

**DRILLING MORNING REPORT # 42**  
**Longtom-3 H**

20 Aug 2006

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

| Well Data         |                 |   |         |                |            |                     |              |
|-------------------|-----------------|---|---------|----------------|------------|---------------------|--------------|
| Country           | Australia       | MDBRT   | 4080.0m | Cur. Hole Size | 9.500in    | AFE Cost            | \$40,292,054 |
| Field             | Gippsland Basin | TVDBRT  | 2518.8m | Last Casing OD | 10.750in   | AFE No.             | LSDED01/0    |
| Drill Co.         | DOGC            | Progress  | 134.0m  | Shoe TVDBRT    | 2184.3m    | Daily Cost          | \$284,595    |
| Rig               | OCEAN PATRIOT   | Days from spud  | 40.37   | Shoe MDBRT     | 2374.3m    | Cum Cost            | \$35,017,207 |
| Wtr Dpth (LAT)    | 56.7m           | Days on well  | 42.00   | FIT/LOT:       | 15.00ppg / | Days Since Last LTI | 75           |
| RT-ASL (LAT)      | 21.5m           | Planned TD MD   | 5834.0m |                |            |                     |              |
| RT-ML             | 78.2m           | Planned TD TVDRT  | 2458.0m |                |            |                     |              |
| Current Op @ 0600 |                 | Pulling out of hole at 2020m MDRT   |         |                |            |                     |              |
| Planned Op        |                 | Pull out of hole, change out BHA components. Run in hole and service Top drive and blocks at shoe. Continue to run in hole to TD 4080m MDRT. Drill ahead 9 1/2" hole as per directional plan rev 6. |         |                |            |                     |              |

| Summary of Period 0000 to 2400 Hrs  |
|---|
| Drill 9 1/2" hole from 3946m MDRT to 4080m MDRT. Anadril Xceed power drive failure. Circulate hole clean. Commenced pulling out of hole, overpull observed at 3908m MDRT, back ream to 3452m MDRT(85deg inclination). Circulate bottoms up. |

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

**Operations For Period 0000 Hrs to 2400 Hrs on 20 Aug 2006**

| Phse | Cls (RC) | Op  | From | To   | Hrs   | Depth   | Activity Description   |
|------|----------|-----|------|------|-------|---------|--|
| PH   | P        | DA  | 0000 | 0130 | 1.50  | 3966.0m | Drilled 9 1/2" hole from 3946m MDRT to 3966m MDRT as per directional plan rev 6. 665gpm/ 4350psi/ 140-160rpm/ 9-11klbs tq/ 20-26klbs WOB/ String wt: 250klbs rotating/ 265klbs up wt/ 225klbs down wt pumps on. String wt: 250klbs rotating/ 285klbs up wt/ 230klbs down wt pumps off. @3944.73m MDRT/ 2527.8m TVD/ 93.01 deg incl/ 190.03 deg azim/ No hole problems observed during drilling.                          |
| PH   | TP (HC)  | DA  | 0130 | 0230 | 1.00  | 3966.0m | At 3966m MDRT observed increase in drag and overpull while taking K & M readings prior to connection. Up wt 305-310klbs, down wt 200klbs. Reamed again and worked without rotation or pumps. Drag and overpull still present and not mobile, after checking. Ream again and observe a no drag or overpull.   |
| PH   | P        | DA  | 0230 | 1630 | 14.00 | 4080.0m | Drilled 9 1/2" hole from 3966m MDRT to 4080m MDRT as per directional plan rev 6. 660gpm/ 4400psi/ 140-160rpm/ 9-11klbs tq/ 20-28klbs WOB. Anadril downhole tool failure. Power drive Xceed failing to take commands and build as required. String wt: 250klbs rotating/ 280klbs up wt/ 220klbs down wt pumps off. @4080m MDRT/ 2518.75m TVD/ 94.00 deg incl/ 190.00 deg azim/ No hole problems observed during drilling. |
| PH   | TP (DTF) | CHC | 1630 | 1900 | 2.50  | 4080.0m | Circulate hole clean for trip out from 4080m MDRT to 3963m MDRT. Rack stand back per 30mins circulating time.  |
| PH   | TP (DTF) | TO  | 1900 | 2000 | 1.00  | 4080.0m | Flow check well, static. Pulled out of hole from 3963m MDRT to 3908m MDRT, maximum overpull 50klbs required to wipe filter cake.   |
| PH   | TP (DTF) | REA | 2000 | 2300 | 3.00  | 4080.0m | Backream from 3908m MDRT to 3482m MDRT (85deg inclination) 120rpm/ 550gpm/ 2900psi/ 9-10klbs torque.   |
| PH   | TP (DTF) | TO  | 2300 | 2330 | 0.50  | 4080.0m | Flow checked, static. Pulled 3482m MDRT to 3452m MDRT, no overpull observed.   |
| PH   | TP (DTF) | CHC | 2330 | 2400 | 0.50  | 4080.0m | Circulated bottoms up at 3452m MDRT prior to continuing trip out on elevators.   |

