

**DRILLING MORNING REPORT # 27**  
**Longtom-3 ST1**

05 Aug 2006

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

Well Data							
Country	Australia	MDBRT	2098.0m	Cur. Hole Size	13.500in	AFE Cost	\$40,292,054
Field	Gippsland Basin	TVDBRT	2010.0m	Last Casing OD	16.000in	AFE No.	LSDED01/0
Drill Co.	DOGC	Progress	371.0m	Shoe TVDBRT	995.3m	Daily Cost	\$581,961
Rig	OCEAN PATRIOT	Days from spud	25.37	Shoe MDBRT	995.3m	Cum Cost	\$2,477,097
Wtr Dpth (LAT)	56.7m	Days on well	5.08	FIT/LOT:	/ 13.50ppg	Days Since Last LTI	1170
RT-ASL (LAT)	21.5m	Planned TD MD	5834.0m				
RT-ML	78.2m	Planned TD TVDRT	2458.0m				
Current Op @ 0600		Drilling ahead					
Planned Op		Drill ahead					

Summary of Period 0000 to 2400 Hrs
Ran in the hole to the shoe. Serviced the drilling equipment. Ran in the hole to 1697mrt. Reamed f/ 1697 to 1727mrt (TD). Drilled 13 1/2" directional hole f/ 1727 to 1981mrt. Circulated out drilled gas. Drilled ahead f/ 1981 to 2098mrt.

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

**Operations For Period 0000 Hrs to 2400 Hrs on 05 Aug 2006**

Phse	Cls (RC)	Op	From	To	Hrs	Depth	Activity Description
IH	P	PT	0000	0030	0.50	1727.0m	Nippled 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.
IH	P	RS	0600	0630	0.50	1727.0m	Serviced : Topdrive, blocks & drolley rollers. Gauged compensator chain tensioners.
IH	P	TI	0630	0830	2.00	1727.0m	Ran in the hole to 1697mrt, no problems.
IH	P	TI	0830	0900	0.50	1727.0m	Washed & reamed f/ 1697 to 1727mrt (TD).
IH	P	DA	0900	1830	9.50	1981.0m	Drilled 13 1/2" directional hole f/ 1727 to 1981mrt. Held tangent ~ 27deg to 1920mrt. Down linked to Powerdrive & commenced KOP #2 (initially setting tool to 60% deflection).
IH	P	CMD	1830	1930	1.00	1981.0m	Circulated out drilled gas f/ lag depth 1967mrt, peaked @ 1746 units (35%) Flow checked 15 mins (static)
IH	P	SCR	1930	2000	0.50	1981.0m	Recorded slow pump rates. Displaced choke & kill lines to fresh mud.
IH	P	DA	2000	2400	4.00	2098.0m	Continued to drill ahead f/ 1981 to 2098mrt. Downlinked to set Powerdrive deflection at 40% to counteract build tendency. Observed drag to be increasing (10klb's/stand), commenced reaming connections.

**Operations For Period 0000 Hrs to 0600 Hrs on 06 Aug 2006**

Phse	Cls (RC)	Op	From	To	Hrs	Depth	Activity Description
IH	P	DA	0000	0300	3.00	2166.0m	Continued to drill 13 1/2" directional hole f/ 2098 to 2166mrt. Downlinked to Powerdrive reducing deflection to 20% to slow the build rate. Ream connections & record drag for K&M.
IH	P	CMD	0300	0400	1.00	2166.0m	Displaced choke & kill lines to fresh mud. Boosted the riser.
IH	P	CDE	0400	0600	2.00	2465.0m	Circulated out drilled gas from lag depth 2134mrt, peaked @ 3000 units (60%). (IN PROGRESS) Drill ahead f/ 2166 to 2465mrt at a controlled rate of 25 - 30m/hr (instantaneous) in an attempt to maintain gas at an acceptable background level, thus avoiding the need to stop and circulate

Phase Data to 2400hrs, 05 Aug 2006						
Phase	Phase Hrs	Start On	Finish On	Cum Hrs	Cum Days	Max Depth
INTERMEDIATE HOLE(IH)	122	31 Jul 2006	05 Aug 2006	122.00	5.083	3485.0m

