

25 Jul 2006

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

DRILLING MORNING REPORT # 16
Longtom 3

Well Data							
Country	Australia	MDBRT	3214.0m	Cur. Hole Size	9.500in	AFE Cost	\$40,292,054
Field	Gippsland Basin	TVDBRT	2451.1m	Last Casing OD	16.000in	AFE No.	LSDED01/0
Drill Co.	DOGC	Progress	539.0m	Shoe TVDBRT	995.3m	Daily Cost	\$737,214
Rig	OCEAN PATRIOT	Days from spud	14.37	Shoe MDBRT	995.3m	Cum Cost	\$20,812,774
Wtr Dpth (LAT)	56.7m	Days on well	15.69	FIT/LOT:	/ 13.50ppg	Days Since Last LTI	1162
RT-ASL (LAT)	21.5m	Planned TD MD	5834.0m				
RT-ML	78.2m	Planned TD TVDRT	2458.0m				
Current Op @ 0600		Drilling 9 1/2" pilot hole with RST assembly @3345m MDRT.					
Planned Op		Drill ahead to 9 1/2" pilot hole TD of 3470m MDRT approx.					

Summary of Period 0000 to 2400 Hrs

Drill 9 1/2" pilot hole from 2675m MDRT to 3214m MDRT. Survey and back ream each stand drilled.

FORMATION

Name	Top
300 Sand	
200 Sand	
100 Sand	
Emperor Volcanics	
TD	

Operations For Period 0000 Hrs to 2400 Hrs on 25 Jul 2006

Phse	Cls (RC)	Op	From	To	Hrs	Depth	Activity Description
IH	P	DA	0000	2400	24.00	3214.0m	Drill 9 1/2" pilot hole with RST from 2675m MDRT to 3214m MDRT. 670gpm/ 4000psi/ 180rpm/ 18-25klbs WOB/ 9-12klbs tq. @ 2800m String wt: 236klbs rotating/ 265klbs up/ 222klbs down. @ 2978m String wt: 240klbs rotating/ 285klbs up/ 205klbs down. @ 3095m String wt: 245klbs rotating/ 280klbs up/ 230klbs down. @ 3214m String wt: 245klbs rotating/ 295klbs up/ 230klbs down. Survey: @3194.38m MDRT/ 2441.01m TVD/ 55.36 deg inclination/ 188.87 azimuth. Observed during connection @3211m MDRT a 30klbs drag while back reaming stand. Drag no longer observed following back reaming of stand. Extended back reaming time on following stand to 10minutes, no drag observed. Back ream every stand, take survey after connection. .

Operations For Period 0000 Hrs to 0600 Hrs on 26 Jul 2006

Phse	Cls (RC)	Op	From	To	Hrs	Depth	Activity Description
IH	P	DA	0000	0600	6.00	3437.0m	(IN PROGRESS) Drill 9 1/2" pilot hole with RST from 3214m MDRT to 3437m MDRT. 670gpm/ 4050psi/ 180rpm/ 25klbs WOB/ 9-12klbs tq on btm, 3-4klbs tq off btm. @ 3214m String wt: 245klbs rotating/ 295klbs up/ 230klbs down. @ 3294m String wt: 250klbs rotating/ 300klbs up/ 235klbs down. @ 3322m String wt: 250klbs rotating/ 300klbs up/ 240klbs down. @3437m String wt: 255klbs rotating/ 320klbs up/ 235klbs down. Survey: @3437m MDRT/ 2580.61m TVD/ 55.55deg inclination/ 188.34azimuth. No drag observed during connection. Continued with extended back reaming time by 5minutes per stand. Back ream every stand, take survey after connection. .

Phase Data to 2400hrs, 25 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

Phase Data to 2400hrs, 25 Jul 2006						
Phase	Phase Hrs	Start On	Finish On	Cum Hrs	Cum Days	Max Depth
INTERMEDIATE HOLE(IH)	232.5	16 Jul 2006	25 Jul 2006	376.50	15.688	3214.0m

WBM Data		Cost Today \$ 119747					
Mud Type:	Petrofree	API FL:	CL:	Solids(%vol):	21%	Viscosity	80sec/qt
Sample-From:	Active pit	Filter-Cake:	K+C*1000:	H2O:	17%	PV	43cp
Time:	20:40hrs	HTHP-FL: 2.8cc/30min	Hard/Ca:	Oil(%):	62%	YP	24lb/100ft²
Weight:	12.15ppg	HTHP-cake: 2/32nd"	MBT:	Sand:	0.25	Gels 10s	33
Temp:	73C°		PM: 0.6	pH:		Gels 10m	50
			PF:	PHPA:		Fann 003	14
						Fann 006	15
						Fann 100	33
						Fann 200	
						Fann 300	67
						Fann 600	110
Comment Total product costs to date \$ 799,741.26 Cumulative total \$ 832,041.26 (including engineer)							

Bit # 7				Wear		I	O1	D	L	B	G	O2	R
				Bitwear Comments:									
Size ("):		IADC# M323		Nozzles		Drilled over last 24 hrs			Calculated over Bit Run				
Mfr: SMITH		WOB(avg) 18.00klb		No. Size		Progress 539.0m		Cum. Progress 1344.0m					
Type: PDC		RPM(avg) 175		2 16/32nd"		On Bottom Hrs 16.6h		Cum. On Btm Hrs 35.8h					
Serial No.: JW7648		F.Rate 16.23bpm		5 18/32nd"		IADC Drill Hrs 24.0h		Cum IADC Drill Hrs 50.5h					
Bit Model M716PXC 9 1/2"		SPP 4000psi				Total Revs 351		Cum Total Revs 177395					
Depth In 1930.0m		HSI				ROP(avg) 32.47 m/hr		ROP(avg) 37.54 m/hr					
Depth Out		TFA 1.63											
Bit Comment													

BHA # 8					
Weight(Wet)	38.00klb	Length	174.6m	Torque(max)	13ft-lbs
Wt Below Jar(Wet)	14.00klb	String	250.00klb	Torque(Off.Btm)	4ft-lbs
Drilling Jar Hours	88	Pick-Up	295.00klb	Torque(On.Btm)	10ft-lbs
		Slack-Off	220.00klb		
BHA Run Description Power drive Xceed steerable drilling assembly.					

