

**DRILLING MORNING REPORT # 39**  
**Longtom-3 H**

17 Aug 2006

From: John Wrenn/Webby  
To: John Ah-Cann

Well Data							
Country	Australia	MDBRT	3576.0m	Cur. Hole Size	9.500in	AFE Cost	\$40,292,054
Field	Gippsland Basin	TVDBRT	2550.0m	Last Casing OD	10.750in	AFE No.	LSDED01/0
Drill Co.	DOGC	Progress	238.0m	Shoe TVDBRT	2184.3m	Daily Cost	\$284,596
Rig	OCEAN PATRIOT	Days from spud	37.37	Shoe MDBRT	2374.3m	Cum Cost	\$34,163,420
Wtr Dpth (LAT)	56.7m	Days on well	39.00	FIT/LOT:	15.00ppg /	Days Since Last LTI	72
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" hole at 3621m MDRT.					
Planned Op		Drill ahead 9 1/2" hole as per directional plan.					

Summary of Period 0000 to 2400 Hrs
Drill 9 1/2" hole from 3338m MDRT to 3576m MDRT as per directional plan rev 5.

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

Operations For Period 0000 Hrs to 2400 Hrs on 17 Aug 2006							
Phse	Cls (RC)	Op	From	To	Hrs	Depth	Activity Description
PH	P	DA	0000	0400	4.00	3395.0m	Continued to drill 9 1/2" directional hole f/ 3338 to 3395mrt, building inclination f/ 68 to 84 deg, according to directional plan : Longtom-3 H Rev 4.
PH	P	DA	0400	2400	20.00	3576.0m	Received instructions from NEXUS representative not to land the well at the intended TVD. Drilled 9 1/2" hole from 3395m MDRT to 3576m MDRT as per directional plan Rev 5. 685gpm/ 4300gpm/ 160rpm/ 9-11klbs tq/ 13-20klbs WOB/ String wt: 250klbs rotating/ 280klbs up wt/ 250klbs down wt. @3573.26m MDRT/ 2549.73m TVD/ 90.54 deg incl/ 186.93 deg azim/ No hole problems observed during drilling or connections.

Operations For Period 0000 Hrs to 0600 Hrs on 18 Aug 2006							
Phse	Cls (RC)	Op	From	To	Hrs	Depth	Activity Description
PH	P	DA	0000	0600	6.00	3621.0m	Drilled 9 1/2" hole from 3576m MDRT to 3621m MDRT. 685gpm/ 4325gpm/ 160rpm/ 9-11klbs tq/ 13-20klbs WOB/ String wt: 250klbs rotating/ 280klbs up wt/ 250klbs down wt. @3601.57m MDRT/ 2549.2m TVD/ 91.80 deg incl/ 188.54 deg azim/ No hole problems observed during drilling or connections.

Phase Data to 2400hrs, 17 Aug 2006							
Phase	Phase Hrs	Start On	Finish On	Cum Hrs	Cum Days	Max Depth	
PRODUCTION HOLE (1)(PH)	144	12 Aug 2006	17 Aug 2006	144.00	6.000	3576.0m	

WBM Data		Cost Today \$ 21911					
Mud Type:	Petrofree	API FL:	CI:	Solids(%vol):	18%	Viscosity	67sec/qt
Sample-From:	Active pit	Filter-Cake:	K+C*1000:	H2O:	15%	PV	48cp
Time:	21:30	HTHP-FL:	3.0cc/30min	Hard/Ca:		YP	19lb/100ft²
Weight:	12.00ppg	HTHP-cake:	2/32nd"	MBT:		Gels 10s	38
Temp:	90C°			PM:		Gels 10m	45
				PF:		Fann 003	8
						Fann 006	9
						Fann 100	31
						Fann 200	
						Fann 300	67
						Fann 600	115
Comment		Total product costs to date \$ 1,515,567.71 Cumulative total \$ 1,586,967.71 (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)	14.00klb	No.	Size	Progress	238.0m	Cum. Progress	1192.0m			
Type:	PDC	RPM(avg)	160			On Bottom Hrs	19.5h	Cum. On Btm Hrs	89.2h			
Serial No.:	JW8581	F.Rate	16.20bpm			IADC Drill Hrs	24.0h	Cum IADC Drill Hrs	106.2h			
Bit Model	M716PXC	SPP	4200psi			Total Revs	868000	Cum Total Revs	2350000			
Depth In	2384.0m	HSI	0.81HSI			ROP(avg)	12.21 m/hr	ROP(avg)	13.36 m/hr			
Depth Out		TFA	2.149									
Bit Comment		Drilled Float equipment										

