

DRILLING MORNING REPORT # 29
Longtom-3 ST1

07 Aug 2006

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

| Well Data | | | | | | | |
|-------------------|-----------------|---|---------|----------------|------------|---------------------|--------------|
| Country | Australia | MDBRT | 2563.0m | 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 | 56.0m | Shoe TVDBRT | 995.3m | Daily Cost | \$445,180 |
| Rig | OCEAN PATRIOT | Days from spud | 27.37 | Shoe MDBRT | 995.3m | Cum Cost | \$3,367,457 |
| Wtr Dpth (LAT) | 56.7m | Days on well | 7.08 | FIT/LOT: | / 13.50ppg | Days Since Last LTI | 1172 |
| RT-ASL (LAT) | 21.5m | Planned TD MD | 5834.0m | | | | |
| RT-ML | 78.2m | Planned TD TVDRT | 2458.0m | | | | |
| Current Op @ 0600 | | Electric wireline log #1 : XPT | | | | | |
| Planned Op | | Electric wireline logging. Run the hole open ended DP to plug back. | | | | | |

| Summary of Period 0000 to 2400 Hrs |
|---|
| Drilled to section TD 2563mrt. Pulled back to 2384mrt. Relogged to TD w/ LWD. Circulated hole clean (zero trip gas. Pulled out of the hole. |

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

Operations For Period 0000 Hrs to 2400 Hrs on 07 Aug 2006

| Phse | Cls (RC) | Op | From | To | Hrs | Depth | Activity Description |
|------|----------|------|------|------|------|---------|--|
| IH | P | DA | 0000 | 0830 | 8.50 | 2563.0m | Drilled 13 1/2" directional hole f/ 2507 to 2563mrt, holding a tangent angle of 52 deg. Backreamed connections. Drilled gas levels dropped to <100 units (2%) f/ 2478mrt. ROP reduced to <10 m/hr f/ 2554mrt (volcanics) further reducing to < 2m/hr f/ 2561mrt. Cuttings on shakers had significantly reduced due to slow ROP. |
| IH | P | WT | 0830 | 0930 | 1.00 | 2563.0m | Flow checked 20mins (static) Pulled a 5 stand wiper trip back to 2384mrt to check for swabbed gas and to facilitate repeat logging interval with LWD |
| IH | P | LOG | 0930 | 1330 | 4.00 | 2563.0m | Ran in the hole f/ 2384 to 2403mrt. Washed & reamed to repeat log the interval f/ 2403 to 2563mrt. |
| IH | P | CHC | 1330 | 1430 | 1.00 | 2563.0m | Circulated bottoms up (shakers clean) no swabbed gas observed. Background gas 13 units (0.26%) |
| IH | P | TO | 1430 | 1500 | 0.50 | 2563.0m | Flow checked (static) Pumped slug. |
| IH | P | TO | 1500 | 2230 | 7.50 | 2563.0m | Pulled out of the hole f/ 2563mrt (TD) to the BHA. Encountered several overpulls up 30klb's, which wiped clear with 1 reciprocation. Worked through tight interval f/ 2198 to 2182mrt max overpull 30klb, 3 reciprocations required to clear. |
| IH | P | HBHA | 2230 | 2300 | 0.50 | 2563.0m | Pulled the HWDP. |
| IH | P | HBHA | 2300 | 2400 | 1.00 | 2563.0m | Removed RA source & laid out the MWD/LWD. |

Operations For Period 0000 Hrs to 0600 Hrs on 08 Aug 2006

| Phse | Cls (RC) | Op | From | To | Hrs | Depth | Activity Description |
|------|----------|------|------|------|------|---------|--|
| IH | P | HBHA | 0000 | 0130 | 1.50 | 2563.0m | Completed laying out the BHA. |
| IH | P | LOG | 0130 | 0200 | 0.50 | 2563.0m | Rigged up Logging sheaves. |
| IH | P | LOG | 0200 | 0400 | 2.00 | 2563.0m | Picked up logging tool #1 : XPT - GR In the hole @ 02:40hrs. Ran in the hole to hold up depth (HUD) 2144mrt. |
| IH | TP | LOG | 0400 | 0500 | 1.00 | 2563.0m | Worked through HUD @ 2144, 2158, 2160 & unable to pass 2169mrt, zero overpulls |

| Phse | Cls (RC) | Op | From | To | Hrs | Depth | Activity Description |
|------|----------|-----|------|------|------|---------|---|
| IH | (HC) P | LOG | 0500 | 0600 | 1.00 | 2563.0m | required to pull back f/ HUD. (IN PROGRESS) Correlated w/ GR & commenced to record pressure readings f/ 2141 & 1831mrt, whilst pulling out of the hole to reconfigure the tool string. |

Phase Data to 2400hrs, 07 Aug 2006

| Phase | Phase Hrs | Start On | Finish On | Cum Hrs | Cum Days | Max Depth |
|-----------------------|-----------|-------------|-------------|---------|----------|-----------|
| INTERMEDIATE HOLE(IH) | 170 | 31 Jul 2006 | 07 Aug 2006 | 170.00 | 7.083 | 3485.0m |

