

17 Jul 2006

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

**DRILLING MORNING REPORT # 8**
**Longtom 3**

Well Data							
Country	Australia	MDBRT	1008.0m	Cur. Hole Size	14.750in	AFE Cost	\$40,292,054
Field	Gippsland Basin	TVDBRT	1008.0m	Last Casing OD	16.000in	AFE No.	LSDED01/0
Drill Co.	DOGC	Progress	3.0m	Shoe TVDBRT	995.3m	Daily Cost	\$1,029,135
Rig	OCEAN PATRIOT	Days from spud	6.37	Shoe MDBRT	995.3m	Cum Cost	\$15,731,127
Wtr Dpth (LAT)	56.7m	Days on well	7.60	FIT/LOT:	/ 13.50ppg	Days Since Last LTI	1154
RT-ASL (LAT)	21.5m	Planned TD MD	5834.0m				
RT-ML	78.2m	Planned TD TVDRT	2458.0m				
Current Op @ 0600 Picking up 9 1/2" pilot hole BHA.							
Planned Op Pick up 9 1/2" pilot hole BHA, run in hole to 1008m MDRT picking up drill pipe off deck. Drill ahead from 1008m MDRT with rotary steering assembly/ LWD/MWD.							

Summary of Period 0000 to 2400 Hrs							
Ran BOP's on marine riser. Landed and tested well head gasket against casing to 2500psi, ok. Made up emergency hang off tool and racked in derrick. Laid out 22" BHA, made up 14 3/4" BHA and ran in the hole picking up 5 " drill pipe off the deck. Tagged cement at 990m MDRT, 5m inside shoe. Drilled shoe track, shoe, rat hole and new formation from 1005m MDRT to 1008m MDRT. Perform LOT. 13.5ppg EMW.							

FORMATION							
Name	Top						
300 Sand							
200 Sand							
100 Sand							
Emperor Volcanics							
TD							

**Operations For Period 0000 Hrs to 2400 Hrs on 17 Jul 2006**

Phse	Cls (RC)	Op	From	To	Hrs	Depth	Activity Description
IH	P	BOP	0000	0100	1.00	1005.0m	Complete nipping up of choke/ kill/ boost lines to slip joint.
IH	P	BOP	0100	0130	0.50	1005.0m	Pressure tested choke and kill lines 500/500psi 5/5mins.
IH	P	BOP	0130	0300	1.50	1005.0m	Pick up SDL ring while skidding ring over location. Take tension on guide lines and fine tune position.
IH	P	BOP	0300	0500	2.00	1005.0m	Take pre-landing bulls eye readings on BOP's and Riser. BOP lower 1/4-1/2 deg stbd. BOP upper 3/4-1 deg stbd. LMRP 1/2-1 deg stbd. LMRP 1/2 1 1/4 deg aft. Land BOP's, lock and perform overpull 50klbs on Blue pod, ok. Change to Yellow pod and perform overpull 50klbs, ok. Prior to MRTs 550klbs above posts 270klbs 1/2 posts 230klbs Prior to land 210klbs Install storm saddles and make up RBQ plates. Landed bullseye reading: BOP lower 1 deg port aft. BOP upper 1/2 deg aft. LMRP 1/2 deg port. LMRP 1/2 deg port aft.
IH	P	BOP	0500	0600	1.00	1005.0m	Perform 500psi/ 5min pressure test on VX/ casing on Yellow pod against shear rams. Perform 500psi/2500psi pressure tes on VX/ casing on Blue pod against shear rams.
IH	P	BOP	0600	0730	1.50	1005.0m	Stroke out slip joint.
IH	P	BOP	0730	0900	1.50	1005.0m	Rack landing stand back in derrick. Rig up and install divertor.
IH	P	BOP	0900	0930	0.50	1005.0m	Rig down riser handling equipment.
IH	P	BOP	0930	1000	0.50	1005.0m	Break down cement stand and make up Emergency hang off tool.
IH	P	HBHA	1000	1500	5.00	1005.0m	Run 22" BHA stand from derrick and laid out 2 x stab's and power pulse. Made up 14 3/4" bit, bit sub, 3 x 9 1/2 dc, x/o, 2 x 8" dc, jars, 2 x 8"dc, x/o, 5 x hwdp. Total length 215.7m.
IH	P	BKC	1500	1530	0.50	1005.0m	Break circulation. Install divertor bag.

