

21 Jul 2006

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

**DRILLING MORNING REPORT # 12**
**Longtom 3**

Well Data							
Country	Australia	MDBRT	1545.0m	Cur. Hole Size	9.500in	AFE Cost	\$40,292,054
Field	Gippsland Basin	TVDBRT	1518.7m	Last Casing OD	16.000in	AFE No.	LSDED01/0
Drill Co.	DOGC	Progress	75.0m	Shoe TVDBRT	995.3m	Daily Cost	\$591,387
Rig	OCEAN PATRIOT	Days from spud	10.37	Shoe MDBRT	995.3m	Cum Cost	\$18,329,351
Wtr Dpth (LAT)	56.7m	Days on well	11.65	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		Logging hole section @ 1430m MDRT.					
Planned Op		Log section 1430m MDRT to 1545m MDRT. Drill 9 1/2" pilot hole with RST drilling assembly from 1545m MDRT.					

**Summary of Period 0000 to 2400 Hrs**

Drilled from 1470m MDRT to 1545m MDRT with mud motor drilling assembly, slide and rotated as required to obtain required build ratios. Circulate hole clean and commenced trip out for RST BHA/PDC. 1545m MDRT to 1361m MDRT no drag observed, @1361m MDRT 50-60klbs drag observed, work x 4, obstruction not mobile, run back below to 1378m MDRT and back reamed stand clean. Commenced pulling from 1351m MDRT to surface, no hole problems observed. Lay down motor assembly. Ditch magnet 24hr recovery 600g/ total 2kg.

**FORMATION**

Name	Top
300 Sand	
200 Sand	
100 Sand	
Emperor Volcanics	
TD	

**Operations For Period 0000 Hrs to 2400 Hrs on 21 Jul 2006**

Phse	Cls (RC)	Op	From	To	Hrs	Depth	Activity Description
IH	P	DM	0000	0900	9.00	1515.0m	Drill 9 1/2" pilot hole with mud motor in rotary from 1470m MDRT to 1515m MDRT. 575gpm/ 2500psi/ 60rpm/ 221rpm DH/ 18-20klbs WOB/ 3-4klbs tq. String wt 200klbs rotating/ 200klbs up/ 200klbs down. @1476.93m MDRT/ 1461.8m TVD/ 30.11deg incl/ 190.46 azimuth. @1481.34m MDRT/ 1465.6m TVD/ 30.35deg incl/ 190.37 azimuth.
IH	TP (RE)	DM	0900	1000	1.00	1515.0m	Washed saver sub due to severe wear on threads. Change out, work pipe several times during repair, no hole problems observed, well static.
IH	P	DM	1000	1600	6.00	1545.0m	Drill 9 1/2" pilot hole with mud motor in rotary from 1515m MDRT to 1545m MDRT. 600gpm/ 2800psi/ 60rpm/ 229rpm DH/ 18-45klbs WOB/ 3-5klbs tq. String wt 200klbs rotating/ 200klbs up/ 200klbs down. @1476.93m MDRT/ 1461.8m TVD/ 30.11deg incl/ 190.46 azimuth. @1507.95m MDRT/ 1488.30m TVD/ 32.61deg incl/ 185.04 azimuth. @1528.90m MDRT/ 1505.72m TVD/ 34.89deg incl/ 180.69 azimuth.
IH	P	CHC	1600	1830	2.50	1545.0m	Circulate hole clean @ 1545m MDRT, rack back stand after 1 x btms up, continue to circulate hole clean.
IH	P	TO	1830	1900	0.50	1545.0m	Flow check and commenced pulling out of hole from 1523m MDRT. 1523m MDRT to 1361m MDRT no drag observed. @1361m MDRT 50-60klbs drag observed, obstruction not mobile and following 4 attempts to work through the top drive was made up. Bit also stood up when stand run in hole to make up TDS. Unable to work though or roll over obstruction with out making up top drive.
IH	TP (HC)	RW	1900	1930	0.50	1545.0m	Establish drilling parameters and commence back reaming 1378m MDRT through 1351m MDRT, torque fluctuations of 3-11klbs while reaming section.
IH	P	TO	1930	2200	2.50	1545.0m	Flow checked and pulled out of hole from 1351m MDRT to BHA at surface 177m MDRT. No hole problems observed through this section or problem areas during previous tripping. Flow checked and pumped slug @995m MDRT 22" shoe.
IH	P	HBHA	2200	2230	0.50	1545.0m	Pulled out of hole with motor BHA.
IH	P	HBHA	2230	2300	0.50	1545.0m	Anadril download LWD.

