

Daily Drilling Report

| | | | | | | | | |
|--|--------------------|--------------------------------|--|---------------------------------|------------------------------------|---------------------------------------|---------------------------------|-------------------------------------|
| WELL NAME ELVER-1 | | | | | | DATE 12-01-2009 | | |
| API # OH | | 24 HRS PROG 0.00 (m) | | TMD 5,270.00 (m) | | TVD 3,947.00 (m) | | REPT NO 26 |
| RIG NAME NO OCEAN PATRIOT | | FIELD NAME ELVER | | AUTH TMD | PLANNED DOW 36.40 (days) | DOL 25.79 (days) | DFS / KO 23.27 (days) | WATER DEPTH 504.90 (m) |
| SPUD DATE 21-12-2008 | Rig Release | | WELL SUPERVISOR PAT BROWN / KERRY PARKER | | | OIM DENNIS GORE | | PBTMD 3,150.00 (m) |
| REGION AUSTRALIA | | DISTRICT OFFSHORE | | STATE / PROV VICTORIA | | RIG PHONE NO (08) 9338 5640 | | RIG FAX NO |
| AFE # 09408EF5 | | AFE COSTS | | | DAILY COSTS | | CUMULATIVE COSTS | |
| DESCRIPTION: Directional Exploration Well | | DHC: 38,786,601 | | | DHC: 964,049 | | DHC: 30,854,634 | |
| | | DCC: | | | DCC: | | DCC: | |
| | | CWC: | | | CWC: | | CWC: | |
| | | Others: | | | Others: | | Others: | |
| | | TOTAL: 38,786,601 | | | TOTAL: 964,049 | | TOTAL: 30,854,634 | |
| DEFAULT DATUM / ELEVATION WELL / 21.50 (m) | | | LAST SAFETY MEETING 12/01/2009 | | BLOCK VIC-P59 | | FORMATION | BHA HRS OF SERVICE 169.50 |
| LAST SURVEY | | | | LAST CSG SHOE TEST (EMW) | | LAST CASING | | NEXT CASING |
| MD | 5,230.64 (m) | INC | 30.04° | AZM | 193.13° | 1.60 (sg) | 244.000 mm @ 3,243.9 m | |

CURRENT OPERATIONS: RIH to tag top of cement.

24 HR SUMMARY: Cut & slipped drill line, POH, L/D BHA, RIH with cementing string to 3750m, set two cement plugs, 3650m-3450m, 3300m-3150m, POH to 3100m, CBU, POH to 2660m L/O excess DP while WOC.

