

19 Jul 2006

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

DRILLING MORNING REPORT # 10
Longtom 3

Well Data							
Country	Australia	MDBRT	1440.0m	Cur. Hole Size	9.500in	AFE Cost	\$40,292,054
Field	Gippsland Basin	TVDBRT	1428.8m	Last Casing OD	16.000in	AFE No.	LSDED01/0
Drill Co.	DOGC	Progress	432.0m	Shoe TVDBRT	995.3m	Daily Cost	\$602,958
Rig	OCEAN PATRIOT	Days from spud	8.37	Shoe MDBRT	995.3m	Cum Cost	\$17,127,830
Wtr Dpth (LAT)	56.7m	Days on well	9.60	FIT/LOT:	/ 13.50ppg	Days Since Last LTI	1158
RT-ASL (LAT)	21.5m	Planned TD MD	5834.0m				
RT-ML	78.2m	Planned TD TVDRT	2458.0m				
Current Op @ 0600 Picking up 5"drill pipe while waiting on BHA cross overs to arrive by Helicopter.							
Planned Op Assemble downhole motor BHA. Run in hole and drill from 1440m MDRT building angle as required. Pull out of hole once on well path and pick up Power Drive Xceed.							

Summary of Period 0000 to 2400 Hrs

Pulled out of hole failed PD Xceed. Picked up new assembly. Ran in hole to 1022m MDRT. Drilled from 1022m MDRT to 1440m MDRT taking surveys on connections. At KOP 1040m MDRT set PD Xceed and commence kick off, tool unable to build angle at required build ratio, attempt to build angle with Xceed in 100% build setting, not successful. Circulate hole clean and pulled out of hole from 1440m MDRT to 1319m MDRT, excess over pull observed, work pipe and commence back reaming from 1328m MDRT to 1185m MDRT. Pulled out of hole to shoe wet, flow checked and pumped slug. Pulled out of hole from 995m MDRT.

FORMATION

Name	Top
300 Sand	
200 Sand	
100 Sand	
Emperor Volcanics	
TD	

Operations For Period 0000 Hrs to 2400 Hrs on 19 Jul 2006

Phse	Cls (RC)	Op	From	To	Hrs	Depth	Activity Description
IH	TP (DTF)	HBHA	0000	0100	1.00	1022.0m	Broke off bit and laid out failed Xceed. Bit grading 0/0/No/A/X/In/No/DTF
IH	TP (DTF)	HBHA	0100	0230	1.50	1022.0m	Picked up new Power drive Xceed. Run in hole with Bit #3rr1 RSX616. Shallow test, load radio active source and run in hole BHA from derrick to 182m MDRT.
IH	TP (DTF)	TI	0230	0400	1.50	1022.0m	Run in hole on 5" drill pipe from 182m MDRT to 1022m MDRT.
IH	P	DA	0400	0430	0.50	1040.0m	Drill 9 1/2" hole with PD Xceed from 1022m MDRT to 1040m MDRT. 750gpm/ 2700psi/ 80rpm/ 5klbs torque/ 10klbs WOB. ROP 40m/hr. String wt: Rotating 180klbs/ up 180klbs/ down 180klbs.
IH	P	OA	0430	0600	1.50	1040.0m	Set PD Exceed @KOP 1040m MDRT. Set SR @80% / TF @180deg.
IH	P	DA	0600	1900	13.00	1440.0m	Drill 9 1/2" hole with PD Xceed from 1040m MDRT to 1440m MDRT. 750gpm/ 3600psi/ 155rpm/ 5-10klbs torque/ 10-22klbs WOB. Average ROP 30.76m/hr. On bottom 7.59hrs, off bottom 5.41hrs. String wt: Rotating 195klbs/ up 195klbs/ down 195klbs. Unable to build angle due with PD Xceed in 100% setting, stop drilling as unable to obtain build ratios and control well path. @1420m MDRT/ 1410.13m TVD/ 20.0deg incl/ 193.92deg azi/ 61.42m vertical sect. Maximum gas 1% connection, 0.25% background. No hole problems observed during drilling and connections.
IH	TP (VE)	CHC	1900	2030	1.50	1440.0m	Circulate hole clean for trip out to change BHA.
IH	TP (VE)	TOT	2030	2130	1.00	1440.0m	Flow checked well, static. Pumped slug and commenced pulling out of hole from 1440m MDRT. 1440m MDRT to 1319m MDRT hole is good condition and no excess drag observed. 1319m MDRT to 1305m MDRT 30-40klbs drag observed, slack off taking 20-25klbs to break over after overpull. Work through x 2 to remove drag. 1300m MDRT to 1280m MDRT 50klbs drag observed, slack off again taking weight to break over, run stand back in hole.

Phse	Cls (RC)	Op	From	To	Hrs	Depth	Activity Description
IH	TP (VE)	CHC	2130	2230	1.00	1440.0m	Circulate bottoms up while rotating and reciprocating pipe. No out of character or non-uniform cuttings observed at shakers.
IH	TP (VE)	RW	2230	2330	1.00	1440.0m	Commenced pulling out of hole, 30-50klbs drag observed @1271m MDRT. Back reamed out of hole from 1300m MDRT to 1185m MDRT. No signs of packing off during reaming, torque fluctuations from 3-10klbs indicating hole conditions are not premium. Once reamed hole showing no signs of drag.
IH	TP (VE)	TO	2330	2400	0.50	1440.0m	Pulled out of hole from 1185m MDRT to 995m MDRT (16" shoe). No hole problems observed over this section of open hole.

Operations For Period 0000 Hrs to 0600 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	0600	0.50	1440.0m	(IN PROGRESS) Pick up 5"dp while waiting on 2 subs required for Anadril Downhole motor BHA. All drill pipe on board now picked up 3349m.