Phse	Cls (RC)	Op	From	To	Hrs	Depth	Activity Description
IH	P	HBHA	2300	2400	1.00	1545.0m	Straighten motor and break off 9 1/2" bit. Lay out motor. Bit graded 2-2-WT-A-E-I-N-BHA.

**Operations For Period 0000 Hrs to 0600 Hrs on 22 Jul 2006**

Phse	Cls (RC)	Op	From	To	Hrs	Depth	Activity Description
IH	P	HBHA	0000	0230	2.50	1545.0m	Made up Power Drive Xceed rotary steerable assembly, install radio active source, shallow test ok. Run BHA from derrick to 182m MDRT
IH	P	TI	0230	0400	1.50	1545.0m	Ran in hole 9 1/2" RST BHA on 5" drill pipe to 22" shoe @995m MDRT.
IH	P	RS	0400	0430	0.50	1545.0m	Service travelling blocks and top drive.
IH	P	TI	0430	0530	1.00	1545.0m	Continued to run in hole from 22" shoe @995m MDRT to 1415m MDRT. No hole problems observed on trip in.
IH	P	LDPC	0530	0600	0.50	1545.0m	(IN PROGRESS) Filled drill string and established circulation. Commenced logging of 1420m MDRT to TD @1545m MDRT.

**Phase Data to 2400hrs, 21 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)	135.5	16 Jul 2006	21 Jul 2006	279.50	11.646	1545.0m

**WBM Data**
**Cost Today \$ 15778**

Mud Type:	Petrofree	API FL:	CL:	Solids(%vol):	21%	Viscosity	67sec/qt
Sample-From:	Active pit	Filter-Cake:	K+C*1000:	H2O:	17%	PV	36cp
Time:	2100hrs	HTHP-FL: 2.8cc/30min	Hard/Ca:	Oil(%):	62%	YP	27lb/100ft²
Weight:	12.10ppg	HTHP-cake: 2/32nd"	MBT:	Sand:	0.25	Gels 10s	22
Temp:	60C°		PM: 0.4	pH:		Gels 10m	40
			PF:	PHPA:		Fann 003	13
						Fann 006	14
						Fann 100	33
						Fann 200	
						Fann 300	63
						Fann 600	99
Comment		Total product costs to date \$ 618,573.17 Cumulative total \$ 644,073.17 (including engineer)					

Bit # 5				Wear	I 2	O1 2	D WT	L A	B E	G I	O2 NO	R BHA	
				Bitwear Comments:									
				Size ("):		IADC# 437		Nozzles		Drilled over last 24 hrs		Calculated over Bit Run	
Mfr: HUGHES CHRISTENSEN		WOB(avg) 30.00klb		No. Size		Progress 75.0m		Cum. Progress 105.0m					
Type: Rock		RPM(avg) 60		3 24/32nd"		On Bottom Hrs 12.0h		Cum. On Btm Hrs 18.9h					
Serial No.: 5102342		F.Rate 14.20bpm				IADC Drill Hrs 15.0h		Cum IADC Drill Hrs 23.5h					
Bit Model 9 1/2" MX 09		SPP 2800psi				Total Revs 307000		Cum Total Revs 408000					
Depth In 1440.0m		HSI				ROP(avg) 6.25 m/hr		ROP(avg) 5.56 m/hr					
Depth Out 1545.0m		TFA 1.325											
Bit Comment													