24 HR FORECAST: Cont to L/O excess tubulars, press test cement plug, cont with P & A operations.

OPERATION SUMMARY

| From | To | HRS | Phase | Operation | PT/NPT | NPT CODES | ACTIVITY SUMMARY |
|-------|-------|------|---------|-----------|--------|-----------|--|
| 0:00 | 2:30 | 2.50 | P-DRL | CUTDL | PP | | Cut and slipped 39m of drilling line. |
| 2:30 | 3:00 | 0.50 | P-DRL | RIGSER | PP | | Serviced TDS and travelling equipment. |
| 3:00 | 8:00 | 5.00 | P-DRL | TRIP | PP | | POH from 3228m to directional components at 39m. |
| 8:00 | 10:00 | 2.00 | P-DRL | MWD_LWD | PP | | Removed R/A source, L/D directional components, Downloaded memory from tools on deck. Bit # 5 Bit grade = 0-1-NO-X-1-NO-TD. |
| 10:00 | 15:30 | 5.50 | PA-PLUG | TRIP | PP | | Made up open ended mule shoe, RIH on 127mm (5") drillpipe to 3750m. |
| 15:30 | 16:00 | 0.50 | PA-PLUG | CIRC | PP | | Established circulation, spotted 3.9m3 (25bbl) hi vis pill from 3750m to 3650m. Held cementing JSA. |
| 16:00 | 16:30 | 0.50 | PA-PLUG | TRIP | PP | | POH from 3750m to 3650m, made up surface cementing equipment. |
| 16:30 | 17:30 | 1.00 | PA-PLUG | SPOTCMT | | | Lined up to Dowell. Pumped 1.58m³ (10bbls) drill water and pressure tested surface lines to 13,790kPa (2000psi).Pumped 1.58m³ (10.0 bbls) drill water followed by 10% excess 8.04m³ (50.6 bbls) 1.85SG (15.8ppg) G cement tail slurry. Displaced slurry with 1.24m³ (7.8bbls) drill water followed by 30.3m³ (190.7bbls) 1.15SG (9.6) WBM and set Balanced Cement Plug #1 from 3650m to 3450m. Cement in place at 17.27 hours. Full returns throughout cement job. |
| 17:30 | 18:30 | 1.00 | PA-PLUG | CIRC | PP | | Rigged down surface cementing equipment, POH 127mm (5") drillpipe from 3650m to 3400m, M/U to TDS, circulated and spotted 3.9m3 (25bbl) hi vis pill from 3400m to 3300m. |
| 18:30 | 19:00 | 0.50 | PA-PLUG | TRIP | PP | | POH from 3400m to 3300m, (57m below 244mm (9-5/8") casing shoe), made up surface cementing equipment.Held cementing JSA. |
| 19:00 | 20:00 | 1.00 | PA-PLUG | TRIP | PP | | Lined up to Dowell. Pumped 1.58m³ (10bbls) drill water and pressure tested surface lines to 13,790kPa (2000psi) Pumped 1.58m³ (10bbls) drill water followed by 10% excess 5.8m³ (37 bbls) 1.94SG (16.2ppg) G cement tail slurry. Displaced slurry with 0.349m³ (1.12 bbls) drill water followed by 27.02m³ (170 bbls) 1.15SG (9.6) WBM and set Balanced Cement Plug #2 from 3300m to 3150m. Cement in place at 19:57 hours. Full returns throughout cement job. |
| 20:00 | 21:00 | 1.00 | PA-PLUG | TRIP | PP | | Rigged down surface cementing equipment, POH slowly 127mm (5") drillpipe from 3300m to 3100m, M/U to TDS. |
| 21:00 | 22:00 | 1.00 | PA-PLUG | CIRC | PP | | Circulated bottoms up with 1.15 sg (9.6ppg) mud , no cement contamination observed. flow checked, (well static). |
| 22:00 | 22:30 | 0.50 | PA-PLUG | WOC | PP | | POH from 3100m to 3092m, racked back stand, rigged up to L/O tubulars. |
| 22:30 | 23:30 | 1.00 | PA-PLUG | WOC | PP | | POH from 3092m to 2660m laying out excess diamond offshore tubulars while waiting on cement. Total of 45 joints. |
| 23:30 | 0:00 | 0.50 | PA-PLUG | WOC | PP | | Changed handling equipment, rigged up to L/O excess drillcollars and HWDP. |

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24.00 = Total Hours Today

06:00 UPDATE

0000-0600 00:00-01:00 RIH from 2660m to 2855m w/- 171mm (6-3/4") drill collars and HWDP.
 01:00-03:00 POH from 2855m to 2660m laying out 3 x 171mm (6-3/4") drill collars and 17 joints of HWDP, 1 x set of jars.
 03:00-05:30 Riggged to pressure test cement to 14479 kPa (2100 psi) with cement unit, pressure tested cement against lower ram with flow path down drill string & kill line, Pressured up to 14134 kPa (2050 psi), pressure decreased rapidly to 12204 kPa (1480 psi) and then remained with a constant loss of 55 kPa (8 psi) per min. Re-tested to 11721 kPa (1700 psi), pressure bled off, Changed line up to eliminate surface leak path possibilities, Pumped down drill string only and pressured up to 1900psi and pressure bled off. Total mud pumped over 3 tests= 3.9 m3 (25 bbls).
 05:30-0600 Riggged down testing assembly, RIH to 2680m.

HSE: No accidents, incidents or pollution reported.
 Total Stop cards - 45 (16 unsafe, 45 safe). JSA - 37, PTW - 12

BIT DATA

| BIT / RUN | SIZE (mm) | MANUFACTURER | TYPE | SERIAL NO | JETS OR TFA | DEPTH IN / DATE IN | I-O-D-L-B-G-O-R |
|-----------|-----------|--------------------|---------|-----------|-------------|-----------------------|--------------------|
| 5 / 1 | 216.0 | HUGHES CHRISTENSEN | HC506ZX | 7213298 | 2x14, 4x16 | 4,433.00 / 07-01-2009 | 0-1-NO-A-X-I-NO-TD |

