

**DRILLING MORNING REPORT # 2**  
**Longtom-3 ST1**

01 Aug 2006

From: Simon Rodda/Chris Roots  
To: John Ah-Cann

Well Data							
Country	Australia	MDBRT	1030.0m	Cur. Hole Size	9.500in	AFE Cost	\$40,292,054
Field	Gippsland Basin	TVDBRT	1030.0m	Last Casing OD	16.000in	AFE No.	LSDED01/0
Drill Co.	DOGC	Progress	0.0m	Shoe TVDBRT	995.3m	Daily Cost	\$0
Rig	OCEAN PATRIOT	Days from spud	21.37	Shoe MDBRT	995.3m	Cum Cost	\$0
Wtr Dpth (LAT)	56.7m	Days on well	1.08	FIT/LOT:	/ 13.50ppg	Days Since Last LTI	
RT-ASL (LAT)	21.5m	Planned TD MD	5834.0m				
RT-ML	78.2m	Planned TD TVDRT	2458.0m				
Current Op @ 0600		Drilling 13 1/2" vertical hole to KOP : 1080mrt					
Planned Op		Ream f/ 1008 to 1080mrt. Drill 13 1/2" directional hole					

Summary of Period 0000 to 2400 Hrs
Replaced leaking upper seal on slip joint. MU 10 3/4" casing hanger equipment. MU 13 1/2" Rotary Steerable assembly. RIH to 637mrt Ream f/ 1008 to 1080mrt. Drill 13 1/2" directional hole

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

**Operations For Period 0000 Hrs to 2400 Hrs on 01 Aug 2006**

Phse	Cls (RC)	Op	From	To	Hrs	Depth	Activity Description
IH	P (RE)	RR	0000	1430	14.50	1030.0m	Carry out repairs to slip joint packers.
IH	P	HT	1430	1530	1.00	1030.0m	Made up pup jt to 10 3/4" CHARST & laid out.
IH	P	HT	1530	1630	1.00	1030.0m	Made up DSE cement stand & racked in derrick.
IH	TP (RE)	RR	1630	1700	0.50	1030.0m	Displaced sea water from riser with SBM
IH	P	HBHA	1700	2030	3.50	1030.0m	Made up 13 1/2" PD 900 Rotary Steerable Assembly.
IH	P	HBHA	2030	2130	1.00	1030.0m	Shallow tested Power Drive & MWD (600 GPM - 550 PSI) Installed RA source to ADN.
IH	P	HBHA	2130	2230	1.00	1030.0m	Continued to MU BHA Shallow tested completed PD 900 assembly @ 115mrt (650 GPM - 850 PSI)
IH	P	TI	2230	2400	1.50	1030.0m	Ran in the hole f/ 115 to 637mrt

**Operations For Period 0000 Hrs to 0600 Hrs on 02 Aug 2006**

Phse	Cls (RC)	Op	From	To	Hrs	Depth	Activity Description
IH	P	TI	0000	0100	1.00	3485.0m	Continued to run in the hole f/ 637 to 1008mrt
IH	P	TI	0100	0130	0.50	3485.0m	Reamed & opened 9 1/2" hole to 13 1/2" f/ 1008 to 1030mrt.  Parameters : RPM : 175 WOB : 0 - 5k GPM : 755
IH	P	TI	0130	0600	4.50	3485.0m	Drilled 13 1/2" vertical hole f/ 1030 to 1057mrt  Cement @ shakers :

Phse	Cls (RC)	Op	From	To	Hrs	Depth	Activity Description
							1030mrt 100% 1035mrt 80% 1040mrt 30%  Parameters :  RPM : 175 WOB : 0 - 5k GPM : 755

**Phase Data to 2400hrs, 01 Aug 2006**

Phase	Phase Hrs	Start On	Finish On	Cum Hrs	Cum Days	Max Depth
INTERMEDIATE HOLE(IH)	26	31 Jul 2006	01 Aug 2006	26.00	1.083	3485.0m