<b>Bit # 4rr1</b>		Wear	I	O1	D	L	B	G	O2	R
			5	4	BT	A	X	I	CT	BHA
		Bitwear Comments:								
Size ("):	IADC# M322	<b>Nozzles</b>		<b>Drilled over last 24 hrs</b>		<b>Calculated over Bit Run</b>				

Mfr:	REED HYCLOG	WOB(avg)	16.00klb	No.	Size	Progress	0.0m	Cum. Progress	836.0m
Type:	PDC	RPM(avg)	156	6	18/32nd"	On Bottom Hrs	0.0h	Cum. On Btm Hrs	16.2h
Serial No.:	212935	F.Rate	17.80bpm			IADC Drill Hrs	0.0h	Cum IADC Drill Hrs	27.0h
Bit Model	9 1/2" RSX616M-A4	SPP	3350psi			Total Revs	121000	Cum Total Revs	363000
Depth In	1022.0m	HSI				ROP(avg)	N/A	ROP(avg)	51.60 m/hr
Depth Out	1440.0m	TFA	1.49						
Bit Comment Pull out of hole due to Xceed's inability to build angle during kick off and build.									

**BHA # 6**

Weight(Wet)	30.00klb	Length	177.6m	Torque(max)	6ft-lbs	D.C. (1) Ann Velocity	
Wt Below Jar(Wet)	14.00klb	String	202.00klb	Torque(Off.Btm)	1ft-lbs	D.C. (2) Ann Velocity	
Drilling Jar Hours	23	Pick-Up	205.00klb	Torque(On.Btm)	2ft-lbs	H.W.D.P. Ann Velocity	
		Slack-Off	205.00klb			D.P. Ann Velocity	

BHA Run Description Kick off assembly to build inclination to 36 deg before tripping to run RST assembly.

**BHA Run Comment**

Equipment	Length	OD	ID	Top Conn	Serial #	Comment
Bit	0.24m	9.500in			5102342	MX 09 IADC 437 TC1with 3 x 24 jets
Down Hole Motor	7.70m	6.750in			3601	A675XP with 1.5 bend and 9.125 stabilizer sleeve
Float Sub	0.48m	6.750in	2.875in		cmp1543	Float sub with float installed.
Stab	2.06m	8.500in	2.875in		207A321	8 1/2" string 3 blade spiral stabilizer
X/O	0.49m	6.875in	2.875in		3048	
Telescope x/o	8.03m	6.875in	2.875in		FA27	
X/O	0.49m	6.875in	2.875in		FA27	
5" Non-mag HWDP	9.09m	5.000in	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			

**BHA # 5**

Weight(Wet)	40.00klb	Length	182.6m	Torque(max)	11ft-lbs	D.C. (1) Ann Velocity	
Wt Below Jar(Wet)	16.00klb	String	195.00klb	Torque(Off.Btm)	3ft-lbs	D.C. (2) Ann Velocity	615fpm
Drilling Jar Hours	1	Pick-Up	195.00klb	Torque(On.Btm)	7ft-lbs	H.W.D.P. Ann Velocity	281fpm
		Slack-Off	195.00klb			D.P. Ann Velocity	281fpm

BHA Run Description Power drive Xceed steerable drilling assembly, Ecoscope.

