

22 Jul 2006

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

DRILLING MORNING REPORT # 13
Longtom 3

Well Data							
Country	Australia	MDBRT	1870.0m	Cur. Hole Size	9.500in	AFE Cost	\$40,292,054
Field	Gippsland Basin	TVDBRT	1704.9m	Last Casing OD	16.000in	AFE No.	LSDED01/0
Drill Co.	DOGC	Progress	325.0m	Shoe TVDBRT	995.3m	Daily Cost	\$555,419
Rig	OCEAN PATRIOT	Days from spud	11.37	Shoe MDBRT	995.3m	Cum Cost	\$18,884,770
Wtr Dpth (LAT)	56.7m	Days on well	12.65	FIT/LOT:	/ 13.50ppg	Days Since Last LTI	1159
RT-ASL (LAT)	21.5m	Planned TD MD	5834.0m				
RT-ML	78.2m	Planned TD TVDRT	2458.0m				
Current Op @ 0600 Pulling out of hole due to Anadril MWD failure. Current depth XXXXm MDRT.							
Planned Op Complete trip out of hole. Lay out MWD, inspect bit. Pick up new MWD, run in hole to shoe, service TDS, slip and cut drilling line. Run in hole to 1930m MDRT. Drill 9 1/2" pilot hole from 1930m MDRT.							

Summary of Period 0000 to 2400 Hrs

Made up RST BHA and ran in hole to 1420m MDRT, log section to 1545m MDRT. Commenced drilling 9 1/2" hole with rotary steerable from 1545m MDRT to 1870m MDRT.

FORMATION

Name	Top
300 Sand	
200 Sand	
100 Sand	
Emperor Volcanics	
TD	

Operations For Period 0000 Hrs to 2400 Hrs on 22 Jul 2006

Phse	Cls (RC)	Op	From	To	Hrs	Depth	Activity Description
IH	P	HBHA	0000	0230	2.50	1545.0m	Made up Power Drive Xceed rotary steerable assembly, install radio active source, shallow test ok. Run BHA from derrick to 182m MDRT
IH	P	TI	0230	0400	1.50	1545.0m	Ran in hole 9 1/2" RST BHA on 5" drill pipe to 22" shoe @995m MDRT.
IH	P	RS	0400	0430	0.50	1545.0m	Service travelling blocks and top drive.
IH	P	TI	0430	0530	1.00	1545.0m	Continued to run in hole from 22" shoe @995m MDRT to 1415m MDRT. No hole problems observed on trip in.
IH	P	LDPC	0530	0900	3.50	1545.0m	Filled drill string and established circulation. Commenced logging of 1420m MDRT to TD @1545m MDRT.
IH	P	DA	0900	2400	15.00	1870.0m	Drill 9 1/2" pilot hole with RST and Ecoscope tool from 1545m MDRT to 1870m MDRT. 750gpm/ 3890psi/ 180rpm/ 28-30klbs WOB/ 5-10klbs tq. String wt: 210klbs rotating/ 215klbs up/ 210klbs down. @1849.0m MDRT/ 1694.71m TVD/ 57.85 deg inclination. No hole problems observed during drilling and connections, back ream every stand, take survey after connection.

Operations For Period 0000 Hrs to 0600 Hrs on 23 Jul 2006

Phse	Cls (RC)	Op	From	To	Hrs	Depth	Activity Description
IH	P	DA	0000	0230	2.50	1930.0m	Drill 9 1/2" pilot hole with RST from 1870m MDRT to 1930m MDRT. 750gpm/ 3890psi/ 180rpm/ 28-30klbs WOB/ 5-10klbs tq. String wt: 210klbs rotating/ 215klbs up/ 210klbs down. @1906.0m MDRT/ 1724.0m TVD/ 57.15 deg inclination/ 180.91 azimuth. No hole problems observed during drilling and connections, back ream every stand, take survey after connection.
IH	TP (DTF)	DA	0230	0300	0.50	1930.0m	Anadril MWD tool failure, signal failed 3m after connection. Cycle pumps and perform diagnostic checks. Tool un-serviceable. Continue circulating hole clean during these checks.
IH	TP (DTF)	CHC	0300	0500	2.00	1930.0m	Circulate hole clean from 1930m MDRT, rack back 1 stand per 30minutes of circulating. Take torque and drag readings for K & M well modeling.
IH	TP (DTF)	TO	0500	0600	1.00	1930.0m	Pulled out of hole from 1844m MDRT to 1726m MDRT. No excess drag observed.