**WBM Data Cost Today \$ 3697**

Mud Type:	Petrofree	API FL:	CI:	Solids(%vol):	19%	Viscosity	200sec/qt	
Sample-From:	Active pit	Filter-Cake:	K+C*1000:	H2O:	21%	PV	43cp	
Time:	21:00	HTHP-FL:	3.4cc/30min	Hard/Ca:		YP	21lb/100ft²	
Weight:	12.10ppg	HTHP-cake:	2/32nd"	MBT:		Gels 10s	43	
Temp:				PM:		Gels 10m	50	
				PF:		Fann 003	14	
						Fann 006	15	
						Fann 100	34	
						Fann 200		
						Fann 300	70	
						Fann 600	119	
Comment	Total product costs to date \$ 875,327.27 Cummulative total \$ 919,527.27 (including engineer)							

**Bit # 9**

		Wear	I	O1	D	L	B	G	O2	R	
Bitwear Comments:											
Size ("):	IADC#	M422	<b>Nozzles</b>		<b>Drilled over last 24 hrs</b>			<b>Calculated over Bit Run</b>			
Mfr:	REED HYCALOG	WOB(avg)	No.	Size	Progress			Cum. Progress		0.0m	
Type:		RPM(avg)	3	20/32nd"	On Bottom Hrs			Cum. On Btm Hrs		0.0h	
Serial No.:		F.Rate	3	18/32nd"	IADC Drill Hrs			Cum IADC Drill Hrs		0.0h	
Bit Model	RSX616M 13 1/2"	SPP			Total Revs			Cum Total Revs		0	
Depth In	1030.0m	HSI			ROP(avg)			N/A	ROP(avg)		0.00 m/hr
Depth Out		TFA	1.67								
Bit Comment											

**BHA # 10**

Weight(Wet)	Length	Torque(max)	D.C. (1) Ann Velocity
Wt Below Jar(Wet)	String	Torque(Off.Btm)	D.C. (2) Ann Velocity
Drilling Jar Hours	121	Torque(On.Btm)	H.W.D.P. Ann Velocity
	Pick-Up		D.P. Ann Velocity
	Slack-Off		

BHA Run Description

BHA Run Comment

Equipment	Length	OD	ID	Top Conn	Serial #	Comment
Bit	0.48m	13.500in	3.750in	6 5/8 reg	210832	RSX616m A2 13 1/2"
Power drive 900 BA						
Power drive Emag receiver						
Flex collar						
ARC 8						
Power pulse HF w/IWOB						
ADN-8						
X/O						
5in HWDP						
Drilling Jars						

Equipment	Length	OD	ID	Top Conn	Serial #	Comment
5in HWDP						

Bulk Stocks						
Name	Unit	In	Used	Adjust	Balance	
Barite Bulk	MT	0	5	0	276.6	
Bentonite Bulk	MT	0	0	0	21.8	
Diesel	m3	0	10.8	0	416.7	
Fresh Water	m3	21	27	0	341.2	
Drill Water	m3	0	10.8	0	532.7	
Cement G	MT	0	0	0	126.7	
Cement HT (Silica)	MT	0	0	0	0.0	
Brine	m3	0	0	0	0.0	

Personnel On Board		
Company	Pax	Comment
NEXUS	6	
DOGC	53	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	5	2 x MWD, 2 x DD.
BAROID	2	
ESS	8	
GEOSERVICES OVERSEAS S.A.	6	
Q-Tech	1	
K & M	2	
Brandt	1	
WEATHERFORD AUSTRALIA PTY LTD	2	
CAMERON AUSTRALIA PTY LTD	1	
UNIRIG	1	
Total	93	

Shakers, Volumes and Losses Data						
Available	2,713.1bbl	Losses	102.2bbl	Equip.	Descr.	Mesh Size
Active	553.3bbl	Down-hole	71bbl	Shaker1	VSM100	10/200/200/200/200
Hole	746.9bbl	Remaining between plugs	31.2bbl	Shaker2	VSM100	10/200/200/200/200
Reserve	841.9bbl			Shaker3	VSM100	10/200/200/200/200
Petrofree ester	571bbl			Shaker4	VSM100	10/200/200/200/200

Helicopter Movement				
Flight #	Company	Arr/Dep. Time	Pax In/Out	Comment
1	BRISTOW HELICOPTERS AUSTRALIA PTY LTD	10:22 / 10:49	16 / 14	Fuel remaining on board 3143 liters