Phase Data to 2400hrs, 19 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)	86.5	16 Jul 2006	19 Jul 2006	230.50	9.604	1440.0m

WBM Data Cost Today \$ 31685

Mud Type:	Petrofree	API FL:	Cl:	Solids(%vol):	21%	Viscosity	103sec/qt
Sample-From:	Active pit	Filter-Cake:	K+C*1000:	H2O:	20%	PV	43cp
Time:	2230hrs	HTHP-FL:	3.0cc/30min	Hard/Ca:	59%	YP	43lb/100ft²
Weight:	12.10ppg	HTHP-cake:	2/32nd"	MBT:	0.25	Gels 10s	25
Temp:	60C°			PM:	0.7	Gels 10m	46
				PF:		Fann 003	21
						Fann 006	32
						Fann 100	70
						Fann 200	
						Fann 300	86
						Fann 600	129
Comment		Total product costs to date \$ 574,431.78					
		Cumulative total \$ 596,531.78 (including engineer)					

Bit # 4				Wear		I	O1	D	L	B	G	O2	R
						0	0	NO	A	X	I	NO	DTF
				Bitwear Comments:									
Size ("):		IADC# M322		Nozzles		Drilled over last 24 hrs		Calculated over Bit Run					
Mfr:	REED HYCALOG	WOB(avg)	7.50klb	No. Size		Progress 14.0m		Cum. Progress		28.0m			
Type:	PDC	RPM(avg)	83	6	18/32nd"	On Bottom Hrs 1.0h		Cum. On Btm Hrs		2.0h			
Serial No.:	212935	F.Rate	17.80bpm			IADC Drill Hrs 1.0h		Cum IADC Drill Hrs		2.0h			
Bit Model	9 1/2" RSX616M-A4	SPP	2624psi			Total Revs 93000		Cum Total Revs		186000			
Depth In	1008.0m	HSI				ROP(avg) 14.00 m/hr		ROP(avg)		14.00 m/hr			
Depth Out	1022.0m	TFA	1.49										
Bit Comment		Anadril Power Drive Xceed tool failure. No communication from surface.											

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 HYCLOG	WOB(avg)	16.00klb	No. Size		Progress		418.0m	Cum. Progress		418.0m	
Type:	PDC	RPM(avg)	156	6	18/32nd"	On Bottom Hrs		8.1h	Cum. On Btm Hrs		8.1h	
Serial No.:	212935	F.Rate	17.80bpm			IADC Drill Hrs		13.5h	Cum IADC Drill Hrs		13.5h	
Bit Model	9 1/2" RSX616M-A4	SPP	3350psi			Total Revs		121000	Cum Total Revs		121000	
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 # 4							
Weight(Wet)	40.00klb	Length	182.6m	Torque(max)	6ft-lbs	D.C. (1) Ann Velocity	
Wt Below Jar(Wet)	16.00klb	String	180.00klb	Torque(Off.Btm)	2ft-lbs	D.C. (2) Ann Velocity 615fpm	
Drilling Jar Hours	1	Pick-Up	180.00klb	Torque(On.Btm)	5ft-lbs	H.W.D.P. Ann Velocity 281fpm	
		Slack-Off	180.00klb			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
Power drive Xceed		7.66m	9.188in			111	
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					

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		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	
1134.21	8.4	183.6	1133.43	-6.9	8.2	-6.3	1.4	MWD	
1162.67	7.8	184.3	1161.61	-2.9	4.2	-6.6	0.7	MWD	

Survey								
MD (m)	Incl (deg)	Azim (deg)	TVD (m)	Vsec (deg)	N-S (m)	E-W (m)	DLS (deg/30m)	Tool Type
1192.07	8.8	184.3	1190.70	1.3	-0.1	-6.9	1.0	MWD
1220.41	9.5	189.5	1218.68	5.8	-4.5	-7.5	1.1	MWD
1249.66	11.0	194.4	1247.47	10.9	-9.6	-8.6	1.8	MWD
1278.46	14.3	197.4	1275.57	17.2	-15.6	-10.3	3.5	MWD
1307.30	16.7	194.0	1303.35	24.9	-23.1	-12.4	2.7	MWD
1336.21	18.5	192.1	1330.91	33.6	-31.6	-14.3	1.9	MWD
1364.03	19.2	191.6	1357.23	42.6	-40.4	-16.2	0.8	MWD
1420.18	20.0	193.9	1410.13	61.4	-58.8	-20.4	0.6	MWD

Bulk Stocks					
Name	Unit	In	Used	Adjust	Balance
Barite Bulk	MT	0	91.96	0	171.3
Bentonite Bulk	MT	0	0	0	21.8
Diesel	m3	0	14.1	0	477.3
Fresh Water	m3	34	27.6	0	395.1
Drill Water	m3	0	15.7	0	445.3
Cement G	MT	0	0	0	64.3
Cement HT (Silica)	MT	0	0	0	51.4
Brine	BBLs	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													
2	12P 160	6.000	12.00	97	88	3600	8.95		30		3.00	40		4.00	50		5.00
3	12P 160	6.000	12.00	97	88	3600	8.95		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	6	
DOGC	56	49 x DOGC 2 x DOGC extra(1 x welders, 1 x crane op) 5 x DOGC other (2 x painter, 3 x union hydraulic)
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.	5	
Q-Tech	1	
K & M	2	
Brandt	1	
Total	91	

HSE Summary				
Events	Date of last	Days Since	Descr.	Remarks
Last BOP Test	17 Jul 2006			
Abandon Drill	15 Jul 2006	4 Days	Weekly abandon rig drill	
Fire Drill	15 Jul 2006	4 Days	Weekly fire drill	

Transfer base oil to rig.