

13 Jul 2006

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

DRILLING MORNING REPORT # 4
Longtom 3

Well Data							
Country	Australia	MDBRT	524.0m	Cur. Hole Size	22.000in	AFE Cost	\$40,292,054
Field	Gippsland Basin	TVDBRT	524.0m	Last Casing OD	30.000in	AFE No.	LSDED01/0
Drill Co.	DOGC	Progress	411.0m	Shoe TVDBRT	110.8m	Daily Cost	\$583,146
Rig	OCEAN PATRIOT	Days from spud	2.37	Shoe MDBRT	110.8m	Cum Cost	\$12,931,309
Wtr Dpth (LAT)	56.7m	Days on well	3.60	FIT/LOT:	/	Days Since Last LTI	1150
RT-ASL (LAT)	21.5m	Planned TD MD	5834.0m				
RT-ML	78.2m	Planned TD TVDRT	2458.0m				
Current Op @ 0600		Drilling ahead 22" hole @650m MDRT. No hole problems observed.					
Planned Op		Drill ahead to 22" section TD 1010m MDRT.					

Summary of Period 0000 to 2400 Hrs

Backed out 30" running tool and pulled out of hole. Laid down 26"-36" hole BHA. Picked up 22" BHA and ran in hole to top of cement at 107m MDRT. Drilled cement/ shoe/ shoe track from 107m MDRT to 111.8m MDRT. Drill ahead 22" hole from 111.8m MDRT to 524m MDRT. Drill with sea water and hi-vis sweeps. No hole problems observed.

Starboard crane is not operable at present due to engine failure during back loading operations. Suspended load had to be lowered to supply boat by manually releasing the hoist brake and lowering onto her deck. No damage to equipment resulted during this operation.

FORMATION

Name	Top
300 Sand	
200 Sand	
100 Sand	
Emperor Volcanics	
TD	

Operations For Period 0000 Hrs to 2400 Hrs on 13 Jul 2006

Phse	Cls (RC)	Op	From	To	Hrs	Depth	Activity Description
CC	P	WOC	0000	0100	1.00	111.8m	Waiting on surface samples to harden from 30" casing cement job.
CC	P	SKR	0100	0130	0.50	111.8m	Re-position rig over well center. Note: Rig was moved to obtain 1deg bullseye on PGB.
CC	P	TO	0130	0230	1.00	111.8m	Back out 30" casing running tool with 5 right hand turns. No torque observed and tool pulled from housing with no overpull. Pulled out of hole and laid out running tool. Bullseye reading 1 deg after disconnecting 30" running tool from conductor
CH	P	HBHA	0230	0330	1.00	111.8m	Surveyors took final rig position fix readings. laid out 26" x 36" BHA components from derrick.
SH	P	HBHA	0330	0800	4.50	111.8m	Make up 22" BHA: Bit/ Float sub/ MWD/ 9.5"dc/ stab/ 9.5"dc/ stab/ 9.5"dc/ xo/ 2 x 8"dc/ jars/ 3 x 8"dc/ xo/ 15 x 5"hwdp. Check service breaks on MWD and shallow test on 1st stand of HDWP, ok. Stab into 30" housing while running BHA, skid rig port to align pipe in hole. Top cement tagged @107m MDRT.
SH	P	DFS	0800	1030	2.50	111.8m	Drill out cement/ shoe/ rat hole from 107m MDRT to 111.8m. 800gpm/ 5-10klbs WOB/ 60 rpm. Sweep shoe and cement with 100bbbls PHG.
SH	P	DA	1030	2400	13.50	524.0m	Drill ahead 22" hole from 111.8m MDRT to 524m MDRT. 1100gpm/ 2200psi/ 185rpm/ 4-6000ftlbs tq/ 20-30klbs WOB. Rotating wt 180klbs/ up wt 180klbs/ down wt 180klbs. Average ROP: 30.53m/hr Drill with sea water pumping Hi-vis sweeps as follows: 50bbbls PHG/ 50bbbls Guar/ 75bbbls PHG. No hole problems observed during drilling or connections.