BHA Run Comment						
Equipment	Length	OD	ID	Top Conn	Serial #	Comment
Bit	0.31m	9.500in		4 1/2" reg	JW7648	M716 PXC. PDC
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
2937.13	54.5	190.6	2297.61	1270.7	-1248.6	-236.3	1.0	MWD
2966.04	56.1	191.8	2314.07	1294.5	-1271.9	-240.9	2.0	MWD
2994.91	57.4	191.7	2329.90	1318.6	-1295.6	-245.8	1.4	MWD
3023.95	57.2	190.4	2345.59	1343.0	-1319.5	-250.7	1.2	MWD
3051.31	56.2	190.2	2360.61	1365.9	-1342.0	-254.6	1.1	MWD
3079.77	55.7	190.0	2376.55	1389.5	-1365.2	-258.7	0.6	MWD
3108.82	55.9	189.2	2392.89	1413.5	-1388.9	-262.7	0.6	MWD
3136.72	55.7	189.7	2408.57	1436.6	-1411.7	-266.5	0.4	MWD

Survey								
MD (m)	Incl (deg)	Azim (deg)	TVD (m)	Vsec (deg)	N-S (m)	E-W (m)	DLS (deg/30m)	Tool Type
3165.72	56.0	189.7	2424.85	1460.6	-1435.4	-270.6	0.3	MWD
3194.38	55.4	188.9	2441.01	1484.2	-1458.7	-274.4	0.9	MWD

Bulk Stocks					
Name	Unit	In	Used	Adjust	Balance
Barite Bulk	MT	46.21	42.22	0	55.4
Bentonite Bulk	MT	0	0	0	21.8
Diesel	m3	0	27	0	362.6
Fresh Water	m3	0	9.4	0	432.3
Drill Water	m3	0	18.1	0	737.8
Cement G	MT	34.88	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 (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	60	4000	5.13	3178.0	30		3.00	40		4.00	50		5.00
2	12P 160	6.000	12.00	97	60	4000	6.10		20	250	2.00	30	610	3.00	40	700	4.00
3	12P 160	6.000	12.00	97	60	4000	6.10		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	45 x DOGC 3x DOGC extra(, 1 x crane op, 1 x dogman, 1 x welder) 6 x DOGC other (2 x painter, 3 x union hydraulic, 1 x crane cab man)
DOGC	54	
DOWELL SCHLUMBERGER	2	
FUGRO SURVEY LTD (ROV)	3	2 x MWD, 2 x DD.
SCHLUMBERGER ANADRIL	4	
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	
Total	97	

HSE Summary				
Events	Date of last	Days Since	Descr.	Remarks
Last BOP Test	17 Jul 2006			
Abandon Drill	23 Jul 2006	2 Days	Weekly abandon rig drill	
Fire Drill	23 Jul 2006	2 Days	Weekly fire drill	
JSA	25 Jul 2006	0 Days	Drillcrew 5, deckcrew 10, mechanic 0, subsea 0, Painters 0, welder 3, marine 0, catering 0, 3rd party 0.	
Man Overboard Drill	21 Jul 2006	4 Days	Monthly man overboard drill	

HSE Summary				
Events	Date of last	Days Since	Descr.	Remarks
Last BOP Test	17 Jul 2006			
Safety Meeting	23 Jul 2006	2 Days	Weekly crew safety meetings	0100/1300/1900hrs
STOP Card	25 Jul 2006	0 Days	Safe 6 un-safe 7	
Trip / Kick Drill	22 Jul 2006	3 Days	Trip and pit drill	Held trip drills and pit drills. Trip drills 1 x 28secs

Shakers, Volumes and Losses Data						
Available	2,670.3bbl	Losses	229.1bbl	Equip.	Descr.	Mesh Size
Active	251.6bbl	Down-hole	59.1bbl	Shaker1	VSM100	10/200/200/200/200
Hole	1,309.3bbl	Centrifuge	97bbl	Shaker1	VSM100	10/200/200/200/200
Reserve	868.6bbl	ROC	73bbl	Shaker2	VSM100	10/200/200/200/200
Slug	17.8bbl			Shaker2	VSM100	10/200/200/200/200
Petrofree ester	223bbl			Shaker3	VSM100	10/200/200/200/200
				Shaker3	VSM100	10/200/200/200/200
				Shaker4	VSM100	10/200/200/200/200
				Shaker4	VSM100	10/200/200/200/200

Marine									
Weather on 25 Jul 2006							Rig Support		
Visibility	Wind Speed	Wind Dir.	Pressure	Air Temp.	Wave Height	Wave Dir.	Wave Period	Anchors	Tension (klb)
8.0nm	8kn	67.0deg	1028.0mbar	8C°	1.0m	67.0deg		1	214.0
Rig Dir.	Ris. Tension	VDL	Swell Height	Swell Dir.	Swell Period	Weather Comments		2	183.0
270.0deg	292.00klb	4982.00klb	2.5m	113.0deg	-1s			3	269.0
Comments								4	251.0
								5	335.0
								6	333.0
								7	207.0
								8	205.0