitwear Comments:										
Size ("):	IADC#	M323	<b>Nozzles</b>		<b>Drilled over last 24 hrs</b>		<b>Calculated over Bit Run</b>			
Mfr: SMITH	WOB(avg)	19.00klb	No.	Size	Progress	223.0m	Cum. Progress		1567.0m	
Type: PDC	RPM(avg)	176	2	16/32nd"	On Bottom Hrs	11.6h	Cum. On Btm Hrs		47.4h	
Serial No.: JW7648	F.Rate	15.90bpm	5	18/32nd"	IADC Drill Hrs	16.0h	Cum IADC Drill Hrs		66.5h	
Bit Model M716PXC 9 1/2"	SPP	4000psi			Total Revs	477000	Cum Total Revs		654395	
Depth In 1930.0m	HSI				ROP(avg)	19.22 m/hr	ROP(avg)		33.06 m/hr	
Depth Out	TFA	1.63								

Bit Comment

**BHA # 8**

Weight(Wet)	38.00klb	Length	174.6m	Torque(max)	15ft-lbs	D.C. (1) Ann Velocity
Wt Below Jar(Wet)	14.00klb	String	255.00klb	Torque(Off.Btm)	4ft-lbs	D.C. (2) Ann Velocity
Drilling Jar Hours	88	Pick-Up	320.00klb	Torque(On.Btm)	11ft-lbs	H.W.D.P. Ann Velocity 281fpm
		Slack-Off	235.00klb			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	

Equipment	Length	OD	ID	Top Conn	Serial #	Comment
5in HWDP	27.47m	5.000in	3.000in		DAH03584	
Drilling Jars	9.68m	6.375in	2.750in			
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
3280.73	53.5	188.7	2490.70	1554.8	-1528.5	-285.1	1.1	MWD
3338.29	54.9	188.6	2524.69	1601.3	-1574.5	-292.0	1.5	MWD
3367.15	55.3	188.8	2541.20	1624.9	-1597.8	-295.6	0.4	MWD
3396.12	55.9	188.7	2557.58	1648.8	-1621.5	-299.2	0.7	MWD
3423.72	55.7	188.4	2573.11	1671.6	-1644.0	-302.6	0.3	MWD
3437.00	55.6	188.3	2580.61	1682.6	-1654.9	-304.2	0.3	MWD

**Bulk Stocks**

Name	Unit	In	Used	Adjust	Balance
Barite Bulk	MT	118.67	30.56	0	143.5
Bentonite Bulk	MT	0	0	0	21.8
Diesel	m3	0	19.5	0	343.1
Fresh Water	m3	9	33.4	0	407.9
Drill Water	m3	0	12	0	725.8
Cement G	MT	0	0	0	178.6
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	12.00	97	60	4100	5.13		30		3.00	40		4.00	50		5.00
2	12P 160	6.000	12.00	97	54	4100	5.50	3437.0	20	520	2.00	30	590	3.00	40	680	4.00
3	12P 160	6.000	12.00	97	54	4100	5.50		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	54	45 x DOGC 3x DOGC extra (, 1 x crane op, 1 x dogman, 1 x welder) 6 x DOGC other (2 x painter, 3 x union hydraulic, 1 x crane cab man)
DOWELL SCHLUMBERGER	2	
FUGRO SURVEY LTD (ROV)	3	
SCHLUMBERGER ANADRIL	4	2 x MWD, 2 x DD.
BAROID	2	
ESS	8	
GEOSERVICES OVERSEAS S.A.	6	
Q-Tech	1	
K & M	2	
Brandt	1	
WEATHERFORD AUSTRALIA PTY LTD	2	
SCHLUMBERGER OILFIELD AUSTRALIA PTY LTD	6	
<b>Total</b>	<b>97</b>	

HSE Summary				
Events	Date of last	Days Since	Descr.	Remarks
Last BOP Test	17 Jul 2006			
Abandon Drill	23 Jul 2006	3 Days	Weekly abandon rig drill	
Fire Drill	23 Jul 2006	3 Days	Weekly fire drill	
JSA	26 Jul 2006	0 Days	Drillcrew 6, deckcrew 10, mechanic 1, subsea 0, Painters 0, welder 0, marine 0, catering 0, 3rd party 1.	
Man Overboard Drill	21 Jul 2006	5 Days	Monthly man overboard drill	
Safety Meeting	23 Jul 2006	3 Days	Weekly crew safety meetings	0100/1300/1900hrs
STOP Card	26 Jul 2006	0 Days	Safe 6 un-safe 5	
Trip / Kick Drill	22 Jul 2006	4 Days	Trip and pit drill	Held trip drills and pit drills. Trip drills 1 x 28secs

Shakers, Volumes and Losses Data						
Available	2,595.7bbl	Losses	125.2bbl	Equip.	Descr.	Mesh Size
Active	270.1bbl	Down-hole	84.2bbl	Shaker1	VSM100	10/200/200/200/200
Hole	1,416.5bbl	ROC	41bbl	Shaker1	VSM100	10/200/200/200/200
Reserve	721.2bbl			Shaker2	VSM100	10/200/200/200/200
Slug	32.9bbl			Shaker2	VSM100	10/200/200/200/200
Petrofree ester	155bbl			Shaker3	VSM100	10/200/200/200/200
				Shaker3	VSM100	10/200/200/200/200
				Shaker4	VSM100	10/200/200/200/200
				Shaker4	VSM100	10/200/200/200/200

Marine									
Weather on 26 Jul 2006							Rig Support		
Visibility	Wind Speed	Wind Dir.	Pressure	Air Temp.	Wave Height	Wave Dir.	Wave Period	Anchors	Tension (klb)
10.0nm	5kn	90.0deg	1027.0mbar	12C°	0.5m	90.0deg		1	214.0
Rig Dir.	Ris. Tension	VDL	Swell Height	Swell Dir.	Swell Period	Weather Comments		2	179.0
270.0deg	292.00klb	4982.00klb	0.5m	90.0deg	-1s			3	260.0
Comments								4	245.0
								5	326.0
								6	326.0
								7	205.0
								8	203.0

Vessel Name	Arrived (Date/Time)	Departed (Date/Time)	Status	Bulks								
Item	Unit	Used	Trf. to Rig	Qty. Remaining								
Far Grip	0600hrs 26th July		Running standby	Diesel	m3	7	0	545				
				Fresh Water	m3	8	0	432				
				Drill Water	m3	0	0	174				
				Cement G	mt	0	0	0				
				Cement HT (Silica)	mt	0	0	0				
				Barite Bulk	mt	0	118.67	0				
				Bentonite Bulk	mt	0	0	0				
				Brine	m3	0	0	0				
					bbls	0	0	1005				

Vessel Name	Arrived (Date/Time)	Departed (Date/Time)	Status	Bulks								
Item	Unit	Used	Trf. to Rig	Qty. Remaining								
Pacific Wrangler		1700 25th July	En-route to Eden	Diesel	m3	10.6	0	450				
				Fresh Water	m3	3	8	258				
				Drill Water	m3	0	0	308				
				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	0				
					m3	0	0	428				