**Operations For Period 0000 Hrs to 0600 Hrs on 21 Aug 2006**

| Phse | Cls (RC) | Op  | From | To   | Hrs  | Depth   | Activity Description  |
|------|----------|-----|------|------|------|---------|---|
| PH   | TP (DTF) | CHC | 0000 | 0030 | 0.50 | 4080.0m | Continued to circulate bottoms up at 3452m MDRT.  |
| PH   | TP (DTF) | TO  | 0030 | 0600 | 5.50 | 4080.0m | Pulled out of hole from 3452m MDRT to 2020m MDRT. Flow checked and slugged pipe at 3165m MDRT |

| Phase Data to 2400hrs, 20 Aug 2006 |           |             |             |         |          |           |
|------------------------------------|-----------|-------------|-------------|---------|----------|-----------|
| Phase                              | Phase Hrs | Start On    | Finish On   | Cum Hrs | Cum Days | Max Depth |
| PRODUCTION HOLE (1)(PH)            | 216       | 12 Aug 2006 | 20 Aug 2006 | 216.00  | 9.000    | 4080.0m   |

| WBM Data     |   | Cost Today \$ 940 |             |               |     |           |             |
|--------------|---|-------------------|-------------|---------------|-----|-----------|-------------|
| Mud Type:    | Petrofree   | API FL:           | Cl:         | Solids(%vol): | 20% | Viscosity | 62sec/qt    |
| Sample-From: | Active pit  | Filter-Cake:      | K+C*1000:   | H2O:          | 12% | PV        | 46cp        |
| Time:        | 2000  | HTHP-FL:          | 3.0cc/30min | Hard/Ca:      |     | YP        | 18lb/100ft² |
| Weight:      | 12.00ppg  | HTHP-cake:        | 2/32nd"     | MBT:          |     | Gels 10s  | 51          |
| Temp:        | 84C°  |                   |             | PM:           |     | Gels 10m  | 59          |
|              |   |                   |             | PF:           |     | Fann 003  | 8           |
|              |   |                   |             |               |     | Fann 006  | 10          |
|              |   |                   |             |               |     | Fann 100  | 30          |
|              |   |                   |             |               |     | Fann 200  |             |
| Comment      | Total product costs to date \$ 1,686,336.24 Cumulative total \$ 1,762,836.24 (including engineer) |                   |             |               |     | Fann 300  | 64          |
|              |   |                   |             |               |     | Fann 600  | 110         |

| 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) | 23.00klb | No.     | Size     | Progress                 | 134.0m     | Cum. Progress           |   | 1696.0m    |    |   |
| Type:             | PDC        | RPM(avg) | 140      | 7       | 20/32nd" | On Bottom Hrs            | 11.1h      | Cum. On Btm Hrs         |   | 138.1h     |    |   |
| Serial No.:       | JW8581     | F.Rate   | 15.60bpm |         |          | IADC Drill Hrs           | 15.5h      | Cum IADC Drill Hrs      |   | 167.7h     |    |   |
| Bit Model         | M716PXC    | SPP      | 4400psi  |         |          | Total Revs               | 1309000    | Cum Total Revs          |   | 5890000    |    |   |
| Depth In          | 2384.0m    | HSI      | 0.56HSI  |         |          | ROP(avg)                 | 12.07 m/hr | ROP(avg)                |   | 12.28 m/hr |    |   |
| Depth Out         | 4080.0m    | TFA      | 2.149    |         |          |                          |            |                         |   |            |    |   |

