

11 Jul 2006

From: John Wrenn/ Bryan Webb
To: John Ah-Cann

DRILLING MORNING REPORT # 2

Longtom 3

Well Data							
Country	Australia	MDBRT	112.0m	Cur. Hole Size	36.000in	AFE Cost	\$40,292,054
Field	Gippsland Basin	TVDBRT	112.0m	Last Casing OD		AFE No.	LSDED01/0
Drill Co.	DOGC	Progress	33.8m	Shoe TVDBRT		Daily Cost	\$597,833
Rig	OCEAN PATRIOT	Days from spud	0.37	Shoe MDBRT		Cum Cost	\$11,780,675
Wtr Dpth (LAT)	56.7m	Days on well	1.60	FIT/LOT:	/	Days Since Last LTI	1148
RT-ASL (LAT)	21.5m	Planned TD MD	5834.0m				
RT-ML	78.2m	Planned TD TVDRT	2458.0m				
Current Op @ 0600 Waiting on sea state to drop and allow the running of the 30" casing.							
Planned Op Cement 30" casing, wait on cement. Pull out of hole running string. Pick up 22" section BHA. Re-run #7 anchor and pretension #3 & #7.							

Summary of Period 0000 to 2400 Hrs

Complete anchor handling operations. Spud Longtom 3 and drill to a TD of 112m MDRT. Clean hole and displace to PHG. Pulled out of hole for casing. Made up casing and running tool, pulled string above water line and suspended running until sea state drops. Waiting on weather.

FORMATION

Name	Top
300 Sand	
200 Sand	
100 Sand	
Emperor Volcanics	
TD	

Operations For Period 0000 Hrs to 2400 Hrs on 11 Jul 2006

Phse	Cls (RC)	Op	From	To	Hrs	Depth	Activity Description
A	P	AH	0000	1300	13.00	0.0m	@0135hrs #8 connected to chain. @0208hrs #8 drifts south, haul in and re-run. @0313hrs #8 running out. @0324hrs #8 on bottom. @0425hrs #4 on bottom. Commence mixing PHG for spudding well. @0519hrs #8 PCP back to rig @0530hrs #4 PCP back to rig. @0530hrs #7 PCP to Far Grip. @0543hrs #3 PCP to Wrangler. @0613hrs #3 on bottom, 0741hrs PCP back to rig. @0733hrs #7 on bottom, 0815hrs PCP back to rig. @0750hrs #2 PCP to Wrangler. @0822hrs #2 on bottom, 0856hrs PCP back to rig. @0823hrs #6 PCP to Far Grip. @1053hrs #6 on bottom, 1134hrs PCP back to rig. Commence cross tensioning operations. @1120hrs #1 & #5 cross tensioned to 200t. @1155hrs #2 & #6 cross tensioned to 200t. @1220hrs #4 & #8 cross tensioned to 200t. @1240hrs #7 slipping during #1 & #7 cross tensioning. Slipped at 110t. Decision made to respot after 30" casing run and cemented. Note: Pre-spud meeting carried out during pre-tensioning operations with all crew members.
A	P	SKR	1300	1400	1.00	0.0m	Position rig over location and verified with Fugro.
CH	P	HBHA	1400	1500	1.00	0.0m	Ran first stand of BHA in hole while completing rig positioning.
CH	P	DA	1500	1700	2.00	112.0m	Ran in hole 36" BHA, ROV conduct sea bed survey. RKB to sea bed 78.2m MDRT.(LAT). Tag firm bottom and take Anderdrift survey @2.5deg. Raise and re-spot, 1.0deg. Drill 26"/36" hole from 78.2m MDRT to 112m MDRT. Stage up parameters to 95 RPM/ 1000gpm/ 800psi/ 0-2klbs WOB/ 1-3,000ftlbs tq. Pumped PHG hi-vis for 1st 10m drilled and then swept hole with 75bbbs of PHG hi-vis mid stand, spotted 100bbbs around BHA before connection. Survey 1.5deg @95m MDRT.

Phse	Cls (RC)	Op	From	To	Hrs	Depth	Activity Description
CH	P	CHC	1700	1730	0.50	112.0m	Sweep 150bbls of PHG hi-vis. Take anderdrift survey 1.5 deg. Displaced hole with 200bbls of PHG hi-vis.
CH	P	HBHA	1730	1830	1.00	112.0m	Pulled out of hole racking all BHA in derrick. No hole problems observed.
CC	P	RRC	1830	1900	0.50	112.0m	Held JSA and rigged up to run 30" casing.
CC	P	CRN	1900	2100	2.00	112.0m	Ran 30" casing consisting of: 1 x 24"/30" shoe joint, 1x 30" intermediate joint, 1 x housing joint. Pumped through and checked float equipment. Made up running tool and 2 x 5"hwdp cement stinger. Severe sea state suspended 30" casing running operations. Guide base secure under rig floor in preperation for running.
CC	TP (WOW)	CRN	2100	2400	3.00	112.0m	Waiting on weather: Sea state to high to allow the safe running of the PGB and 30" casing. @2100hrs 40k winds/ 1.25m sea/ 3.25m swell/ 1.5m heave. @2200hrs 30k winds/ 1.25m sea/ 3.25m swell/ 1.5m heave. @2300hrs 30k winds/ 1.25m sea/ 3.25m swell/ 1.5m heave. @2400hrs 30k winds/ 1.25m sea/ 3.25m swell/ 1.5m heave.

