

**DRILLING MORNING REPORT # 36**  
**Longtom-3 H**

14 Aug 2006

From: John Wrenn/Chris Roots  
To: John Ah-Cann

Well Data							
Country	Australia	MDBRT	2793.0m	Cur. Hole Size	9.500in	AFE Cost	\$40,292,054
Field	Gippsland Basin	TVDBRT	2362.5m	Last Casing OD	10.750in	AFE No.	LSDED01/0
Drill Co.	DOGC	Progress	229.0m	Shoe TVDBRT	2184.3m	Daily Cost	\$317,334
Rig	OCEAN PATRIOT	Days from spud	34.37	Shoe MDBRT	2374.3m	Cum Cost	\$1,066,358
Wtr Dpth (LAT)	56.7m	Days on well	36.00	FIT/LOT:	15.00ppg /	Days Since Last LTI	70
RT-ASL (LAT)	21.5m	Planned TD MD	5834.0m				
RT-ML	78.2m	Planned TD TVDRT	2458.0m				
Current Op @ 0600		Drilling ahead.					
Planned Op		Drill ahead					

Summary of Period 0000 to 2400 Hrs
Drilled 9 1/2" directional hole f/ 2564 to 2793mrt. Geo steering as directed by sub surface team.

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

Operations For Period 0000 Hrs to 2400 Hrs on 14 Aug 2006							
Phse	Cls (RC)	Op	From	To	Hrs	Depth	Activity Description
PH	P	DA	0000	0700	7.00	2662.0m	Drilled 9 1/2" directional hole f/ 2564 to 2662mrt. Setting RSS tool to drop inclination f/ 67 to 65 deg as directed by NEXUS sub surface team with the intention of Geo steering in search of anticipated sand below the originally intended well path.
PH	P	DA	0700	0900	2.00	2681.0m	Drilled f/ 2662 to 2681mrt, inclination dropped to 62.5deg as a stringer was penetrated, RSS tool set in an attempt to achieve a gentle build back to 65 deg
PH	P	DA	0900	2230	13.50	2765.0m	Drilled f/ 2681 to 2765mrt attempting to build inclination back to 71 deg w/ 2 to 2.5 deg DLS, inclination not initially achieved, required tool to be set @ 0 deg toolface & 100% steering demand which achieved 71.85deg @ 2743mrt 6.24 deg DLS.
PH	P	DA	2230	2400	1.50	2793.0m	ROP increased 2750mrt f/ 6 - 9 m/hr to 30 m/hr and drilled gas began to increase f/ background of ~ 6 units (0.12%) to ~800 units (16%). Drilled f/ 2765 to 2793mrt RSS tool set to stop inclination build. Drilled gas peaked @ 960 units (19.2%)

Operations For Period 0000 Hrs to 0600 Hrs on 15 Aug 2006							
Phse	Cls (RC)	Op	From	To	Hrs	Depth	Activity Description
PH	P	DA	0000	0600	6.00	2994.0m	(IN PROGRESS) Drilled 9 1/2" directional hole f/ 2793 to 2965mrt dropping inclination f/ 72 deg to 65 deg. Held 65 deg f/ 2965 to 2994mrt.

Phase Data to 2400hrs, 14 Aug 2006						
Phase	Phase Hrs	Start On	Finish On	Cum Hrs	Cum Days	Max Depth
PRODUCTION HOLE (1)(PH)	72	12 Aug 2006	14 Aug 2006	72.00	3.000	2793.0m

WBM Data			Cost Today \$ 22270				
Mud Type:	Petrofree	API FL:	CI:	Solids(%vol):	18%	Viscosity	68sec/qt
Sample-From:	Active pit	Filter-Cake:	K+C*1000:	H2O:	15%	PV	42cp
Time:	19:00	HTHP-FL:	3.2cc/30min	Hard/Ca:		YP	21lb/100ft²
Weight:	12.00ppg	HTHP-cake:	2/32nd"	MBT:		Gels 10s	46
Temp:	86C°			PM:		Gels 10m	53
				PF:		Fann 003	11
						Fann 006	12
						Fann 100	31
						Fann 200	
						Fann 300	63
						Fann 600	105
Comment	Total product costs to date \$ 1,292,714.40 Cumulative total \$ 1,359,014.40 (including engineer)						