Bit Comment

| BHA # 13           |          |           |           |                 |             |                       |
|--------------------|----------|-----------|-----------|-----------------|-------------|-----------------------|
| Weight(Wet)        | 30.00klb | Length    | 210.7m    | Torque(max)     | 13500ft-lbs | D.C. (1) Ann Velocity |
| Wt Below Jar(Wet)  | 10.00klb | String    | 250.00klb | Torque(Off.Btm) | 10000ft-lbs | D.C. (2) Ann Velocity |
| Drilling Jar Hours | 107.5    | Pick-Up   | 280.00klb | Torque(On.Btm)  | 11800ft-lbs | H.W.D.P. Ann Velocity |
|                    |          | Slack-Off | 220.00klb |                 |             | 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<br>(m) | Incl<br>(deg) | Azim<br>(deg) | TVD<br>(m) | Vsec<br>(deg) | N/S<br>(m) | E/W<br>(m) | DLS<br>(deg/30m) | Tool Type |
| 3944.73   | 93.0          | 190.0         | 2527.80    | 2051.0        | -2020.6    | -351.6     | 0.2              | MWD       |
| 3973.63   | 93.2          | 190.0         | 2526.22    | 2079.8        | -2049.0    | -356.7     | 0.2              | MWD       |
| 4001.50   | 93.8          | 189.8         | 2524.52    | 2107.6        | -2076.6    | -361.5     | 0.6              | MWD       |
| 4029.49   | 94.3          | 190.4         | 2522.56    | 2135.5        | -2103.9    | -366.4     | 0.8              | MWD       |
| 4059.30   | 94.5          | 189.7         | 2520.28    | 2165.3        | -2133.2    | -371.5     | 0.7              | MWD       |
| 4080.00   | 94.0          | 190.0         | 2518.75    | 2185.9        | -2153.5    | -375.0     | 0.9              | MWD       |

| Bulk Stocks        |      |       |      |        |         |
|--------------------|------|-------|------|--------|---------|
| Name               | Unit | In    | Used | Adjust | Balance |
| Barite Bulk        | MT   | 157.7 | 0    | 0      | 229.2   |
| Bentonite Bulk     | MT   | 0     | 0    | 0      | 21.8    |
| Diesel             | m3   | 0     | 24.9 | 0      | 403.6   |
| Fresh Water        | m3   | 19    | 21.2 | 0      | 319.7   |
| Drill Water        | m3   | 0     | 63.8 | 0      | 759.3   |
| 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<br>(in) | MW<br>(ppg) | Eff (%) | SPM<br>(SPM) | SPP<br>(psi) | Flow<br>(bpm) | Depth<br>(m) | SPM1<br>(SPM)  | SPP1<br>(psi) | Flow1<br>(bpm) | SPM2<br>(SPM) | SPP2<br>(psi) | Flow2<br>(bpm) | SPM3<br>(SPM) | SPP3<br>(psi) | Flow3<br>(bpm) |
| 1                       | A1700PT | 5.500         | 12.00       | 97      |              |              |               |              | 30             |               |                | 40            |               |                | 50            |               |                |
| 2                       | 12P 160 | 6.000         | 12.00       | 97      | 79           | 4400         | 7.90          | 3937.0       | 20             | 525           | 2.00           | 30            | 615           | 3.00           | 40            | 680           | 4.00           |
| 3                       | 12P 160 | 6.000         | 12.00       | 97      | 75           | 4400         | 7.62          | 3937.0       | 20             | 530           | 2.00           | 30            | 610           | 3.00           | 40            | 700           | 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<br>3x DOGC extra( , 1 x crane op, 1 x dogman, 1 x welder)<br>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       | 20 Aug 2006  | 0 Days     | Weekly abandon rig drill                      | Held drill with both crews |
| Environmental Issue | 15 Aug 2006  | 5 Days     | Spill containment drill                       |                            |
| Fire Drill          | 20 Aug 2006  | 0 Days     | Weekly fire drill                             |                            |
| JSA                 | 20 Aug 2006  | 0 Days     | Drillcrew 6, deckcrew 6,<br>Mechanic , Marine |                            |

| HSE Summary         |              |            |                             |   |
|---------------------|--------------|------------|-----------------------------|---|
| Events              | Date of last | Days Since | Descr.                      | Remarks                                 |
| Last BOP Test       | 04 Aug 2006  |            |                             |   |
| Man Overboard Drill | 21 Jul 2006  | 30 Days    | Monthly man overboard drill | 0100/1300/1900hrs                       |
| Safety Meeting      | 20 Aug 2006  | 0 Days     | Weekly crew safety meetings |   |
| STOP Card           | 20 Aug 2006  | 0 Days     | Safe 4, Unsafe 7            |   |
| Trip / Kick Drill   | 13 Aug 2006  | 7 Days     | Trip drill                  | Held trip drill at shoe on trip in hole |

