

**DRILLING MORNING REPORT # 40**  
**Longtom-3 H**

18 Aug 2006

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

Well Data							
Country	Australia	MDBRT	3774.0m	Cur. Hole Size	9.500in	AFE Cost	\$40,292,054
Field	Gippsland Basin	TVDBRT	2540.0m	Last Casing OD	10.750in	AFE No.	LSDED01/0
Drill Co.	DOGC	Progress	198.0m	Shoe TVDBRT	2184.3m	Daily Cost	\$284,596
Rig	OCEAN PATRIOT	Days from spud	38.37	Shoe MDBRT	2374.3m	Cum Cost	\$34,448,016
Wtr Dpth (LAT)	56.7m	Days on well	40.00	FIT/LOT:	15.00ppg/	Days Since Last LTI	73
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 3820m MDRT					
Planned Op		Drill ahead 9 1/2" hole as per direction plan Rev 6.					

Summary of Period 0000 to 2400 Hrs
Drilled 9 1/2" hole from 3576m MDRT to 3774m MDRT.

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

Operations For Period 0000 Hrs to 2400 Hrs on 18 Aug 2006							
Phse	Cls (RC)	Op	From	To	Hrs	Depth	Activity Description
PH	P	DA	0000	1530	15.50	3720.0m	Drilled 9 1/2" hole from 3576m MDRT to 3720m MDRT as per directional plan rev 6. 685gpm/ 4325psi/ 140rpm/ 8-11klbs tq/ 15-20klbs WOB/ String wt: 250klbs rotating/ 265klbs up wt/ 225klbs down wt. No hole problems observed during drilling or connections.
PH	P (RE)	RR	1530	1630	1.00	3720.0m	Top drive swivel packing leaking. Change out for back up assembly.
PH	P	DA	1630	2400	7.50	3774.0m	Drilled 9 1/2" hole from 3720m MDRT to 3774m MDRT as per directional plan rev 6. 680gpm/ 4400psi/ 130rpm/ 9-10klbs tq/ 20-24klbs WOB/ String wt: 250klbs rotating/ 265klbs up wt/ 225klbs down wt. @3741.42m MDRT/ 2539.34m TVD/ 93.41 deg incl/ 191.64 deg azim/ No hole problems observed during drilling or connections.

Operations For Period 0000 Hrs to 0600 Hrs on 19 Aug 2006							
Phse	Cls (RC)	Op	From	To	Hrs	Depth	Activity Description
PH	P	DA	0000	0600	6.00	3909.0m	(IN PROGRESS) Drilled 9 1/2" hole from 3774m MDRT to 3909m MDRT as per directional plan rev 6. 680gpm/ 4350psi/ 130rpm/ 9-12klbs tq/ 20-25klbs WOB/ String wt: 250klbs rotating/ 265klbs up wt/ 225klbs down wt. @3856.67m MDRT/ 2532.47m TVD/ 93.44 deg incl/ 191.18 deg azim/ No hole problems observed during drilling or connections.

Phase Data to 2400hrs, 18 Aug 2006						
Phase	Phase Hrs	Start On	Finish On	Cum Hrs	Cum Days	Max Depth
PRODUCTION HOLE (1)(PH)	168	12 Aug 2006	18 Aug 2006	168.00	7.000	3774.0m

WBM Data				Cost Today \$ 32188			
Mud Type:	Petrofree	API FL:	CI:	Solids(%vol):	20%	Viscosity	62sec/qt
Sample-From:	Active pit	Filter-Cake:	K+C*1000:	H2O:	14%	PV	45cp
Time:	21:15	HTHP-FL:	3.0cc/30min	Hard/Ca:		YP	18lb/100ft²
Weight:	11.90ppg	HTHP-cake:	2/32nd"	MBT:		Gels 10s	37
Temp:	94C°			PM:		Gels 10m	43
				PF:		Fann 003	8
						Fann 006	9
						Fann 100	30
						Fann 200	
						Fann 300	63
						Fann 600	108
Comment				Total product costs to date \$ 1,547,755.27 Cumulative total \$ 1,620,855.27 (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)	15.70klb	No.	Size	Progress	198.0m	Cum. Progress	1390.0m			
Type:	PDC	RPM(avg)	150	7	20/32nd"	On Bottom Hrs	18.4h	Cum. On Btm Hrs	107.6h			
Serial No.:	JW8581	F.Rate	16.27bpm			IADC Drill Hrs	23.0h	Cum IADC Drill Hrs	129.2h			
Bit Model	M716PXC	SPP	4400psi			Total Revs	1034000	Cum Total Revs	3384000			
Depth In	2384.0m	HSI	0.81HSI			ROP(avg)	10.76 m/hr	ROP(avg)	12.92 m/hr			
Depth Out	4080.0m	TFA	2.149									
Bit Comment												