Phse	Cls (RC)	Op	From	To	Hrs	Depth	Activity Description
IH	P	PUP	1530	1700	1.50	1005.0m	Ran in hole from 215m MDRT to 500m MDRT picking up drill pipe off deck. 190m/hr, 20jnts/hr.
IH	P	BOP	1700	1900	2.00	1005.0m	Function test BOP's on Blue pod from rig floor panel, all ok. Function test BOP's on Yellow pod from tool pushers office panel.
IH	P	PUP	1900	2100	2.00	1005.0m	Ran in hole from 500m MDRT to 845m MDRT picking up drill pipe off deck. 172.5m/hr, 18jnts/hr.
IH	P	TI	2100	2130	0.50	1005.0m	Ran in hole with stands from derrick to top of cement @990m MDRT. Good cement 10klbs wt.
IH	P	DFS	2130	2200	0.50	1005.0m	Drill out shoe track and rat hole with sea water from 990m MDRT to 1005m MDRT. Minimal cement noted outside shoe, 0-1klbs WOB. Ream shoe. 1200gpm/ 2900psi/ 10klbs WOB/ 70rpm/ 2-3klbs torque.
IH	P	DA	2200	2230	0.50	1008.0m	Drilled 14 3/4" hole from 1005m MDRT to 1008m MDRT.
IH	P	CHC	2230	2330	1.00	1008.0m	Pumped 180bbbls of PHG hi-vis sweep and circulated hole clean with sea water. Flow checked well.
IH	P	LOT	2330	2400	0.50	1008.0m	Commenced LOT pumping both down the drill string and down the kill line against the lower annular. LOT pressure 833psi/ 13.5ppg EMW/ 2.7bbbls pumped/ shoe TVD 995m (3264'). Held test pressure for 2 1/2 minutes with zero loss. Commenced pumping again, no increase in pressure for 0.3 bbls pumped. Stopped pumping pressure held solid. Bleed off pressure due to low LOT.

**Operations For Period 0000 Hrs to 0600 Hrs on 18 Jul 2006**

Phse	Cls (RC)	Op	From	To	Hrs	Depth	Activity Description
IH	P	LOT	0000	0100	1.00	1008.0m	Commenced LOT pumping both down the drill string and down the kill line against the middle pipe rams. LOT pressure 833psi/ 13.5ppg EMW/ 2.8bbbls pumped/ shoe TVD 995m (3264'). Held test pressure for 3 minutes with zero loss. Bled off pressure.
IH	P	LOT	0100	0200	1.00	1008.0m	Racked back 1 stand of drill pipe and made up side entry sub to string to remove the top drive and all manifold valves from equation. Commenced LOT pumping both down the drill string against the middle pipe rams and first choke valves. LOT pressure 835psi/ 13.5ppg EMW/ 3bbbls pumped/ shoe TVD 995m (3264'). Held test pressure for 8 minutes with zero loss. Volume returned 2.75bbbls. Confer with shore base management on results.
IH	P	TO	0200	0430	2.50	1008.0m	Pulled out of hole with 14 3/4" drilling assembly. Rack BHA in derrick, break off drill bit.
IH	P	HBHA	0430	0600	1.50	1008.0m	(IN PROGRESS) Commence making up 9 1/2" pilot hole BHA. Shallow test MWD/Xceed, ok. Load radioactive source. Ran in hole on BHA from derrick to 182m MDRT.

**Phase Data to 2400hrs, 17 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
INTERMEDIATE HOLE(IH)	38.5	16 Jul 2006	17 Jul 2006	182.50	7.604	1008.0m

WBM Data			Cost Today \$ 339546			
Mud Type:	Petrofree	API FL:	CI:	Solids(%vol):	Viscosity	110sec/qt
Sample-From:		Filter-Cake:	1/32nd"	K+C*1000:	PV	20cp
Time:	1900hrs	HTHP-FL:		H2O:	YP	13lb/100ft²
Weight:	9.65ppg	HTHP-cake:		Oil(%):	Gels 10s	7
Temp:	20C°			Sand:	Gels 10m	14
			PM:	pH:	Fann 003	4
			PF:	PHPA:	Fann 006	5
					Fann 100	16
					Fann 200	25
					Fann 300	33
					Fann 600	53
Comment		No product costs today. Total product costs to date \$ 339,546.95 Cummulative total \$ 396,864.37				

Bit # 3				Wear	I	O1	D	L	B	G	O2	R
					0	0	NO	A	E	I	NO	BHA
				Bitwear Comments:								
Size ("):	14.750in	IADC#	115	Nozzles		Drilled over last 24 hrs		Calculated over Bit Run				
Mfr:	REED HYCLOG	WOB(avg)	10.00klb	No.      Size		Progress                      3.0m		Cum. Progress                      3.0m				
Type:	Rock	RPM(avg)	70	3	20/32nd"	On Bottom Hrs                      0.5h		Cum. On Btm Hrs                      0.5h				
Serial No.:	JSO758	F.Rate	28.00bpm			IADC Drill Hrs                      0.5h		Cum IADC Drill Hrs                      0.5h				
Bit Model	T11	SPP	2900psi			Total Revs		Cum Total Revs                      0				
Depth In	1005.0m	HSI				ROP(avg)                      6.00 m/hr		ROP(avg)                      6.00 m/hr				
Depth Out	1008.0m	TFA	0.92									
Bit Comment												

