

12 Jul 2006

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

**DRILLING MORNING REPORT # 3**
**Longtom 3**

Well Data							
Country	Australia	MDBRT	111.8m	Cur. Hole Size	36.000in	AFE Cost	\$40,292,054
Field	Gippsland Basin	TVDBRT	111.8m	Last Casing OD	30.000in	AFE No.	LSDED01/0
Drill Co.	DOGC	Progress	0.0m	Shoe TVDBRT	110.8m	Daily Cost	\$567,489
Rig	OCEAN PATRIOT	Days from spud	1.37	Shoe MDBRT	110.8m	Cum Cost	\$12,348,164
Wtr Dpth (LAT)	56.7m	Days on well	2.60	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 Making up 22" BHA.							
Planned Op Run in hole and stab into 30" housing. Run in hole and drill out cement and shoe, drill ahead 22" hole.							

**Summary of Period 0000 to 2400 Hrs**

Waited on weather for operations to resume. Ran 30" casing and cemented @110.8m MDRT shoe depth. Waited on cement surface samples to harden.

**FORMATION**

Name	Top
300 Sand	
200 Sand	
100 Sand	
Emperor Volcanics	
TD	

**Operations For Period 0000 Hrs to 2400 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	0830	4.00	111.8m	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.
CC	TP (WOW)	CRN	0830	0930	1.00	111.8m	Run 30" through PGB and into sea. Wave action against casing too strong. Pull back out of sea. Tighten chains securing PGB to transport cart.
CC	TP (WOW)	CRN	0930	1330	4.00	111.8m	Waiting on weather: Sea state to high to allow the safe running of the PGB and 30" casing. @1000hrs 30k winds/ 1.5m sea/ 3m swell/ 1.5m heave. @1100hrs 30k winds/ 1.5m sea/ 3m swell/ 1.5m heave. @1200hrs 30k winds/ 1.5m sea/ 2.5m swell/ 1.5m heave. @1300hrs 30k winds/ 1.5m sea/ 2m swell/ 1.5m heave.  Re-run #7 anchor with Wrangler. #7 on bottom @1005hrs, commence heaving in, anchor slipping. Re-spot #7 anchor. #7 on bottom @1124hrs, commence heaving in, 200t pre-tension complete @1149hrs for #3 & #7. #7 PCP to rig at 1210hrs.
CC	P	CRN	1330	1600	2.50	111.8m	Ran 30" casing through PGB and locked with 4 securing dogs. Lower casing and PGB, install guide wires while filling casing.
CC	P	CRN	1600	1800	2.00	111.8m	Ran 30" casing on 5"dp landing string. Stabbed in with ROV visual assistance. Took weight at 90m MDRT.

Phse	Cls (RC)	Op	From	To	Hrs	Depth	Activity Description
CC	P	CIC	1800	1900	1.00	111.8m	Washed down with 600gpm to shoe depth @110.8m MDRT. Initial bullseye 1.5deg port. Skid rig to obtain 1deg bullseye @75deg. Verify PGB heading of 270deg, ok.
CC	P	CMC	1900	2030	1.50	111.8m	Rigged up cement lines, circulated hole clean, held JSA for cement job. Work casing as circulated to clean up. Casing showed signs of pumping out at one point, no pressure spike just a visible 0.5m rise.
CC	P	WOC	2030	2400	3.50	111.8m	Pumped 10bbbls of sea water/ fluorescene dye. Tested surface lines to 2000psi. Pumped 40bbbls of sea water/ fluorescene dye. Mixed and pumped 157bbbls of 15.8ppg HT blend cement slurry @5bpm. Displaced with 32bbbls of sea water. Checked floats holding, ok. FWD PGB bullseye 3/4deg @75deg bearing. AFT PGB bullseye 1.25deg @240 bearing, note aft bullseye was misaligned during running of 30". Fwd bullseye is the nominated PGB bullseye. Waiting on cement.

**Operations For Period 0000 Hrs to 0600 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	0600	2.50	111.8m	(IN PROGRESS) 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.

**Phase Data to 2400hrs, 12 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)	29.5	11 Jul 2006	12 Jul 2006	62.50	2.604	112.0m

**WBM Data**
**Cost Today**

Mud Type:	PHG spud mud	API FL:	CI:	Solids(%vol):	Viscosity	105sec/qt
Sample-From:		Filter-Cake:	K+C*1000:	H2O:	PV	
Time:	21:00hrs	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.				Fann 006	
					Fann 100	
					Fann 200	
					Fann 300	
					Fann 600	

**Bulk Stocks**

Name	Unit	In	Used	Adjust	Balance
Barite Bulk	MT	0	0	0	125.2
Bentonite Bulk	MT	0	0	0	29.5
Diesel	m3	0	10.8	0	245.7
Fresh Water	m3	35	35	-52.6	385.6
Drill Water	m3	680	138.4	-734.2	974.4
Cement G	MT	0	0	0	83.3
Cement HT (Silica)	MT	0	27.99	0	32.3

Bulk Stocks					
Name	Unit	In	Used	Adjust	Balance
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	60	400	7.10										
3	12P 160	6.500	8.65	97	60	400	7.10										

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	55	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)
DOWELL SCHLUMBERGER	2	
WEATHERFORD AUSTRALIA PTY LTD	3	
CAMERON AUSTRALIA PTY LTD	1	
FUGRO SURVEY LTD (RIG POSITIONING)	3	
FUGRO SURVEY LTD (ROV)	6	
SCHLUMBERGER ANADRIL	5	3 x MWD, 2 x electricians
BAROID	2	
Q-Tech	1	
ESS	8	
GEOSERVICES OVERSEAS S.A.	2	
Total	92	

HSE Summary				
Events	Date of last	Days Since	Descr.	Remarks
Abandon Drill	09 Jul 2006	3 Days	Weekly abandon rig drill	
Fire Drill	09 Jul 2006	3 Days	Weekly fire drill	
JSA	12 Jul 2006	0 Days	Drillcrew 6, deckcrew 8, mechanic 2, subsea 0, Painters 2, welder 3.	
Man Overboard Drill	20 Jun 2006	22 Days	Monthly man overboard drill	
Safety Meeting	09 Jul 2006	3 Days	Weekly crew safety meetings	0100/1300/1900hrs
STOP Card	12 Jul 2006	0 Days	Safe 3 un-safe 11	

Shakers, Volumes and Losses Data			
Available	1,812bbl	Losses	85.1bbl
Reserve	1,812bbl	left in hole	85.1bbl

Marine
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Weather on 12 Jul 2006								Rig Support	
Visibility	Wind Speed	Wind Dir.	Pressure	Air Temp.	Wave Height	Wave Dir.	Wave Period	Anchors	Tension (klb)
10.0nm	35kn	270.0deg	1024.0mbar	11C°	1.5m	270.0deg	4s	1	251.0
Rig Dir.	Ris. Tension	VDL	Swell Height	Swell Dir.	Swell Period	Weather Comments		2	236.0
270.0deg		4914.00klb	3.0m	270.0deg	8s			3	236.0
Comments								4	256.0
								5	342.0
								6	293.0
								7	227.0
								8	227.0