WBM Data

Cost Today \$ 22770

| | | | | | | | | |
|--------------|--|--------------|-------------|---------------|-----|-----------|-------------------------|----|
| Mud Type: | Petrofree | API FL: | Cl: | Solids(%vol): | 18% | Viscosity | 63sec/qt | |
| Sample-From: | Active pit | Filter-Cake: | K+C*1000: | H2O: | 15% | PV | 38cp | |
| Time: | 14:30 | HTHP-FL: | 3.2cc/30min | Oil(%): | 65% | YP | 19lb/100ft ² | |
| Weight: | 12.00ppg | HTHP-cake: | 2/32nd" | Hard/Ca: | | Gels 10s | 46 | |
| Temp: | 75C° | | | MBT: | | Gels 10m | 53 | |
| | | | | PM: | | Fann 003 | 11 | |
| | | | | PF: | | Fann 006 | 12 | |
| | | | | | | Fann 100 | 28 | |
| | | | | | | Fann 200 | | |
| Comment | Total product costs to date \$ 1,163,417.29 Cumulative total \$ 1,217,817.29 (including engineer) | | | | | | Fann 300 | 57 |
| | | | | | | Fann 600 | 95 | |

Bit # 10

| Wear | I | O1 | D | L | B | G | O2 | R | |
|---|----------|----------|----------|---------|--------------------------|----------------|-------------------------|--------------------|------------|
| | 1 | 8 | RO | S | X | I | LT | TD | |
| Bitwear Comments: Inner 2 rows of cutters 0 wear, 3rd row 1, 4th row 2. | | | | | | | | | |
| Shoulder rung out section -60mm x 60mm | | | | | | | | | |
| Size ("): | 13.500in | IADC# | | Nozzles | Drilled over last 24 hrs | | Calculated over Bit Run | | |
| Mfr: | SMITH | WOB(avg) | 20.00klb | No. | Size | Progress | 56.0m | Cum. Progress | 836.0m |
| Type: | PDC | RPM(avg) | 180 | 7 | 18/32nd" | On Bottom Hrs | 6.4h | Cum. On Btm Hrs | 30.3h |
| Serial No.: | JW0327 | F.Rate | 19.00bpm | | | IADC Drill Hrs | 7.8h | Cum IADC Drill Hrs | 42.6h |
| Bit Model | MGR75 | SPP | 4400psi | | | Total Revs | | Cum Total Revs | 0 |
| Depth In | 1727.0m | HSI | | | | ROP(avg) | 8.75 m/hr | ROP(avg) | 27.59 m/hr |
| Depth Out | 2563.0m | TFA | 1.74 | | | | | | |

Bit Comment

BHA # 11

| | | | | | | |
|--------------------|----------|-----------|-----------|-----------------|-------------|-----------------------|
| Weight(Wet) | 30.00klb | Length | 208.6m | Torque(max) | 14000ft-lbs | D.C. (1) Ann Velocity |
| Wt Below Jar(Wet) | 15.00klb | String | 250.00klb | Torque(Off.Btm) | 5400ft-lbs | D.C. (2) Ann Velocity |
| Drilling Jar Hours | 215 | Pick-Up | 270.00klb | Torque(On.Btm) | 12000ft-lbs | H.W.D.P. Ann Velocity |
| | | Slack-Off | 235.00klb | | | 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 | | | | | |

| Bulk Stocks | | | | | | |
|--------------------|------|----|------|--------|---------|--|
| Name | Unit | In | Used | Adjust | Balance | |
| Barite Bulk | MT | 0 | 25.3 | 0 | 161.8 | |
| Bentonite Bulk | MT | 0 | 0 | 0 | 21.8 | |
| Diesel | m3 | 0 | 29.2 | 0 | 489.4 | |
| Fresh Water | m3 | 18 | 37.1 | 0 | 288.3 | |
| Drill Water | m3 | 0 | 39.5 | 0 | 430.4 | |
| 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 | | 4400 | | 2295.0 | 30 | 225 | | 40 | 275 | | 50 | 350 | |
| 2 | 12P 160 | 6.000 | 12.00 | 97 | | 4400 | | 2295.0 | 20 | | | 30 | | | 40 | | |
| 3 | 12P 160 | 6.000 | 12.00 | 97 | | 4400 | | | 20 | | | 30 | | | 40 | | |

| 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 | 6 | 3 x MWD, 3 x DD. |
| BAROID | 2 | |
| ESS | 8 | |
| GEOSERVICES OVERSEAS S.A. | 6 | |
| Q-Tech | 1 | |
| K & M | 2 | |
| Brandt | 1 | |
| WEATHERFORD AUSTRALIA PTY LTD | 5 | |
| CAMERON AUSTRALIA PTY LTD | 1 | |
| SCHLUMBERGER OILFIELD AUSTRALIA PTY LTD | 6 | |
| Total | 97 | |