WBM Data		Cost Today \$ 9957					
Mud Type:	Petrofree	API FL:	CI:	Solids(%vol):	17%	Viscosity	75sec/qt
Sample-From:	Active pit	Filter-Cake:	K+C*1000:	H2O:	17%	PV	41cp
Time:	21:00	HTHP-FL:	3.4cc/30min	Hard/Ca:		YP	22lb/100ft²
Weight:	12.00ppg	HTHP-cake:	2/32nd"	MBT:		Gels 10s	48
Temp:	70C°			PM:		Gels 10m	56
				PF:		Fann 003	13
						Fann 006	14
						Fann 100	32
						Fann 200	
						Fann 300	63
						Fann 600	104
Comment	Total product costs to date \$ 1,080,450.42 Cumulative total \$ 1,131,450.42 (including engineer)						

Bit # 10		Wear	I	O1	D	L	B	G	O2	R
Bitwear Comments: Inner 2 rows of cutters 0 wear, 3rd row 1, 4th row 2.										
Shoulder rung out section ~60mm x 60mm										
Size ("):	IADC#	Nozzles		Drilled over last 24 hrs			Calculated over Bit Run			
Mfr:	SMITH	WOB(avg)	20.00klb	No.	Size	Progress	371.0m	Cum. Progress	371.0m	
Type:	PDC	RPM(avg)	180	7	18/32nd"	On Bottom Hrs	8.7h	Cum. On Btm Hrs	8.7h	
Serial No.:	JW0327	F.Rate	19.60bpm			IADC Drill Hrs	13.9h	Cum IADC Drill Hrs	13.9h	
Bit Model	MGR75	SPP	4200psi			Total Revs		Cum Total Revs	0	
Depth In	1727.0m	HSI				ROP(avg)	42.64 m/hr	ROP(avg)	42.64 m/hr	
Depth Out		TFA	1.74							
Bit Comment										

BHA # 11						
Weight(Wet)	30.00klb	Length	208.6m	Torque(max)	14900ft-lbs	D.C. (1) Ann Velocity
Wt Below Jar(Wet)	15.00klb	String	240.00klb	Torque(Off.Btm)	4800ft-lbs	D.C. (2) Ann Velocity
Drilling Jar Hours	180	Pick-Up	250.00klb	Torque(On.Btm)	11600ft-lbs	H.W.D.P. Ann Velocity
		Slack-Off	230.00klb			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	JW0327	MGR75 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					

Survey								
MD	Incl	Azim	TVD	Vsec	N-S	E-W	DLS	Tool Type
(m)	(deg)	(deg)	(m)	(deg)	(m)	(m)	(deg/30m)	
1818.86	26.5	181.6	1778.21	-187.1	-187.1	-44.3	1.2	MWD
1847.19	27.1	182.9	1803.50	-199.8	-199.8	-44.8	3.0	MWD
1875.62	26.7	186.0	1828.85	-212.7	-212.7	-45.8	5.1	MWD

Survey								
MD (m)	Incl (deg)	Azim (deg)	TVD (m)	Vsec (deg)	N/S (m)	E/W (m)	DLS (deg/30m)	Tool Type
1904.30	26.9	187.5	1854.45	-225.5	-225.5	-47.3	2.5	MWD
1932.56	29.1	187.5	1879.40	-238.7	-238.7	-49.1	7.8	MWD
1962.25	32.2	187.6	1904.94	-253.7	-253.7	-51.1	10.4	MWD
1990.65	35.0	188.0	1928.60	-269.2	-269.2	-53.2	9.9	MWD
2019.25	38.0	187.9	1951.58	-286.1	-286.1	-55.5	10.5	MWD
2048.00	40.9	188.2	1973.78	-304.2	-304.2	-58.1	10.1	MWD
2076.57	43.3	188.3	1994.98	-323.1	-323.1	-60.9	8.4	MWD