BHA # 13						
Weight(Wet)	30.00klb	Length	210.7m	Torque(max)	13700ft-lbs	D.C. (1) Ann Velocity
Wt Below Jar(Wet)	10.00klb	String	255.00klb	Torque(Off.Btm)	8700ft-lbs	D.C. (2) Ann Velocity
Drilling Jar Hours	83	Pick-Up	280.00klb	Torque(On.Btm)	10600ft-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
3373.11	87.1	190.3	2542.54	1480.5	-1458.8	-252.2	2.9	MWD
3401.37	88.5	191.0	2543.63	1508.7	-1486.6	-257.4	1.7	MWD
3429.97	87.4	190.1	2544.65	1537.3	-1514.7	-262.6	1.5	MWD
3456.45	88.8	189.3	2546.22	1563.7	-1540.8	-267.1	1.9	MWD
3484.74	86.9	187.5	2548.02	1591.9	-1568.7	-271.2	2.2	MWD
3513.53	88.2	186.4	2549.26	1620.7	-1597.2	-274.7	1.8	MWD
3542.58	89.7	187.3	2549.80	1649.7	-1626.1	-278.2	1.8	MWD
3573.26	90.5	186.9	2549.73	1680.3	-1656.5	-282.0	0.9	MWD

Bulk Stocks						
Name	Unit	In	Used	Adjust	Balance	
Barite Bulk	MT	0	47.3	0	208.3	
Bentonite Bulk	MT	0	0	0	21.8	
Diesel	m3	0	18.7	0	471.8	
Fresh Water	m3	15	36.5	0	369.6	
Drill Water	m3	0	45.9	0	572.8	
Cement G	MT	0	0	0	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		4250			30			40			50		
2	12P 160	6.000	12.00	97	80	4350	8.10	3279.0	30	400		40	500		50	600	
3	12P 160	6.000	12.00	97	80	4350	8.10	3279.0	30	425		40	500		50	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	
DOGC	52	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	
West Engineering	1	
<b>Total</b>	<b>90</b>	

HSE Summary					
Events	Date of last	Days Since	Descr.	Remarks	
Last BOP Test	04 Aug 2006				
Abandon Drill	13 Aug 2006	4 Days	Weekly abandon rig drill		
Environmental Issue	15 Aug 2006	2 Days	Spill containment drill	Held drill with both crews	
Fire Drill	13 Aug 2006	4 Days	Weekly fire drill		
JSA	17 Aug 2006	0 Days	Drillcrew 3, deckcrew 6, Mechanic 0, Marine 0		
Man Overboard Drill	21 Jul 2006	27 Days	Monthly man overboard drill		
Safety Meeting	13 Aug 2006	4 Days	Weekly crew safety meetings	0100/1300/1900hrs	
STOP Card	17 Aug 2006	0 Days	Safe 3, Unsafe 9		
Trip / Kick Drill	13 Aug 2006	4 Days	Trip drill	Held trip drill at shoe on trip in hole	

Shakers, Volumes and Losses Data						
Available	3,025.8bbl	Losses	245.7bbl	Equip.	Descr.	Mesh Size
Active	518.8bbl	Down-hole	40bbl	Centrifuge1	Brandt HS 3400	
				Shaker1	VSM 100	10/260/260/230/230

Shakers, Volumes and Losses Data						
Hole	Volume	Surface	Volume	Equip.	Descr.	Mesh Size
Reserve	1,044.7bbl	Surface	74.7bbl	Shaker1	VSM 100	10/260/260/230/230
	1,100.3bbl	Centrifuge	91bbl	Centrifuge1	Brandt HS 3400	
Petrofree ester	362bbl	Retained on cuttings	40bbl	Shaker2	VSM 100	10/260/260/230/230
				Centrifuge2	Brandt HS 3400	
				Shaker2	VSM 100	10/260/260/230/230
				Centrifuge2	Brandt HS 3400	
				Shaker3	VSM 100	10/260/260/200/230
				Shaker3	VSM 100	10/260/260/200/230
				Shaker4	VSM 100	10/260/260/200/200
				Shaker4	VSM 100	10/260/260/200/200

Marine									
Weather on 17 Aug 2006							Rig Support		
Visibility	Wind Speed	Wind Dir.	Pressure	Air Temp.	Wave Height	Wave Dir.	Wave Period	Anchors	Tension (klb)
10.0nm	10kn	250.0deg	1020.0mbar	12C°	0.5m	250.0deg	4s	1	245.0
Rig Dir.	Ris. Tension	VDL	Swell Height	Swell Dir.	Swell Period	Weather Comments			
270.0deg	300.00klb	4578.00klb	1.0m	225.0deg	7s				
Comments							2	157.0	
							3	247.0	
							4	280.0	
							5	364.0	
							6	269.0	
							7	212.0	
							8	231.0	

Vessel Name	Arrived (Date/Time)	Departed (Date/Time)	Status	Bulks								
Item	Unit	Used	Trf. to Rig	Qty. Remaining								
Far Grip		09:00 13th Aug	In port	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				
					bbls			0				
				Brine	bbls			0				
Pacific Wrangler	14:30hrs 12th Aug		Standby on location	Diesel	m3	3.3		374				
				Fresh Water	m3	5		234				
				Drill Water	m3			360				
				Cement G	mt			79.5				
				Cement HT (Silica)	mt			0				
				Barite Bulk	mt			0				
				Bentonite Bulk	mt			0				
					bbls			1206				
					bbls			318				
				Brine	bbls			0				

Helicopter Movement				
Flight #	Company	Arr/Dep. Time	Pax In/Out	Comment
1	BRISTOW HELICOPTERS AUSTRALIA PTY LTD	0717 / 0742	15 / 16	Usable fuel remaining: 2700 Litres