| HSE Summary | | | | | |
|---------------------|--------------|------------|--|---|--|
| Events | Date of last | Days Since | Descr. | Remarks | |
| Last BOP Test | 04 Aug 2006 | | | | |
| Abandon Drill | 06 Aug 2006 | 1 Day | Weekly abandon rig drill | | |
| Fire Drill | 06 Aug 2006 | 1 Day | Weekly fire drill | | |
| JSA | 07 Aug 2006 | 0 Days | Drillcrew 6 , deckcrew 9, Mechanic 4, Marine 1 | | |
| Man Overboard Drill | 21 Jul 2006 | 17 Days | Monthly man overboard drill | | |
| Safety Meeting | 06 Aug 2006 | 1 Day | Weekly crew safety meetings | 0100/1300/1900hrs | |
| STOP Card | 07 Aug 2006 | 0 Days | Safe 3, Unsafe 1 | | |
| Trip / Kick Drill | 07 Aug 2006 | 0 Days | Trip drill | Held trip drill at shoe on trip in hole | |

| Shakers, Volumes and Losses Data | | | | | | |
|----------------------------------|----------|----------------------|--------|---------|--------|--------------------|
| Available | 3,798bbl | Losses | 117bbl | Equip. | Descr. | Mesh Size |
| Active | 480bbl | Down-hole | 70bbl | Shaker1 | VSM100 | 10/230/230/200/200 |
| Hole | 1,660bbl | Centrifuge | 19bbl | Shaker1 | VSM100 | 10/230/230/200/200 |
| Reserve | 1,251bbl | Retained on cuttings | 28bbl | Shaker2 | VSM100 | 10/230/260/200/200 |
| Petrofree | 407bbl | | | Shaker2 | VSM100 | 10/230/260/200/200 |
| | | | | Shaker3 | VSM100 | 10/230/230/200/200 |

| Shakers, Volumes and Losses Data | | | | |
|----------------------------------|--|---------|--------|--------------------|
| ester | | Equip. | Descr. | Mesh Size |
| | | Shaker3 | VSM100 | 10/230/230/200/200 |
| | | Shaker4 | VSM100 | 10/260/260/200/200 |
| | | Shaker4 | VSM100 | 10/260/260/200/200 |

| Marine | | | | | | | | | |
|------------------------|--------------|------------|--------------|------------|--------------|------------------|-------------|---------|---------------|
| Weather on 07 Aug 2006 | | | | | | | Rig Support | | |
| Visibility | Wind Speed | Wind Dir. | Pressure | Air Temp. | Wave Height | Wave Dir. | Wave Period | Anchors | Tension (klb) |
| 10.0nm | 0kn | 0.0deg | 1033.0mbar | 16C° | 0.0m | 0.0deg | | 1 | 273.0 |
| Rig Dir. | Ris. Tension | VDL | Swell Height | Swell Dir. | Swell Period | Weather Comments | | 2 | 181.0 |
| 270.0deg | 300.00klb | 5254.00klb | 1.5m | 135.0deg | | | | 3 | 256.0 |
| Comments | | | | | | | 4 | 251.0 | |
| | | | | | | | 5 | 377.0 | |
| | | | | | | | 6 | 342.0 | |
| | | | | | | | 7 | 207.0 | |
| | | | | | | | 8 | 205.0 | |

| Vessel Name | Arrived (Date/Time) | Departed (Date/Time) | Status | Bulks | | | | |
|--------------------|---------------------|----------------------|---------|--------|------|------|-------------|----------------|
| Far Grip | | 06:20hrs 6th August | In Port | Item | Unit | Used | Trf. to Rig | Qty. Remaining |
| | | | | Diesel | m3 | | 200 | 286 |
| Fresh Water | m3 | | | 403 | | | | |
| 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 | | | | |
| Pacific Wrangler | 10:40hrs 5th August | | Standby | Item | Unit | Used | Trf. to Rig | Qty. Remaining |
| Diesel | m3 | | | 609 | | | | |
| Fresh Water | m3 | | | 284 | | | | |
| Drill Water | m3 | | | 308 | | | | |
| Cement G | mt | | | 73 | | | | |
| Cement HT (Silica) | mt | | | 0 | | | | |
| Barite Bulk | mt | | | 218 | | | | |
| Bentonite Bulk | mt | | | 0 | | | | |
| | bbls | | 625 | 1283 | | | | |
| | bbls | | | 0 | | | | |
| Brine | bbls | | 333 | 0 | | | | |

Offloaded base oil & SBM to the rig

| Helicopter Movement | | | | |
|---------------------|---------------------------------------|---------------|------------|-------------------------------------|
| Flight # | Company | Arr/Dep. Time | Pax In/Out | Comment |
| 1 | BRISTOW HELICOPTERS AUSTRALIA PTY LTD | / | 0 / 0 | Fuel remaining on board 5530 liters |