Bulk Stocks					
Name	Unit	In	Used	Adjust	Balance
Barite Bulk	MT	0	0	0	238.3
Bentonite Bulk	MT	0	0	0	21.8
Diesel	m3	200	10.5	0	540.2
Fresh Water	m3	22	24	0	315.7
Drill Water	m3	0	0	0	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			40			50		
2	12P 160	6.000	12.00	97		4200		1981.0	20	250		30	325		40	410	
3	12P 160	6.000	12.00	97		4050	7.73	1981.0	20	250		30	350		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	
Total	87	

HSE Summary				
Events	Date of last	Days Since	Descr.	Remarks
Last BOP Test	04 Aug 2006			
Abandon Drill	30 Jul 2006	6 Days	Weekly abandon rig drill	
Fire Drill	30 Jul 2006	6 Days	Weekly fire drill	
JSA	05 Aug 2006	0 Days	Drillcrew 4 , deckcrew 9, Mechanic 4, Marine 1	
Man Overboard Drill	21 Jul 2006	15 Days	Monthly man overboard drill	
Safety Meeting	30 Jul 2006	6 Days	Weekly crew safety meetings	0100/1300/1900hrs

HSE Summary				
Events	Date of last	Days Since	Descr.	Remarks
Last BOP Test	04 Aug 2006			
STOP Card	05 Aug 2006	0 Days	Safe 6, Unsafe 6	
Trip / Kick Drill	30 Jul 2006	6 Days	Trip drill	Held trip drill at shoe on trip in hole

Shakers, Volumes and Losses Data						
Available	2,998bbl	Losses	122bbl	Equip.	Descr.	Mesh Size
Active	556bbl	Centrifuge Retained on cuttings	37bbl 85bbl	Shaker1	VSM100	10/230/230/200/200
Hole	1,334bbl			Shaker1	VSM100	10/230/230/200/200
Reserve	865bbl			Shaker2	VSM100	10/230/230/200/200
Petrofree ester	243bbl			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
				Shaker4	VSM100	10/230/230/200/200

Marine									
Weather on 05 Aug 2006							Rig Support		
Visibility	Wind Speed	Wind Dir.	Pressure	Air Temp.	Wave Height	Wave Dir.	Wave Period	Anchors	Tension (klb)
10.0nm	5kn	191.0deg	1034.0mbar	13C°	0.0m	270.0deg		1	267.0
Rig Dir.	Ris. Tension	VDL	Swell Height	Swell Dir.	Swell Period	Weather Comments		2	176.0
270.0deg	300.00klb	5480.00klb	0.5m	180.0deg				3	254.0
Comments								4	247.0
								5	333.0
								6	342.0
								7	209.0
								8	205.0

Vessel Name	Arrived (Date/Time)	Departed (Date/Time)	Status	Bulks								
Item	Unit	Used	Trf. to Rig	Qty. Remaining								
Far Grip	1400hrs 30th July		Stand by	Diesel	m3		200	287				
				Fresh Water	m3			404				
				Drill Water	m3			744				
				Cement G	mt			0				
				Cement HT (Silica)	mt			0				
				Barite Bulk	mt			0				
				Bentonite Bulk	mt			0				
					bbls			54				
					bbls			0				
				Brine	bbls			0				

Offloaded : 200m3 Fuel										
Pacific Wrangler	10:40hrs 5th August		Standby	Item	Unit	Used	Trf. to Rig	Qty. Remaining		
				Diesel	m3			617		
				Fresh Water	m3			294		
				Drill Water	m3			308		
				Cement G	mt			73		
				Cement HT (Silica)	mt			0		
				Barite Bulk	mt			218		
				Bentonite Bulk	mt			0		
					bbls			1908		
					bbls			333		
				Brine	bbls			0		

Offloaded :4200L Heli fuel

Helicopter Movement				
Flight #	Company	Arr/Dep. Time	Pax In/Out	Comment
1	BRISTOW HELICOPTERS AUSTRALIA PTY LTD	10:34 / 10:45	1 / 1	Fuel remaining on board 5556 liters Rec'd 4200 liters