**BHA Run Comment**

Equipment	Length	OD	ID	Top Conn	Serial #	Comment
Bit	0.22m	9.500in			212935	RSX616M-A2 Re-run 1
Power drive Xceed	7.66m	9.188in			119	
Ecoscope	8.05m	9.375in			779	
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			

**Bulk Stocks**

Name	Unit	In	Used	Adjust	Balance
Barite Bulk	MT	0	7.02	0	152.0
Bentonite Bulk	MT	0	0	0	21.8
Diesel	m3	0	16.2	0	445.9

Bulk Stocks					
Name	Unit	In	Used	Adjust	Balance
Fresh Water	m3	29	22.4	0	407.5
Drill Water	m3	380	43	0	779.9
Cement G	MT	79.49	0	0	143.8
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	12.15	97													
2	12P 160	6.000	12.15	97	70	2800	7.11	1515.0	30	360	3.00	40	430	4.00	50	520	5.00
3	12P 160	6.000	12.15	97	70	2800	7.11		30	320	3.00	40	410	4.00	50	520	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	
DOGC	53	45 x DOGC 2x DOGC extra( , 1 x crane op, 1 x dogman) 6 x DOGC other (2 x painter, 3 x union hydraulic, 1 x crane cab man)
DOWELL SCHLUMBERGER	2	
FUGRO SURVEY LTD (ROV)	3	
SCHLUMBERGER ANADRIL	5	2 x MWD, 2 x DD, 1 x tainee MWD.
BAROID	2	
ESS	8	
GEOSERVICES OVERSEAS S.A.	6	
Q-Tech	1	
K & M	2	
Brandt	1	
WEATHERFORD AUSTRALIA PTY LTD	2	
Total	91	

HSE Summary				
Events	Date of last	Days Since	Descr.	Remarks
Last BOP Test	17 Jul 2006			
Abandon Drill	15 Jul 2006	6 Days	Weekly abandon rig drill	
Fire Drill	15 Jul 2006	6 Days	Weekly fire drill	
JSA	21 Jul 2006	0 Days	Drillcrew 3, deckcrew 4, mechanic 3, subsea 0, Painters 0, welder 3, marine 1.	
Man Overboard Drill	20 Jun 2006	31 Days	Monthly man overboard drill	
Safety Meeting	16 Jul 2006	5 Days	Weekly crew safety meetings	0100/1300/1900hrs
STOP Card	21 Jul 2006	0 Days	Safe 2 un-safe 1	
Trip / Kick Drill	21 Jul 2006	0 Days	Trip and pit drill	Held trip drills and pit drills.Trip drills 1 x 27sec's, 1 x 20secs, pit drill 1 x 1 1/2 minutes.

Shakers, Volumes and Losses Data					
Available	2,806.6bbl	Losses	54.2bbl	Equip.	Mesh Size
Active	473.9bbl	Down-hole	17.2bbl	Shaker1	VSM100
Hole	916bbl	Centrifuge	15bbl	Shaker1	VSM100
					10/145/145/145/145
					10/200/200/200/200

Reserve	1,027.7bbl	ROC	22bbl	Equip.	Descr.	Mesh Size
Slug	20bbl			Shaker2	VSM100	10/180/180/165/165
				Shaker2	VSM100	10/200/200/200/200
Petrofree ester	369bbl			Shaker3	VSM100	10/200/200/145/145
				Shaker3	VSM100	10/200/200/200/200
				Shaker4	VSM100	10/200/200/145/145
				Shaker4	VSM100	10/200/200/200/200

Weather on 21 Jul 2006								Rig Support	
Visibility	Wind Speed	Wind Dir.	Pressure	Air Temp.	Wave Height	Wave Dir.	Wave Period	Anchors	Tension (klb)
10.0nm	14kn	67.0deg	1034.0mbar	11C°	0.5m	67.0deg		1	174.0
Rig Dir.	Ris. Tension	VDL	Swell Height	Swell Dir.	Swell Period	Weather Comments		2	170.0
270.0deg	292.00klb	4640.00klb	1.5m	135.0deg	-1s			3	247.0
Comments								4	243.0
								5	287.0
								6	293.0
								7	236.0
								8	170.0

Helicopter Movement				
Flight #	Company	Arr/Dep. Time	Pax In/Out	Comment
1	BRISTOW HELICOPTERS AUSTRALIA PTY LTD	1020 / 1033	12 / 14	Re-fuel 0 litres Remaining 426 litres