Phse	Cls (RC)	Op	From	To	Hrs	Depth	Activity Description
IH	TP (DTF)	TOT	0500	0600	1.00	1930.0m	<p>(IN PROGRESS) @1726m MDRT excessive drag observed. Work pipe and build overpull to pass obstruction up in 10klb intervals until 50klbs of overpull was achieved. Worked pipe to 1720m MDRT, obstruction not improving but string was free to travel down.</p> <p>Made up top drive and established circulation, no indications of packing off and string rotating freely with 3klbs of torque at 25rpm.</p> <p>Circulated 10mins to establish if this obstruction was cuttings or not. Stopped rotary and pumps and commenced working string through 1720m MDRT. Drag of 50klbs at point prior to circulation.</p> <p>Commenced back reaming with parameters of 750gpm & 120rpm. Torque fluctuations of 7-20klbs, pump pressure spikes of 50-150psi noted.</p> <p>Work through slowly.</p> <p>Back ream from 1720m MDRT to 1528m MDRT, hole condition not premium as torque spikes and psi spikes still observed.</p> <p>Pull 1528m MDRT to 1498m MDRT with 20klbs drag observed, drag builds then drops off as pipe pulled.</p> <p>Attempt to pull next stand on elevators, 40klbs drag observed.</p> <p>Continue to back ream to 1154m MDRT, each stand back reamed from 1498m MDRT to 1154m MDRT was first attempted to be pulled with out pumps and rotary, 40-50klbs drag noted.</p>

Phase Data to 2400hrs, 22 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)	159.5	16 Jul 2006	22 Jul 2006	303.50	12.646	1870.0m

WBM Data
Cost Today \$ 5471

Mud Type:	Petrofree	API FL:	Cl:	Solids(%vol):	21%	Viscosity	74sec/qt
Sample-From:	Active pit	Filter-Cake:	K+C*1000:	H2O:	17%	PV	37cp
Time:	2145hrs	HTHP-FL:	3.0cc/30min	Hard/Ca:		YP	25lb/100ft²
Weight:	12.05ppg	HTHP-cake:	2/32nd"	Oil(%):	62%	Gels 10s	25
Temp:	62C°			Sand:	0.25	Gels 10m	45
			MBT:	pH:		Fann 003	12
			PM:	0.4		Fann 006	13
			PF:	PHPA:		Fann 100	33
						Fann 200	
Comment	Total product costs to date \$ 624,043					Fann 300	62
	Cumulative total \$ 651,243 (including engineer)					Fann 600	99

Bit # 5

Bit # 5			Wear	I 2	O1 2	D WT	L A	B E	G I	O2 NO	R BHA	
			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 0.0m		Cum. Progress 105.0m					
Type: Rock		RPM(avg) 60	3 24/32nd"		On Bottom Hrs 0.0h		Cum. On Btm Hrs 18.9h					
Serial No.: 5102342		F.Rate 14.20bpm			IADC Drill Hrs 0.0h		Cum IADC Drill Hrs 23.5h					
Bit Model 9 1/2" MX 09		SPP 2800psi			Total Revs 307000		Cum Total Revs 715000					
Depth In 1440.0m		HSI			ROP(avg) N/A		ROP(avg) 5.56 m/hr					
Depth Out 1545.0m		TFA 1.325										
Bit Comment												

Bit # 6

Wear	I	O1	D	L	B	G	O2	R
Bitwear Comments:								
Size ("):	IADC#	M322	Nozzles		Drilled over last 24 hrs		Calculated over Bit Run	

Mfr:	REED HYCLOG	WOB(avg)	26.00klb	No.	Size	Progress	325.0m	Cum. Progress	325.0m
Type:	PDC	RPM(avg)	163	6	18/32nd"	On Bottom Hrs	10.0h	Cum. On Btm Hrs	10.0h
Serial No.:	212936	F.Rate	17.80bpm			IADC Drill Hrs	0.0h	Cum IADC Drill Hrs	0.0h
Bit Model	9 1/2" RSX616M-A4	SPP	3600psi			Total Revs	129000	Cum Total Revs	129000
Depth In	1545.0m	HSI				ROP(avg)	32.50 m/hr	ROP(avg)	32.50 m/hr
Depth Out		TFA	1.49						
Bit Comment									

BHA # 7

Weight(Wet)	40.00klb	Length	182.6m	Torque(max)	12ft-lbs	D.C. (1) Ann Velocity	
Wt Below Jar(Wet)	16.00klb	String	210.00klb	Torque(Off.Btm)	3ft-lbs	D.C. (2) Ann Velocity	615fpm
Drilling Jar Hours	1	Pick-Up	215.00klb	Torque(On.Btm)	8ft-lbs	H.W.D.P. Ann Velocity	281fpm
		Slack-Off	210.00klb			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			212936	RSX616M-A2 Re-run 1
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	
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
1592.94	47.9	186.0	1553.20	154.7	-151.8	-30.1	5.9	MWD
1621.42	53.6	189.8	1571.75	176.8	-173.6	-33.2	6.6	MWD
1649.14	57.5	191.9	1586.93	199.6	-199.1	-37.5	4.7	MWD
1676.22	57.6	191.2	1601.45	222.5	-218.4	-46.9	0.3	MWD
1705.31	57.9	191.1	1616.98	247.1	-267.8	-51.8	0.3	MWD
1735.69	57.6	191.2	1633.21	272.7	-267.8	-51.8	0.3	MWD
1765.00	58.0	190.0	1648.83	297.5	-292.1	-56.4	1.1	MWD
1791.87	57.9	188.9	1663.89	320.3	-314.6	-60.1	1.1	MWD
1821.27	57.9	186.3	1678.73	345.2	-339.3	-63.4	2.3	MWD
1849.18	57.9	182.8	1693.57	368.7	-362.8	-65.3	3.1	MWD