BHA # 13							
Weight(Wet)	30.00klb	Length	210.7m	Torque(max)	13000ft-lbs	D.C. (1) Ann Velocity	
Wt Below Jar(Wet)	10.00klb	String	250.00klb	Torque(Off.Btm)	8700ft-lbs	D.C. (2) Ann Velocity	
Drilling Jar Hours	107.5	Pick-Up	265.00klb	Torque(On.Btm)	10900ft-lbs	H.W.D.P. Ann Velocity	
		Slack-Off	225.00klb			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	55.71m	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
3601.57	91.8	188.5	2549.15	1708.6	-1684.6	-285.8	2.2	MWD
3630.25	96.1	193.5	2547.18	1737.2	-1712.6	-291.2	6.9	MWD
3658.23	93.9	192.0	2544.73	1765.0	-1739.8	-297.4	2.9	MWD
3684.28	93.8	191.1	2542.97	1791.0	-1765.3	-302.6	1.0	MWD
3712.88	93.7	190.6	2541.11	1819.5	-1793.3	-308.0	0.6	MWD
3741.42	93.4	191.6	2539.34	1848.0	-1821.3	-313.4	1.2	MWD

Bulk Stocks						
Name	Unit	In	Used	Adjust	Balance	
Barite Bulk	MT	0	82.1	0	126.2	
Bentonite Bulk	MT	0	0	0	21.8	
Diesel	m3	0	24.9	0	446.9	
Fresh Water	m3	14	34.8	0	348.8	
Drill Water	m3	0	44.6	0	528.2	
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					30			40			50		
2	12P 160	6.000	12.00	97	80	4400	8.10	3562.0	20	235	2.00	30	300	3.00	40	400	4.00
3	12P 160	6.000	12.00	97	80	4400	8.10	3562.0	20	275	2.00	30	350	3.00	40	430	4.00

Casing						
OD (in)	Csg Shoe MD (m)	Csg Shoe TVD (m)	Csg Landing Depth MD (m)	Csg Landing Depth TVD (m)	LOT/FIT (ppg)	
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	
<b>Total</b>	<b>89</b>	

HSE Summary				
Events	Date of last	Days Since	Descr.	Remarks
Last BOP Test	04 Aug 2006			
Abandon Drill	13 Aug 2006	5 Days	Weekly abandon rig drill	
Environmental Issue	15 Aug 2006	3 Days	Spill containment drill	Held drill with both crews
Fire Drill	13 Aug 2006	5 Days	Weekly fire drill	
JSA	18 Aug 2006	0 Days	Drillcrew 3, deckcrew 6, Mechanic 1, Marine 0	
Man Overboard Drill	21 Jul 2006	28 Days	Monthly man overboard drill	
Safety Meeting	13 Aug 2006	5 Days	Weekly crew safety meetings	0100/1300/1900hrs
STOP Card	18 Aug 2006	0 Days	Safe 7, Unsafe 6	
Trip / Kick Drill	13 Aug 2006	5 Days	Trip drill	Held trip drill at shoe on trip in hole

Shakers, Volumes and Losses Data						
Available	2,795.5bbl	Losses	358.4bbl	Equip.	Descr.	Mesh Size
Active	506.6bbl	Down-hole	187.4bbl	Shaker1	VSM 100	10/260/260/230/230
Hole	1,096.8bbl	Surface	38bbl	Centrifuge1	Brandt HS 3400	
				Shaker1	VSM 100	10/260/260/230/230

Shakers, Volumes and Losses Data						
Reserve	830.1bbl	Centrifuge	94bbl	Equip.	Descr.	Mesh Size
Petrofree ester	362bbl	Retained on cuttings	39bbl	Centrifuge1	Brandt HS 3400	
				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 18 Aug 2006							Rig Support		
Visibility	Wind Speed	Wind Dir.	Pressure	Air Temp.	Wave Height	Wave Dir.	Wave Period	Anchors	Tension (klb)
10.0nm	14kn	270.0deg	1024.0mbar	10C°	0.5m	270.0deg	4s	1	247.0
Rig Dir.	Ris. Tension	VDL	Swell Height	Swell Dir.	Swell Period	Weather Comments			
270.0deg	300.00klb	4364.00klb	1.5m	225.0deg	7s				
Comments									
							2		
							3		
							4		
							5		
							6		
							7		
							8		

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			638
Fresh Water	m3			190				
Drill Water	m3			550				
Cement G	mt			84				
Cement HT (Silica)	mt			0				
Barite Bulk	mt			260				
Bentonite Bulk	mt			0				
	bbls			0				
	bbls			0				
Brine	bbls			0				
Pacific Wrangler	14:30hrs 12th Aug		Standby on location	Item	Unit	Used	Trf. to Rig	Qty. Remaining
Diesel	m3	6.6		367.4				
Fresh Water	m3	5		229				
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	1007 / 1030	8 / 9	Usable fuel remaining: 1598 Litres