Operations For Period 0000 Hrs to 0600 Hrs on 12 Jul 2006

Phse	Cls (RC)	Op	From	To	Hrs	Depth	Activity Description
CC	TP (WOW)	CRN	0000	0400	4.00	111.8m	Waiting on weather: Sea state to high to allow the safe running of the PGB and 30" casing. @0100hrs 30k winds/ 1-1.5m sea/ 3-3.5m swell/ 1.5m heave. @0200hrs 30k winds/ 1-1.5m sea/ 3m swell/ 1.5m heave. @0300hrs 25-28k winds/ 1-1.5m sea/ 3m swell/ 1.5m heave. @0400hrs 25-28k winds/ 1-1.5m sea/ 3m swell/ 1.5m heave
CC	TP (WOW)	CRN	0400	0430	0.50	111.8m	Run 30" through PGB and into sea. Wave action against casing too strong. Pull back out of sea.
CC	TP (WOW)	CRN	0430	0600	1.50	111.8m	(IN PROGRESS) Waiting on weather: Sea state to high to allow the safe running of the PGB and 30" casing. @0500hrs 30k winds/ 1.5m sea/ 2.5m swell/ 1.5m heave. @0600hrs 25-30k winds/ 1.5m sea/ 2.5m swell/ 1.5m heave. @0700hrs 25-30k winds/ 1.5m sea/ 3m swell/ 1.5m heave. @0800hrs 25-30k winds/ 1.5m sea/ 3m swell/ 1.5m heave.

Phase Data to 2400hrs, 11 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)	4.5	11 Jul 2006	11 Jul 2006	33.00	1.375	112.0m
CONDUCTOR CASING(CC)	5.5	11 Jul 2006	11 Jul 2006	38.50	1.604	112.0m

WBM Data
Cost Today \$ 12248

Mud Type:	PHG spud mud	API FL:	Cl:	Solids(%vol):	Viscosity	105sec/qt
Sample-From:		Filter-Cake:	K+C*1000:	H2O:	PV	
Time:	17:00hrs	HTHP-FL:	Hard/Ca:	Oil(%):	YP	
Weight:	8.70ppg	HTHP-cake:	MBT:	Sand:	Gels 10s	
Temp:	18C°		PM:	pH:	Gels 10m	
			PF:	PHPA:	Fann 003	
					Fann 006	
					Fann 100	
					Fann 200	
					Fann 300	
					Fann 600	
Comment	No engineer costs, product only.					

Bit # 1

Wear	I	O1	D	L	B	G	O2	R
	0	0	NO	A	E	I	NO	TD
Bitwear Comments:								
Size ("):	26.000in	IADC#	115	Nozzles		Drilled over last 24 hrs		Calculated over Bit Run

Mfr:	Varel	WOB(avg)	1.50klb	No.	Size	Progress	33.8m	Cum. Progress	33.8m
Type:	Rock	RPM(avg)	95	1	24/32nd"	On Bottom Hrs		Cum. On Btm Hrs	0.0h
Serial No.:	201A1	F.Rate	23.80bpm	2	23/32nd"	IADC Drill Hrs		Cum IADC Drill Hrs	0.0h
Bit Model	L-111	SPP	800psi	4	18/32nd"	Total Revs		Cum Total Revs	0
Depth In	78.2m	HSI				ROP(avg)	N/A	ROP(avg)	0.00 m/hr
Depth Out	112.0m	TFA							
Bit Comment									

BHA # 1

Weight(Wet)	40.00klb	Length	64.2m	Torque(max)	3ft-lbs	D.C. (1) Ann Velocity
Wt Below Jar(Wet)		String	140.00klb	Torque(Off.Btm)	2ft-lbs	D.C. (2) Ann Velocity
Drilling Jar Hours	0	Pick-Up	140.00klb	Torque(On.Btm)	3ft-lbs	H.W.D.P. Ann Velocity
		Slack-Off	140.00klb			D.P. Ann Velocity

BHA Run Description Spud BHA, 26" bit, 36" hole opener.

