

**DRILLING MORNING REPORT # 26**  
**Longtom-3 ST1**

04 Aug 2006

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

Well Data							
Country	Australia	MDBRT	1727.0m	Cur. Hole Size	13.500in	AFE Cost	\$40,292,054
Field	Gippsland Basin	TVDBRT	1690.0m	Last Casing OD	16.000in	AFE No.	LSDED01/0
Drill Co.	DOGC	Progress	1.0m	Shoe TVDBRT	995.3m	Daily Cost	\$430,270
Rig	OCEAN PATRIOT	Days from spud	24.37	Shoe MDBRT	995.3m	Cum Cost	\$1,895,136
Wtr Dpth (LAT)	56.7m	Days on well	4.08	FIT/LOT:	/ 13.50ppg	Days Since Last LTI	1169
RT-ASL (LAT)	21.5m	Planned TD MD	5834.0m				
RT-ML	78.2m	Planned TD TVDRT	2458.0m				
Current Op @ 0600		Running in the hole to drill 13 1/2" hole.					
Planned Op		Drill 13 1/2" directional hole					

Summary of Period 0000 to 2400 Hrs
Pulled out of the hole for bit change. Pressure tested BOP & surface equipment.

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

**Operations For Period 0000 Hrs to 2400 Hrs on 04 Aug 2006**

Phse	Cls (RC)	Op	From	To	Hrs	Depth	Activity Description
IH	P	DA	0000	0030	0.50	1727.0m	Drilled f/ 1726 to 1727mrt
IH	P	CHC	0030	0200	1.50	1727.0m	Circulated the hole clean (1 1/2 x bottoms up)
IH	P	TO	0200	0300	1.00	1727.0m	Boosted the riser. Flow checked (static). Pulled 5 stands (wet) Flow checked (static) Pumped 25bbl slug
IH	P	TO	0300	0730	4.50	1727.0m	Pulled out of the hole. Encountered several overpulls up to 40klb's which wiped out with 1 reciprocation.  Worked through tight section f/ 1235 to 1230mrt, 45klb's overpull required 5 reciprocations to clear.
IH	P	HBHA	0730	1030	3.00	1727.0m	Continued to pull out of the hole to the BHA. Pulled the BHA. SLB removed RA source & downloaded MWD/LWD memory.
IH	P	BOP	1030	1200	1.50	1727.0m	MU Cameron 18 3/4" Housing Running Tool, ran to the wellhead, washed the internal profile & engaged w/ 8 turns
IH	P	BOP	1200	1730	5.50	1727.0m	Pressure tested the BOP : Tested pipe rams, fail safe valves, kill / choke lines & choke manifold to 250 psi (low) / 5,000 psi (high) 5 mins each.  Annular preventers 250 (low) / 3,500 psi (high) 5 mins each.
IH	P	BOP	1730	1830	1.00	1727.0m	Pressure tests performed with yellow pod, function tested w/ blue pod from the rig floor.
IH	P	PT	1830	1930	1.00	1727.0m	Disengaged & pulled the running tool.
IH	TP (RE)	PT	1930	2100	1.50	1727.0m	Nippled up lines to test the surface equipment. Unable to achieve a pressure test on the remote operated (upper) IBOP.
IH	P	PT	2100	2400	3.00	1727.0m	Pressure tested the surface equipment : Tested stand pipe manifolds, safety valve & shock hose 250 psi (low) / 5,000 psi (high) 5 mins each

**Operations For Period 0000 Hrs to 0600 Hrs on 05 Aug 2006**

Phse	Cls (RC)	Op	From	To	Hrs	Depth	Activity Description
IH	P	PT	0000	0030	0.50	1727.0m	Nipped down surface test equipment.
IH	P	HBHA	0030	0430	4.00	1727.0m	Changed restrictor nozzle in the ANADRIL power drive (hydraulics optimization). MU (new) 13 1/2" PDC bit, shallow tested Power drive 600 GPM / 600 PSI. Installed RA source. Ran BHA to ~115mrt & shallow tested MWD 650 GPM / 1,000 PSI. Ran HWDP.
IH	P	TI	0430	0600	1.50	1727.0m	Ran in the hole to the shoe.

