

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	\$610,134
Rig	OCEAN PATRIOT	Days from spud	9.37	Shoe MDBRT	995.3m	Cum Cost	\$17,737,964
Wtr Dpth (LAT)	56.7m	Days on well	10.65	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	TP (VE)	WO	0800	0900	1.00	1440.0m	All available drill pipe picked up. wait on helicopter for Anadril x/o's. Well static.
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.

Phse	Cls (RC)	Op	From	To	Hrs	Depth	Activity Description
IH	P	DM	2330	2400	0.50	1470.0m	575gpm/ 2300-2500psi/ 20-35klbs WOB. Drill ahead in rotary from 1465m MDRT to 1470m MDRT. 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	1515.0m	(IN PROGRESS) Drill 9 1/2" pilot hole with mud motor in rotary from 1470m MDRT to 1515m MDRT. 575gpm/ 2500psi/ 60rpm/ 221rpm 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	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)	111.5	16 Jul 2006	20 Jul 2006	255.50	10.646	1470.0m

WBM Data
Cost Today \$ 28363

Mud Type:	Petrofree	API FL:	CI:	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	
						Fann 300	72
						Fann 600	107
Comment		Total product costs to date \$ 602,794.77 Cumulative total \$ 626,594.77 (including engineer)					

Bit # 5										
				Wear	I	O1	D	L	B	G
				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	4	BT	A	X	I	CT	BHA
		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	Top Conn	Serial #	Comment
Bit	0.24m	9.500in			5102342	MX 09 IADC 437 TC1with 3 x 24 jets
Down Hole Motor	7.70m	6.750in			3601	A675XP with 1.5 bend and 9.125 stabilizer sleeve
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		5.000in	3.000in			
	111.86m					

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	Top Conn	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		5.000in	3.000in			
	111.86m					

Survey

MD	Incl	Azim	TVD	Vsec	N/-S	E/-W	DLS	Tool Type
(m)	(deg)	(deg)	(m)	(deg)	(m)	(m)	(deg/30m)	
1449.90	23.6	192.6	1437.72	72.5	-69.5	-22.9	3.7	MWD

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	Shaker1	VSM100	10/145/145/145/145
Reserve	1,119.1bbl	ROC	11bbl	Shaker2	VSM100	10/145/145/145/145
Slug	23.1bbl			Shaker2	VSM100	10/180/180/165/165
Petrofree ester	369bbl			Shaker3	VSM100	10/84/84/84/84
				Shaker3	VSM100	10/200/200/145/145
				Shaker4	VSM100	10/84/84/84/84
				Shaker4	VSM100	10/200/200/145/145

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	