BHA Run Comment

Equipment	Length	OD	ID	Top Conn	Serial #	Comment
Bit	0.60m	26.000in			201A1	26" Milled tooth Bit.
Hole Opener	2.81m	36.000in	3.500in		MX4-25-83	36" hole opener.
Bit Sub	0.92m	9.438in	3.000in		186-0029	Float sub, bored and float installed.
Anderdrift	3.17m	9.375in	3.000in		ADB905	Anderdrift survey tool with crows foot installed on top in the event a totco survey is required.
9.5in DC	27.12m	9.500in	3.000in			9 1/2" spiral drill collars.
X/O	1.45m	8.188in	3.000in		A318	X/O from 7 5/8reg to 6 5/8reg.
8in DC	26.90m	8.000in	3.000in			8" spiral drill collars
X/O	1.17m	7.875in	3.000in			X/O from 6 5/8"reg to 4 1/2" IF.

Survey

MD (m)	Incl (deg)	Azim (deg)	TVD (m)	Vsec (deg)	N-S (m)	E-W (m)	DLS (deg/30m)	Tool Type
0.00	0.0	0.0						Tie in point
112.00	1.5	0.0	111.99	1.5	1.5	0.0	1.3	Anderdrift

Bulk Stocks

Name	Unit	In	Used	Adjust	Balance
Barite Bulk	MT	0	5.95	0	125.2
Bentonite Bulk	MT	0	31.38	0	29.5
Diesel	m3	0	11.9	0	256.5
Fresh Water	m3	40.3	14	0	438.2
Drill Water	m3	367.1	0	0	1,167.0
Cement G	MT	0	0	0	83.3
Cement HT (Silica)	MT	0	0	0	60.3
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	6.500	8.65	97													
2	12P 160	6.500	8.65	97	100	800	11.94										
3	12P 160	6.500	8.65	97	100	800	11.94										

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
UPSTREAM PETROLEUM	5	45 x DOGC 6 x DOGC extra(3 x welders, 1 x crane op) 4 x DOGC other (3 x painter, 1 x tyco engineer)
NEXUS	1	
DOGC	55	
DOWELL SCHLUMBERGER	2	
WEATHERFORD AUSTRALIA PTY LTD	3	
Trident Offshore Ltd	2	
CAMERON AUSTRALIA PTY LTD	1	
FUGRO SURVEY LTD (RIG POSITIONING)	3	
FUGRO SURVEY LTD (ROV)	6	
THE EXPRO GROUP	3	
SCHLUMBERGER ANADRIL	2	
BAROID	2	
Q-Tech	1	
ESS	8	
Total	94	

HSE Summary				
Events	Date of last	Days Since	Descr.	Remarks
Abandon Drill	09 Jul 2006	2 Days	Weekly abandon rig drill	0100/1300/1900hrs
Fire Drill	09 Jul 2006	2 Days	Weekly fire drill	
JSA	11 Jul 2006	0 Days	Drillcrew 3 deckcrew 3 mechanic 4 subsea 0.	
Man Overboard Drill	09 Jul 2006	2 Days	Monthly man overboard drill	
Safety Meeting	09 Jul 2006	2 Days	Weekly crew safety meetings	
STOP Card	11 Jul 2006	0 Days	Safe 2 un-safe 4	

Shakers, Volumes and Losses Data			
Available	1,478bbl	Losses	1,017bbl
Reserve	1,478bbl	Down-hole	1,017bbl

Marine									
Weather on 11 Jul 2006							Rig Support		
Visibility	Wind Speed	Wind Dir.	Pressure	Air Temp.	Wave Height	Wave Dir.	Wave Period	Anchors	Tension (klb)
10.0nm	30kn	270.0deg	1017.0mbar	13C°	1.5m	270.0deg	4s	1	185.0
Rig Dir.	Ris. Tension	VDL	Swell Height	Swell Dir.	Swell Period	Weather Comments		2	192.0
270.0deg		4957.00klb	3.5m	247.0deg	8s			3	269.0
Comments								4	185.0
								5	315.0
								6	384.0
							7	198.0	
							8	240.0	

Vessel Name	Arrived (Date/Time)	Departed (Date/Time)	Status	Bulks				
Far Grip		1144hrs 11th July	En-route to Melbourne, ETA 0800hrs 12/07/06	Item	Unit	Used	Trf. to Rig	Qty. Remaining
				Diesel	m3	13		200
				Fresh Water	m3	2		243
				Drill Water	m3			0
				Cement G	mt			0
				Cement HT (Silica)	mt			0
				Barite Bulk	mt			0
				Bentonite Bulk	mt			0
Pacific Wrangler			running standby	Item	Unit	Used	Trf. to Rig	Qty. Remaining
				Diesel	m3	14.5		667.7
				Fresh Water	m3	5		215
				Drill Water	m3			760

Last BOP Test:

				Item	Unit	Used	Trf. to Rig	Qty. Remaining
				Cement G	mt			74
				Cement HT (Silica)	mt			69.2
				Brine	m3			0
				Bentonite Bulk	mt			48
				Barite Bulk	mt			0

Helicopter Movement				
Flight #	Company	Arr/Dep. Time	Pax In/Out	Comment
1	BRISTOW HELICOPTERS AUSTRALIA PTY LTD	1013 / 1035	15 / 15	refuel 881 litres Fuel remaining on board 1713 litres.