Operations For Period 0000 Hrs to 0600 Hrs on 14 Jul 2006

Phse	Cls (RC)	Op	From	To	Hrs	Depth	Activity Description
SH	P	DA	0000	0600	6.00	846.0m	(IN PROGRESS) Drill ahead 22" hole from 524m MDRT to 846m MDRT. 1130gpm/ 2400psi/ 185rpm/ 4-6000ftlbs tq/ 28-35kbs WOB. Rotating wt 190kbs/ up wt 190kbs/ down wt 190kbs. Average ROP: 22.1m/hr Drill with sea water pumping Hi-vis sweeps as follows: 50bbls PHG/ 50bbls Guar/ 75bbls PHG. No hole problems observed during drilling or connections.

Phase Data to 2400hrs, 13 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)	20.5	13 Jul 2006	13 Jul 2006	86.50	3.604	524.0m

WBM Data
Cost Today \$ 11068

Mud Type:	PHG spud mud	API FL:	CI:	Solids(%vol):	Viscosity	103sec/qt
Sample-From:		Filter-Cake:	K+C*1000:	H2O:	PV	
Time:	20:00hrs	HTHP-FL:	Hard/Ca:	Oil(%):	YP	
Weight:	8.70ppg	HTHP-cake:	MBT:	Sand:	Gels 10s	
Temp:	17C°		PM:	pH:	Gels 10m	
			PF:	PHPA:	Fann 003	
Comment	No engineer costs, product only. Total product cost to date \$ 23316.42. Total cumulative cost \$ 35216.41.				Fann 006	
					Fann 100	
					Fann 200	
					Fann 300	
					Fann 600	

Bit # 2

Bit # 2				Wear	I	O1	D	L	B	G	O2	R
				Bitwear Comments:								
Size ("):		IADC# 115		Nozzles		Drilled over last 24 hrs		Calculated over Bit Run				
Mfr: SMITH		WOB(avg) 25.00klb		No. Size		Progress 411.0m		Cum. Progress 411.0m				
Type: Rock		RPM(avg) 170		1 18/32nd"		On Bottom Hrs 8.7h		Cum. On Btm Hrs 8.7h				
Serial No.: MX 9485		F.Rate 25.20bpm		3 22/32nd"		IADC Drill Hrs 13.5h		Cum IADC Drill Hrs 13.5h				
Bit Model 22" XR + C		SPP 1900psi				Total Revs 116000		Cum Total Revs 116000				
Depth In 111.8m		HSI				ROP(avg) 47.24 m/hr		ROP(avg) 47.24 m/hr				
Depth Out		TFA 1.362										
Bit Comment												

BHA # 2

Weight(Wet)	60.00klb	Length	238.5m	Torque(max)	6ft-lbs	D.C. (1) Ann Velocity
Wt Below Jar(Wet)	40.00klb	String	180.00klb	Torque(Off.Btm)	2ft-lbs	D.C. (2) Ann Velocity
Drilling Jar Hours		Pick-Up	180.00klb	Torque(On.Btm)	3ft-lbs	H.W.D.P. Ann Velocity
		Slack-Off	180.00klb	D.P. Ann Velocity		

BHA Run Description

BHA Run Comment

Equipment	Length	OD	ID	Top Conn	Serial #	Comment
Bit	0.58m	22.000in			MX 9485	22" Milled tooth. 3 x 22, 1 x 18.
Bit Sub	0.92m	9.438in	3.000in		186-0029	Float bored, non-ported float installed.
MWD	8.79m	9.500in	4.000in		W696	
9.5in DC	9.17m	9.500in	3.000in		00005-9	
Stab	2.22m	22.000in	3.063in		207A3	22" full gauge string stab.
9.5in DC	8.99m	9.500in	3.000in		00002-9	

