

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          | \$609,369    |
| Rig               | OCEAN PATRIOT   | Days from spud   | 15.37   | Shoe MDBRT     | 995.3m     | Cum Cost            | \$21,422,143 |
| 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.<br>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.<br>670gpm/ 4050psi/ 180rpm/ 25klbs WOB/ 9-12klbs tq on btm, 3-4klbs tq off btm.<br>@ 3214m String wt: 245klbs rotating/ 295lkbs up/ 230klbs down.<br>@ 3294m String wt: 250klbs rotating/ 300lkbs up/ 235klbs down.<br>@ 3322m String wt: 250klbs rotating/ 300lkbs up/ 240klbs down.<br>@ 3437m String wt: 255klbs rotating/ 320klbs up/ 235klbs down.<br>Survey: @3437m MDRT/ 2580.61m TVD/ 55.55deg inclination/ 188.34azimuth.<br>No drag observed during connection. Continued with extended back reaming time by 5minutes per stand.<br>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.<br>@3182m MDRT work 30k drag, wipe once, hole clean.<br>@3083m MDRT work 35k drag, wipe once, hole clean.<br>@3055m MDRT work 50k drag, wipe twice, hole clean.<br>@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.<br>Commence back reaming with 180rpm, 650gpm, 3-10 tq.<br>Ream twice and then run through without pumps and rotary, zero drag observed.<br>Continue back reaming to 1463m MDRT.<br>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.<br>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.<br>Ream twice if torque spike observed once if torque constant, run through without pumps and rotary, zero drag observed.<br>Continue back reaming to 1291m MDRT. |



| 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<br>(m) | Incl<br>(deg) | Azim<br>(deg) | TVD<br>(m) | Vsec<br>(deg) | N-S<br>(m) | E-W<br>(m) | DLS<br>(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<br>(in) | MW<br>(ppg) | Eff (%) | SPM<br>(SPM) | SPP<br>(psi) | Flow<br>(bpm) | Depth<br>(m)   | SPM1<br>(SPM) | SPP1<br>(psi) | Flow1<br>(bpm) | SPM2<br>(SPM) | SPP2<br>(psi) | Flow2<br>(bpm) | SPM3<br>(SPM) | SPP3<br>(psi) | Flow3<br>(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<br>3x DOGC extra( , 1 x crane op, 1 x dogman, 1 x welder)<br>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> |   |

| 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 |

| 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 |
|                 |            |           |          | Shaker2 | VSM100 | 10/200/200/200/200 |
| Reserve         | 721.2bbl   |           |          | Shaker2 | VSM100 | 10/200/200/200/200 |
| Slug            | 32.9bbl    |           |          | Shaker3 | VSM100 | 10/200/200/200/200 |
| Petrofree ester | 155bbl     |           |          | Shaker3 | VSM100 | 10/200/200/200/200 |
|                 |            |           |          | Shaker4 | VSM100 | 10/200/200/200/200 |
|                 |            |           |          | Shaker4 | VSM100 | 10/200/200/200/200 |

| 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         |

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