Bulk Stocks

Name	Unit	In	Used	Adjust	Balance
Barite Bulk	MT	0	15.69	1	137.3
Bentonite Bulk	MT	0	0	0	21.8
Diesel	m3	0	13	0	432.9
Fresh Water	m3	33	18.9	0	421.6
Drill Water	m3	0	6	0	773.9
Cement G	MT	0	0	0	143.8
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	71	3900	6.07										

Pumps																	
Pump Data - Last 24 Hrs								Slow Pump Data									
2	12P 160	6.000	12.15	97	64	3900	6.50	1841.0	30	325	3.00	40	400	4.00	50	500	5.00
3	12P 160	6.000	12.15	97	53	3900	5.39		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	53	45 x DOGC 2x DOGC extra(, 1 x crane op, 1 x dogman) 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	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	
WEATHERFORD AUSTRALIA PTY LTD	2	
Total	91	

HSE Summary				
Events	Date of last	Days Since	Descr.	Remarks
Last BOP Test	17 Jul 2006			
Abandon Drill	15 Jul 2006	7 Days	Weekly abandon rig drill	
Fire Drill	15 Jul 2006	7 Days	Weekly fire drill	
JSA	22 Jul 2006	0 Days	Drillcrew 5, deckcrew 16, mechanic 0, subsea 0, Painters 0, welder 0, marine 1.	
Man Overboard Drill	20 Jun 2006	32 Days	Monthly man overboard drill	
Safety Meeting	16 Jul 2006	6 Days	Weekly crew safety meetings	0100/1300/1900hrs
STOP Card	22 Jul 2006	0 Days	Safe 11 un-safe 3	
Trip / Kick Drill	22 Jul 2006	0 Days	Trip and pit drill	Held trip drills and pit drills.Trip drills 1 x 28secs

Shakers, Volumes and Losses Data						
Available	2,660.6bbl	Losses	140bbl	Equip.	Descr.	Mesh Size
Active	433.7bbl	Centrifuge	87bbl	Shaker1	VSM100	10/145/145/145/145
Hole	955.2bbl	ROC	53bbl	Shaker1	VSM100	10/200/200/200/200
Reserve	929.1bbl			Shaker2	VSM100	10/180/180/165/165
Slug	3.6bbl			Shaker2	VSM100	10/200/200/200/200
Petrofree ester	339bbl			Shaker3	VSM100	10/200/200/145/145
				Shaker3	VSM100	10/200/200/200/200
				Shaker4	VSM100	10/200/200/145/145
				Shaker4	VSM100	10/200/200/200/200

Marine

Weather on 22 Jul 2006								Rig Support	
Visibility	Wind Speed	Wind Dir.	Pressure	Air Temp.	Wave Height	Wave Dir.	Wave Period	Anchors	Tension (klb)
12.0nm	12kn	90.0deg	1029.0mbar	7C°	0.5m	90.0deg		1	179.0
Rig Dir.	Ris. Tension	VDL	Swell Height	Swell Dir.	Swell Period	Weather Comments		2	190.0
270.0deg	292.00klb	4826.00klb	1.0m	0.0deg	-1s			3	280.0
Comments					4			251.0	
					5			278.0	
								6	324.0
								7	282.0
								8	170.0
Vessel Name	Arrived (Date/Time)	Departed (Date/Time)	Status	Bulks					
Far Grip	1815hrs 21 July		Running standby	Item	Unit	Used	Trf. to Rig	Qty. Remaining	
				Diesel	m3	4	0	595	
				Fresh Water	m3	8	0	464	
				Drill Water	m3	0	0	174	
				Cement G	mt	0	0	0	
				Cement HT (Silica)	mt	0	0	0	
				Barite Bulk	mt	0	0	129	
				Bentonite Bulk	mt	0	0	0	
				Brine	m3	0	0	0	
					bbbls	0	0	1418	
Pacific Wrangler		0615hrs 22 July	En-route to Melbourne	Item	Unit	Used	Trf. to Rig	Qty. Remaining	
				Diesel	m3	2.7	0	532.6	
				Fresh Water	m3	1	0	230	
				Drill Water	m3	0	0	78	
				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	
					m3	0	0	0	