| Shakers, Volumes and Losses Data |            |                      |         |                    |                |                    |
|----------------------------------|------------|----------------------|---------|--------------------|----------------|--------------------|
| Available                        | 3,281.7bbl | Losses               | 65.1bbl | Equip.             | Descr.         | Mesh Size          |
| Active                           | 469.8bbl   | Surface              | 23.1bbl | Shaker1            | VSM 100        | 10/260/260/230/230 |
| Hole                             | 1,189.2bbl | Centrifuge           | 17bbl   | Centrifuge1        | Brandt HS 3400 |                    |
| Reserve                          | 1,260.7bbl | Retained on cuttings | 25bbl   | Shaker1            | VSM 100        | 10/260/260/230/230 |
| Petrofree ester                  | 362bbl     |                      |         | Centrifuge1        | Brandt HS 3400 |                    |
|                                  |            |                      |         | Centrifuge2        | Brandt HS 3400 |                    |
|                                  |            |                      |         | Shaker2            | VSM 100        | 10/260/260/230/230 |
|                                  |            |                      |         | 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 20 Aug 2006 |              |            |              |            |              |                  | Rig Support |         |               |
| Visibility             | Wind Speed   | Wind Dir.  | Pressure     | Air Temp.  | Wave Height  | Wave Dir.        | Wave Period | Anchors | Tension (klb) |
| 10.0nm                 | 15kn         | 45.0deg    | 1026.0mbar   | 12C°       | 1.0m         | 45.0deg          | 4s          | 1       | 243.0         |
| Rig Dir.               | Ris. Tension | VDL        | Swell Height | Swell Dir. | Swell Period | Weather Comments |             | 2       | 157.0         |
| 270.0deg               | 300.00klb    | 4962.00klb | 1.0m         | 225.0deg   | 7s           |                  |             | 3       | 251.0         |
| Comments               |              |            |              |            |              |                  | 4           | 287.0   |               |
|                        |              |            |              |            |              |                  | 5           | 366.0   |               |
|                        |              |            |              |            |              |                  | 6           | 271.0   |               |
|                        |              |            |              |            |              |                  | 7           | 209.0   |               |
|                        |              |            |              |            |              |                  | 8           | 227.0   |               |

| Vessel Name | Arrived (Date/Time) | Departed (Date/Time) | Status              | Bulks              |      |    |       |      |  |  |  |  |
|-------------|---------------------|----------------------|---------------------|--------------------|------|----|-------|------|--|--|--|--|
| Item        | Unit                | Used                 | Trf. to Rig         | Qty. Remaining     |      |    |       |      |  |  |  |  |
| Far Grip    | 09:00hrs 20th Aug   |                      | At running stand by | Diesel             | m3   | 19 | 19    | 600  |  |  |  |  |
|             |                     |                      |                     | Fresh Water        | m3   | 5  |       | 120  |  |  |  |  |
|             |                     |                      |                     | Drill Water        | m3   |    |       | 0    |  |  |  |  |
|             |                     |                      |                     | Cement G           | mt   |    |       | 84   |  |  |  |  |
|             |                     |                      |                     | Cement HT (Silica) | mt   |    |       | 0    |  |  |  |  |
|             |                     |                      |                     | Barite Bulk        | mt   |    | 157.7 | 86   |  |  |  |  |
|             |                     |                      |                     | Bentonite Bulk     | mt   |    |       | 0    |  |  |  |  |
|             |                     |                      |                     |                    | bbls |    |       | 0    |  |  |  |  |
|             |                     |                      |                     | Base Oil           | bbls |    |       | 0    |  |  |  |  |
|             |                     |                      |                     | Brine              | bbls |    |       | 3314 |  |  |  |  |

| Off load 7" liner, baryte |                     |                      |                  |                    |      |     |     |      |  |  |  |  |
|---------------------------|---------------------|----------------------|------------------|--------------------|------|-----|-----|------|--|--|--|--|
| Vessel Name               | Arrived (Date/Time) | Departed (Date/Time) | Status           | Bulks              |      |     |     |      |  |  |  |  |
| Item                      | Unit                | Used                 | Trf. to Rig      | Qty. Remaining     |      |     |     |      |  |  |  |  |
| Pacific Wrangler          |                     | 09:05hrs 20th Aug    | En-route to port | Diesel             | m3   | 1.1 |     | 360  |  |  |  |  |
|                           |                     |                      |                  | Fresh Water        | m3   | 1   |     | 223  |  |  |  |  |
|                           |                     |                      |                  | Drill Water        | m3   |     | 360 | 0    |  |  |  |  |
|                           |                     |                      |                  | Cement G           | mt   |     |     | 79.5 |  |  |  |  |
|                           |                     |                      |                  | Cement HT (Silica) | mt   |     |     | 0    |  |  |  |  |
|                           |                     |                      |                  | Barite Bulk        | mt   |     |     | 0    |  |  |  |  |
|                           |                     |                      |                  | Bentonite Bulk     | mt   |     |     | 0    |  |  |  |  |
|                           |                     |                      |                  |                    | bbls |     | 628 | 93   |  |  |  |  |
|                           |                     |                      |                  |                    | bbls |     |     | 318  |  |  |  |  |
|                           |                     |                      |                  | Brine              | bbls |     |     | 0    |  |  |  |  |