Bit # 11				Wear	I	O1	D	L	B	G	O2	R
Bitwear Comments:												
Size ("):	9.500in	IADC#	M323	Nozzles		Drilled over last 24 hrs			Calculated over Bit Run			
Mfr:	SMITH BITS	WOB(avg)	16.00klb	No.	Size	Progress	229.0m	Cum. Progress	409.0m			
Type:	PDC	RPM(avg)	170			On Bottom Hrs	18.8h	Cum. On Btm Hrs	32.7h			
Serial No.:	JW8581	F.Rate	17.50bpm			IADC Drill Hrs	22.8h	Cum IADC Drill Hrs	38.5h			
Bit Model	M716PXC	SPP	4075psi			Total Revs	304000	Cum Total Revs	304000			
Depth In	2384.0m	HSI	0.81HSI			ROP(avg)	12.18 m/hr	ROP(avg)	12.51 m/hr			
Depth Out		TFA	2.149									
Bit Comment	Drilled Float equipment											

BHA # 13						
Weight(Wet)	30.00klb	Length	210.7m	Torque(max)	12300ft-lbs	D.C. (1) Ann Velocity
Wt Below Jar(Wet)	10.00klb	String	250.00klb	Torque(Off.Btm)	5900ft-lbs	D.C. (2) Ann Velocity
Drilling Jar Hours	39	Pick-Up	270.00klb	Torque(On.Btm)	9500ft-lbs	H.W.D.P. Ann Velocity
		Slack-Off	240.00klb			D.P. Ann Velocity

BHA Run Description PD Exceed Rotary Steerable System

BHA Run Comment						
Equipment	Length	OD	ID	Top Conn	Serial #	Comment
Bit	0.30m	9.500in		4 1/2 Reg pin	JW8581	
Power drive Xceed	7.66m	6.375in		5 1/2 FH box	CAS 111	
Ecoscope	8.05m	9.375in		5 1/2 FH box	779	
Telescope x/o	8.51m	6.687in		NC50 box	FA 28	
5" Non-mag HWDP	9.09m	6.375in	2.750in	NC50 box	4449	
5in HWDP	46.61m	6.250in	3.000in	NC50 box		
Drilling Jars	9.40m	6.375in	2.750in	NC50 box	DAH02247	
5in HWDP		6.500in	3.000in	NC50 box		
	112.02m					

Survey								
MD (m)	Incl (deg)	Azim (deg)	TVD (m)	Vsec (deg)	N/-S (m)	E/-W (m)	DLS (deg/30m)	Tool Type
2629.28	66.5	189.3						
2657.58	64.1	186.8						
2686.10	62.5	183.8						
2714.76	64.9	185.5						
2743.19	70.9	187.3						
2771.42	72.3	188.8						

Bulk Stocks						
Name	Unit	In	Used	Adjust	Balance	
Barite Bulk	MT	0	52.5	0	147.6	
Bentonite Bulk	MT	0	0	0	21.8	
Diesel	m3	150	23.5	0	537.2	
Fresh Water	m3	24	38	0	420.4	
Drill Water	m3	0	14.5	0	690.6	
Cement G	MT	0	0	-42.7	33.5	
Cement HT (Silica)	MT	0	0	0	0.0	
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		4000		2295.0	30			40			50		
2	12P 160	6.000	12.00	97	85	4075	8.60	2705.0	20	400		30	475		40	575	
3	12P 160	6.000	12.00	97	85	4075	8.60	2705.0	20	400		30	490		40	575	