Equipment	Length	OD	ID	Top Conn	Serial #	Comment
Stab	2.38m	22.000in	4.000in		207A2	22" full gauge string stab.
9.5in DC	9.05m	9.500in	3.000in		00004-9	
X/O	1.45m	8.188in	3.000in		A318	7 5/8 reg to 6 5/8 reg x/o.
8in DC	17.77m	8.000in	3.000in			
Drilling Jars	10.21m	8.000in	3.000in		35205E	Houston engineering drilling jars.
8in DC	26.73m	8.000in	3.000in			
X/O	1.17m	7.875in	3.000in		mso 1940-02	6 5/8 reg to 4 1/2" IF.
5in HWDP	139.33m	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
144.20	1.1	319.9	144.19	1.1	1.1	-0.9	0.2	MWD
199.11	1.0	317.8	199.09	1.9	1.9	-1.6	0.1	MWD
256.89	1.0	314.1	256.86	2.6	2.6	-2.3	0.0	MWD
285.54	0.8	322.6	285.54	2.9	2.9	-2.6	0.3	MWD
373.34	0.4	298.4	373.30	3.5	3.5	-3.2	0.2	MWD
457.63	0.6	340.7	457.59	4.1	1.1	-3.6	0.2	MWD
514.66	0.3	238.8	514.62	4.3	4.3	-3.8	0.4	MWD

Bulk Stocks

Name	Unit	In	Used	Adjust	Balance
Barite Bulk	MT	0	0	0	125.2
Bentonite Bulk	MT	29.6	24.94	0	34.2
Diesel	m3	0	11.9	0	233.8
Fresh Water	m3	29	29	0	385.6
Drill Water	m3	0	186	0	788.4
Cement G	MT	69.78	0	0	153.1
Cement HT (Silica)	MT	56.14	0	0	88.4
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	6.500	8.65	97	73	2300	8.71										
2	12P 160	6.500	8.65	97	73	2300	8.71										
3	12P 160	6.500	8.65	97	73	2300	8.71										

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	3	
NEXUS	1	
DOGC	54	45 x DOGC 5 x DOGC extra(2 x welders, 1 x crane op) 4 x DOGC other (3 x painter, 1 x tyco engineer)
DOWELL SCHLUMBERGER	2	
WEATHERFORD AUSTRALIA PTY LTD	3	
CAMERON AUSTRALIA PTY LTD	1	
FUGRO SURVEY LTD (ROV)	6	
SCHLUMBERGER ANADRIL	5	3 x MWD, 2 x electricians
BAROID	2	

Personnel On Board		
Q-Tech	1	
ESS	8	
GEOSERVICES OVERSEAS S.A.	2	
Total	88	

HSE Summary				
Events	Date of last	Days Since	Descr.	Remarks
Abandon Drill	09 Jul 2006	4 Days	Weekly abandon rig drill	0100/1300/1900hrs
Fire Drill	09 Jul 2006	4 Days	Weekly fire drill	
JSA	13 Jul 2006	0 Days	Drillcrew 12, deckcrew 4, mechanic 0, subsea 0, Painters 1, welder 3.	
Man Overboard Drill	20 Jun 2006	23 Days	Monthly man overboard drill	
Safety Meeting	09 Jul 2006	4 Days	Weekly crew safety meetings	
STOP Card	13 Jul 2006	0 Days	Safe 4 un-safe 8	

Shakers, Volumes and Losses Data			
Available	1,790bbl	Losses	2,217.9bbl
Active	340bbl	Sweeps	2,217.9bbl
Reserve	1,450bbl		

Marine									
Weather on 13 Jul 2006								Rig Support	
Visibility	Wind Speed	Wind Dir.	Pressure	Air Temp.	Wave Height	Wave Dir.	Wave Period	Anchors	Tension (klb)
10.0nm	10kn	191.0deg	1028.0mbar	12C°	1.5m	191.0deg		1	185.0
Rig Dir.	Ris. Tension	VDL	Swell Height	Swell Dir.	Swell Period	Weather Comments		2	223.0
270.0deg		4825.00klb	1.5m	191.0deg				3	229.0
Comments								4	247.0
								5	386.0
								6	333.0
								7	240.0
								8	214.0