

## DAILY GEOLOGICAL REPORT

DGR 01

<b>Date:</b>	29 July 2006	<b>Licence / State:</b>	P39 (V) / VIC
<b>Report Period:</b>	06:00 - 06:00 Hours	<b>Rig:</b>	Ensign 32
<b>Days From Spud:</b>	0	<b>GL:</b>	2.7m
<b>(Note:</b> Surface hole & 20" conductor done by another rig)			
<b>Current Hole Size:</b>	17.5"	<b>RT:</b>	8.6m
<b>Depth @ 0600 Hrs:</b>	100m MDRT	<b>PTD:</b>	2281m MDRT (-1338mSS)
	-91.4m TVDSS	<b>Spud Date:</b>	04:30 hrs 29/07/06
<b>24 Hr Progress:</b>	40m		
<b>Current Operation:</b>	Drilling 17.5" surface hole at 80 m/hr.		
<b>Nope Cost</b>	(Drill)\$	(C&S)\$	<b>Cost To Date:</b>
		(P&A)\$	

Casing Data	Hole Size	Depth	Casing Size	Wt:	Type	Shoe Depth	LOT
Conductor		60	20"			60m	

Mud Data	Type:	Wt:	Visc:	WL:	PH:	KCl:	Cl -:	PV/YP:	Rmf:
	KCL	8.85	85	17.0	9.0	-	4000	9 / -	-

Bit Data	No.	Make	Type	Size	Hours	Meters	Condition
	1	Reed	Rock T11C	17.5"			

Surveys	Type	MD (m)	Inclination	Azimuth (T)	TVD (m)	Offset (m)	Direction (T)

## OPERATIONS SUMMARY

**Previous 24 hrs Operations Summary:**

Continue with final stages of rig up. Align Top Drive, unload mud chemicals, hold Emergency Response Drill. Perform final checks on Top Drive System. Perform final pre-spud checks. Rig accepted as fully operational at 18:30hrs on 28/07/06. Hold JHA, pick up 17.5" drilling assembly and run in hole and tag cement at 65m. **Spud well at 04:30hrs on 29/07/06**, drill cement from 65m to 85m. Open 9.625" pilot hole to 17.5" from 85m to 100m at 06:00 hrs.

**Anticipated operations:**

Drill ahead 17.5" hole to approx. 150m. Pull out of hole and pick up directional BHA. Kick-off and drill to casing point of approx 310m, building angle to 24° towards 118°T.

#### FORMATION TOPS

FORMATION	ACTUAL TOP		High / Low	High / Low	PROGNOSED TOP	
	(MDmRT)	(TVDmSS)	Prognosis	East Reeve-1	(MDmRT)	(TVDmSS)
Jemmy's Point					6	3
Tambo River (Coquina)					180	-165
Gippsland Limestone					230	-220
Lakes Entrance Formation					1816	-919
Latrobe Coarse Clastics					2098	-1155
Latrobe N. Asperus (Coal)					2163	-1220
Total Depth					2281	-1338

#### HYDROCARBON SHOW SUMMARY

INTERVAL	LITHOLOGY & HYDROCARBON FLUORESCENCE	GAS

GAS	MD (m)	Peak	Background	Chromatograph
Trip Gas	-	-	-	-
Connection Gas	-	-	-	-

INTERVAL ROP (min/ft)	LITHOLOGY	GAS (Peak / BG) Composition
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65-100m ROP: 0.4-1.1 Ave: 0.8	SANDSTONE: Clear to translucent, off white, minor pale yellow, rare red to orange, trace smoky quartz, medium grained to occasional pebble sized, dominantly coarse grained to very coarse grained loose quartz and minor transported lithic fragments, subrounded to dominantly subangular, occasional angular, trace dispersive clay matrix, generally unconsolidated, fair to good inferred porosity, no hydrocarbon fluorescence.	Nil