**Phase Data to 2400hrs, 04 Aug 2006**

Phase	Phase Hrs	Start On	Finish On	Cum Hrs	Cum Days	Max Depth
INTERMEDIATE HOLE(IH)	98	31 Jul 2006	04 Aug 2006	98.00	4.083	3485.0m

**WBM Data Cost Today \$ 18203**

Mud Type: Petrofree	API FL:	Cl:	Solids(%vol): 19%	Viscosity 110sec/qt
Sample-From: Active pit	Filter-Cake:	K+C*1000:	H2O: 17%	PV 42cp
Time: 19:00	HTHP-FL: 3.8cc/30min	Hard/Ca:	Oil(%): 63%	YP 21lb/100ft²
Weight: 12.10ppg	HTHP-cake: 2/32nd"	MBT:	Sand: 0.25	Gels 10s 45
Temp: 75C°		PM:	pH:	Gels 10m 52
		PF:	PHPA:	Fann 003 13
				Fann 006 14
				Fann 100 32
				Fann 200
Comment	Total product costs to date \$ 1,070,492.99			Fann 300 63
	Cummulative total \$ 1,119,792.99 (including engineer)			Fann 600 105

**Bit # 9**

		Wear	I	O1	D	L	B	G	O2	R
		1	2	WT	S	X	I	CT	PR	
Bitwear Comments:										
Size ("):	IADC#	M422	Nozzles		Drilled over last 24 hrs		Calculated over Bit Run			
Mfr: REED HYCALOG	WOB(avg)	5.00klb	No.	Size	Progress	1.0m	Cum. Progress	697.0m		
Type: PDC	RPM(avg)	174	3	18/32nd"	On Bottom Hrs	0.5h	Cum. On Btm Hrs	27.7h		
Serial No.: 211900	F.Rate	21.43bpm	3	20/32nd"	IADC Drill Hrs	0.0h	Cum IADC Drill Hrs	46.5h		
Bit Model RSX616M 13 1/2"	SPP	3760psi			Total Revs		Cum Total Revs	0		
Depth In 1030.0m	HSI				ROP(avg)	2.00 m/hr	ROP(avg)	25.16 m/hr		
Depth Out 1727.0m	TFA	1.67								

Bit Comment

**BHA # 10**

Weight(Wet) 30.00klb	Length 208.6m	Torque(max) 16400ft-lbs	D.C. (1) Ann Velocity
Wt Below Jar(Wet) 15.00klb	String 210.00klb	Torque(Off.Btm) 4800ft-lbs	D.C. (2) Ann Velocity
Drilling Jar Hours 141	Pick-Up 220.00klb	Torque(On.Btm) 5800ft-lbs	H.W.D.P. Ann Velocity
	Slack-Off 210.00klb		D.P. Ann Velocity

BHA Run Description Rotary Steerable System

BHA Run Comment

Equipment	Length	OD	ID	Top Conn	Serial #	Comment
Bit	0.48m	13.500in	3.750in	6 5/8 reg	211900	RSX616m A2 13 1/2"
Power drive 900 BA	4.22m	9.000in	3.000in	6 5/8 reg	CU727	
Power drive Emag receiver	1.87m	9.625in	5.130in	6 5/8 reg	49487	
Flex collar	2.94m	8.062in	3.500in	6 5/8 FH	49688	
ARC 8	5.91m	9.100in	2.082in	6 5/8 FH	1697	
Power pulse HF w/IWOB	8.32m	8.410in	5.900in	6 5/8 FH	23326	
ADN-8	6.57m	8.410in	2.810in	6 5/8 FH	FL38	
X/O	1.17m	8.250in	3.000in	6 5/8 reg		
5in HWDP	55.71m	6.250in	3.000in	NC50		
Drilling Jars	9.68m	6.312in	2.750in	NC50	DAH0384	
5in HWDP		6.250in	3.000in	NC50		
	111.90m					