BHA # 3					
Weight(Wet)	60.00klb	Length	215.7m	Torque(max)	7ft-lbs
Wt Below Jar(Wet)	40.00klb	String	205.00klb	Torque(Off.Btm)	3ft-lbs
Drilling Jar Hours	36	Pick-Up	205.00klb	Torque(On.Btm)	7ft-lbs
		Slack-Off	200.00klb		
D.C. (1) Ann Velocity					
D.C. (2) Ann Velocity					
H.W.D.P. Ann Velocity					
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.
9.5in DC	9.17m	9.500in	3.000in		00005-9	
9.5in DC	8.99m	9.500in	3.000in		00002-9	
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	17.53m	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			

Bulk Stocks					
Name	Unit	In	Used	Adjust	Balance
Barite Bulk	MT	0	0	0	208.2
Bentonite Bulk	MT	0	0	0	21.8
Diesel	m3	0	19.2	0	507.8
Fresh Water	m3	32	40.6	0	390.0
Drill Water	m3	12	0	0	473.0
Cement G	MT	0	0	0	64.3
Cement HT (Silica)	MT	0	0	0	51.4

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	5.500	8.60	97	93	2900	7.95										
2	12P 160	6.000	8.60	97	93	2900	9.45										
3	12P 160	6.000	8.60	97	93	2900	9.45										
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		47 x DOGC 2 x DOGC extra( 1 x welders, 1 x crane op) 3 x DOGC other (3 x painter)							
NEXUS								1									
DOGC								52									
DOWELL SCHLUMBERGER								2		2 x MWD, 2 x DD, 1 x tainee MWD.							
WEATHERFORD AUSTRALIA PTY LTD								3									
CAMERON AUSTRALIA PTY LTD								1									
FUGRO SURVEY LTD (ROV)								6									
SCHLUMBERGER ANADRIL								5									
BAROID								2									
ESS								8									
GEOSERVICES OVERSEAS S.A.								5									
Q-Tech								1									
Total								89									
HSE Summary																	
Events		Date of last		Days Since		Descr.				Remarks							
Last BOP Test		17 Jul 2006								0100/1300/1900hrs							
Abandon Drill		09 Jul 2006		8 Days		Weekly abandon rig drill											
Fire Drill		09 Jul 2006		8 Days		Weekly fire drill											
JSA		17 Jul 2006		0 Days		Drillcrew 7, deckcrew 8, mechanic 3, subsea 0, Painters 0, welder 3, catering 2..											
Man Overboard Drill		20 Jun 2006		27 Days		Monthly man overboard drill											
Safety Meeting		16 Jul 2006		1 Day		Weekly crew safety meetings											
STOP Card		17 Jul 2006		0 Days		Safe 2 un-safe 4											
Shakers, Volumes and Losses Data																	
Available	1,570.1bbl	Losses	202bbl	Equip.		Descr.		Mesh Size									
Reserve	1,570.1bbl	PHG used for sweeping rat hole.	202bbl	Shaker1		VSM100		10/84/84/84/84									
				Shaker2		VSM100		10/84/84/84/84									
				Shaker3		VSM100		10/84/84/84/84									
				Shaker4		VSM100		10/84/84/84/84									
Marine																	

Weather on 17 Jul 2006								Rig Support	
Visibility	Wind Speed	Wind Dir.	Pressure	Air Temp.	Wave Height	Wave Dir.	Wave Period	Anchors	Tension (klb)
10.0nm	20kn	190.0deg	1020.0mbar	12C°	1.0m	190.0deg		1	172.0
Rig Dir.	Ris. Tension	VDL	Swell Height	Swell Dir.	Swell Period	Weather Comments		2	157.0
270.0deg		4757.00klb	1.5m	120.0deg		Comments		3	209.0
								4	236.0
								5	306.0
								6	247.0
								7	209.0
								8	176.0
Vessel Name	Arrived (Date/Time)	Departed (Date/Time)	Status	Bulks					
Far Grip	0630hrs 14 July		Off loading	Item	Unit	Used	Trf. to Rig	Qty. Remaining	
				Diesel	m3	12	0	301	
				Fresh Water	m3	5	0	485	
				Drill Water	m3	0	0	0	
				Cement G	mt	0	0	0	
				Cement HT (Silica)	mt	0	0	0	
				Barite Bulk	mt	0	0	0	
				Bentonite Bulk	mt	0	0	0	
				Brine	m3	0	0	0	
Pacific Wrangler	1020hr 17 July		Off loading	Item	Unit	Used	Trf. to Rig	Qty. Remaining	
				Diesel	m3	17	0	579	
				Fresh Water	m3	5	0	251	
				Drill Water	m3	0	0	512	
				Cement G	mt	0	0	44	
				Cement HT (Silica)	mt	0	0	0	
				Barite Bulk	mt	0	0	129	
				Bentonite Bulk	mt	0	0	0	
				Brine	m3	0	0	0	
					m3		1562	661	
					m3	0	0	434	
Pumped 1562bbbls of SBM to rig. Boat reported 1471bbbls. Our figure taken as being correct due to it being a visual measurement.									