Casing						
OD (in)	Csg Shoe MD (m)	Csg Shoe TVD (m)	Csg Landing Depth MD (m)	Csg Landing Depth TVD (m)	LOT/FIT (ppg)	
10 3/4"	2374.30	2184.30	75.30	75.30	15.00	

Personnel On Board		
Company	Pax	Comment
NEXUS	6	2 NEXUS enviromental auditors onboard
DOGC	50	45 x DOGC 3x DOGC extra (, 1 x crane op, 1 x dogman, 1 x welder) 5 x DOGC other (2 x painter, 3 x union hydraulic,)
DOWELL SCHLUMBERGER	2	
FUGRO SURVEY LTD (ROV)	3	
SCHLUMBERGER ANADRIL	6	3 x MWD, 3 x DD.
BAROID	2	
ESS	8	
GEOSERVICES OVERSEAS S.A.	6	
Q-Tech	1	
K & M	2	
Brandt	1	
CAMERON AUSTRALIA PTY LTD	1	
West Engineering	1	
Total		89

HSE Summary					
Events	Date of last	Days Since	Descr.	Remarks	
Last BOP Test	04 Aug 2006				
Abandon Drill	13 Aug 2006	1 Day	Weekly abandon rig drill		
Fire Drill	13 Aug 2006	1 Day	Weekly fire drill		
JSA	14 Aug 2006	0 Days	Drillcrew 4 , deckcrew 8, Mechanic 3, Marine 0		
Man Overboard Drill	21 Jul 2006	24 Days	Monthly man overboard drill		
Safety Meeting	13 Aug 2006	1 Day	Weekly crew safety meetings	0100/1300/1900hrs	
STOP Card	14 Aug 2006	0 Days	Safe 6, Unsafe 14		
Trip / Kick Drill	13 Aug 2006	1 Day	Trip drill	Held trip drill at shoe on trip in hole	

Shakers, Volumes and Losses Data			
Available	2,631bbl	Losses	157bbl
Active	523bbl	Down-hole	63bbl

Shakers, Volumes and Losses Data			
Hole	839bbl	Centrifuge	59bbl
Reserve	907bbl	Retained on cuttings	35bbl
Petrofree ester	362bbl		

Marine								Rig Support	
Weather on 14 Aug 2006									
Visibility	Wind Speed	Wind Dir.	Pressure	Air Temp.	Wave Height	Wave Dir.	Wave Period	Anchors	Tension (klb)
10.0nm	3kn	0.0deg	1028.0mbar	15C°	0.5m	0.0deg		1	247.0
Rig Dir.	Ris. Tension	VDL	Swell Height	Swell Dir.	Swell Period	Weather Comments		2	152.0
270.0deg	300.00klb	4423.00klb	1.5m	168.0deg				3	258.0
Comments								4	295.0
								5	373.0
								6	273.0
								7	214.0
								8	225.0

Vessel Name	Arrived (Date/Time)	Departed (Date/Time)	Status	Bulks				
Far Grip		09:00 13th Aug	In port	Item	Unit	Used	Trf. to Rig	Qty. Remaining
				Diesel	m3			665
				Fresh Water	m3			115
				Drill Water	m3			500
				Cement G	mt			0
				Cement HT (Silica)	mt			0
				Barite Bulk	mt			0
				Bentonite Bulk	mt			0
					bbls			54
				Brine	bbls			0
Pacific Wrangler	14:30hrs 12th Aug		Standby on location	Item	Unit	Used	Trf. to Rig	Qty. Remaining
				Diesel	m3		150	383
				Fresh Water	m3			249
				Drill Water	m3			360
				Cement G	mt			79.5
				Cement HT (Silica)	mt			0
				Barite Bulk	mt			180
				Bentonite Bulk	mt			0
					bbls			2012
					bbls			318
Brine	bbls			0				

Transferred 150m3 fuel to the rig.  
 Recieved 42mt class G cement from rig