Bulk Stocks						
Name	Unit	In	Used	Adjust	Balance	
Barite Bulk	MT	0	16.24	0	238.3	
Bentonite Bulk	MT	0	0	0	21.8	
Diesel	m3	0	28.1	0	350.7	
Fresh Water	m3	21	26.3	-0.7	317.7	
Drill Water	m3	0	0	-0.1	496.5	
Cement G	MT	0	0	0	126.7	
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	12.15	97					30	290		40	310		50	325	
2	12P 160	6.000	12.00	97	76	4050	7.73	1094.0	20	280		30	310		40	400	

Personnel On Board		
Company	Pax	Comment
NEXUS	6	
DOGC	48	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	
<b>Total</b>	<b>87</b>	

HSE Summary				
Events	Date of last	Days Since	Descr.	Remarks
Last BOP Test	04 Aug 2006			
Abandon Drill	30 Jul 2006	5 Days	Weekly abandon rig drill	
Fire Drill	30 Jul 2006	5 Days	Weekly fire drill	
JSA	04 Aug 2006	0 Days	Drillcrew 7 , deckcrew 7, Mechanic 3	
Man Overboard Drill	21 Jul 2006	14 Days	Monthly man overboard drill	
Safety Meeting	30 Jul 2006	5 Days	Weekly crew safety meetings	0100/1300/1900hrs
STOP Card	04 Aug 2006	0 Days	Safe 1, Unsafe 8	
Trip / Kick Drill	30 Jul 2006	5 Days	Trip drill	Held trip drill at shoe on trip in hole

Shakers, Volumes and Losses Data						
Available	3,113bbl	Losses	37bbl	Equip.	Descr.	Mesh Size
Active	463bbl	Down-hole	25bbl	Shaker1	VSM100	10/230/230/200/200
Hole	1,183bbl	Retained on cuttings	12bbl	Shaker1	VSM100	10/230/230/200/200
Reserve	1,201bbl			Shaker2	VSM100	10/230/230/200/200
Petrofree ester	266bbl			Shaker2	VSM100	10/230/230/200/200
				Shaker3	VSM100	10/230/230/200/200
				Shaker3	VSM100	10/230/230/200/200
				Shaker4	VSM100	10/230/230/200/200

Shakers, Volumes and Losses Data			
	Equip.	Descr.	Mesh Size
	Shaker4	VSM100	10/230/230/200/200

Marine									
Weather on 04 Aug 2006							Rig Support		
Visibility	Wind Speed	Wind Dir.	Pressure	Air Temp.	Wave Height	Wave Dir.	Wave Period	Anchors	Tension (klb)
10.0nm	22kn	270.0deg	1024.0mbar	14C°	0.5m	270.0deg		1	271.0
Rig Dir.	Ris. Tension	VDL	Swell Height	Swell Dir.	Swell Period	Weather Comments		2	179.0
270.0deg	300.00klb	549.00klb	1.0m	191.0deg				3	251.0
Comments							4	249.0	
							5	335.0	
							6	344.0	
							7	209.0	
							8	205.0	

Vessel Name	Arrived (Date/Time)	Departed (Date/Time)	Status	Bulks				
Far Grip	1400hrs 30th July		Stand by	Item	Unit	Used	Trf. to Rig	Qty. Remaining
				Diesel	m3			490
Fresh Water	m3			412				
Drill Water	m3			744				
Cement G	mt			0				
Cement HT (Silica)	mt			0				
Barite Bulk	mt			0				
Bentonite Bulk	mt			0				
	bbls		950	54				
	bbls			0				
Brine	bbls			0				

Pacific Wrangler			Enroute to Rig	Item	Unit	Used	Trf. to Rig	Qty. Remaining
				Diesel	m3			645
Fresh Water	m3			305				
Drill Water	m3			308				
Cement G	mt			73				
Cement HT (Silica)	mt			0				
Barite Bulk	mt			218				
Bentonite Bulk	mt			0				
	bbls			1908				
	bbls			0				
Brine	bbls			0				

Helicopter Movement				
Flight #	Company	Arr/Dep. Time	Pax In/Out	Comment
1	BRISTOW HELICOPTERS AUSTRALIA PTY LTD	10:37 / 11:01	12 / 6	Fuel remaining on board 1356 liters