| | | | | | | | | | | | | | | |
|--------------|-------------------|----------------|---------------------|---------------------|-------------|-----------------------|------------|------------|----------|-----------------------|---------|-----------|---------|--|
| LCM: 0 | | MUD PROPERTIES | | | | | | | | MUD TYPE: KCL/POLYMER | | | | |
| VIS (s/l) | PV/YP (cp) / (Pa) | GELS (Pa) | WL/HTHP (ml/30 min) | FC/T.SOL (mm) / (%) | OIL/WAT (%) | % SAND/MBT (%) / (sg) | pH/Pm (mL) | Pf/Mf (mL) | Cl (ppm) | Ca (ppm) | H2S (%) | KCL (ppm) | LGS (%) | |
| 62 | 22/23 | 7/10 | 4/0 | 1/9 | 0/0 | 0/7 | 10.00/0.00 | 1.30/2.60 | 55,000 | 140 | 0 | 0 | 5 | |
| Density (sg) | 1.15 | ECD (sg) | 0.00 | PP | DAILY COST | 2502 | CUM COST | 769,794 | %OIL | 5 | | | | |

| | | | | | | | | | | | |
|---------------------------|---|----------------------|----------|-----------------------|--|-----------------------|--|---------------------|--------|----------------|---|
| BHA | 6 | JAR S/N | 17605011 | BHA / HOLE CONDITIONS | | | | JAR HRS | 169.50 | BIT | 5 |
| BHA WT BELOW JARS (tonne) | | STRING WT UP (tonne) | | STRING WT DN (tonne) | | STRING WT ROT (tonne) | | TORQUE/UNITS (kN-m) | | BHA LENGTH (m) | |
| | | | | | | | | | | 346.67 (m) | |

| ITEM DESCRIPTION | NO JTS | LENGTH | O.D | I.D | CONN SIZE | CONN TYPE |
|-----------------------------|--------|--------|--------|-------|-----------|-----------|
| Heavy Weight Drill Pipe | 26 | 242.35 | 127.00 | 79.38 | | |
| Hydraulic Jar | 1 | 9.92 | 165.10 | 69.85 | | |
| Heavy Weight Drill Pipe | 3 | 28.16 | 127.00 | 79.38 | | |
| Drill Collar | 3 | 28.22 | 171.45 | 69.85 | | |
| Integral Blade Stabilizer | 1 | 1.78 | 212.73 | 76.20 | | |
| Logging While Drilling | 1 | 8.14 | 190.50 | 92.08 | | |
| Logging While Drilling | 1 | 3.58 | 212.85 | 82.55 | | |
| Logging While Drilling | 1 | 8.48 | 175.01 | 82.55 | | |
| Logging While Drilling | 1 | 8.04 | 209.55 | 76.20 | | |
| Steering Tool | 1 | 7.66 | 212.73 | 76.20 | | 7 5/8 REG |
| Polycrystalline Diamond Bit | 1 | 0.34 | 216.00 | 76.20 | | |

CASING

| S/T | DESCRIPTION | SIZE | WEIGHT | GRADE | SETTING DEPTH |
|-----|----------------|--------|--------|-------|---------------|
| OH | SURFACE | 340.00 | 178.58 | X 56 | 1,735.93 |
| OH | CONDUCTOR | 762.00 | | X 56 | 573.00 |
| OH | INTERMEDIATE 1 | 244.00 | 69.94 | L-80 | 3,243.90 |

MUD PUMPS/HYDRAULICS

SPR

| | STROKE | SPM | LINER | FLOW | SPR | SPM | PPSR |
|-----|--------|-----|--------|------|-----|-----|------|
| # 1 | 304.80 | 81 | 152.40 | 1311 | | | |
| # 2 | 304.80 | 81 | 152.40 | 1311 | | | |
| # 3 | 304.80 | 81 | 152.40 | 1311 | | | |

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PERSONNEL DATA

| COMPANY | QTY | HRS | COMPANY | QTY | HRS |
|-------------|-----|-----|----------|-----|-----|
| SUBSEA 7 | 3 | | Catering | 8 | |
| KEMTECH | 2 | | APACHE | 4 | |
| ANADRILL | 4 | | DODI | 53 | |
| DOWELL | 2 | | BHI | 6 | |
| BAKER ATLAS | 3 | | | | |

TOTAL PERSONNEL ON BOARD: 85

SUPPORT CRAFT

| TYPE | REMARKS |
|-------------|-----------------------------------|
| FAR SKY | On Loc |
| SWISSCO 168 | On Loc |
| S-76 | 2 x choppers-pax in 6, pax out 8. |
| YARABAH | On Route to Geelong |
| FAR GRIP | In Geelong |

MATERIALS/CONSUMPTION

| ITEM | UNITS | USAGE | ON HAND | ITEM | UNITS | USAGE | ON HAND |
|----------------|-------|-------|---------|-----------------|-------|-------|---------|
| BARITE BULK | MT | 4 | 153 | BENTONITE | MT | | 68 |
| CEMENT | MT | | 74 | DIESEL | m3 | | 548 |
| WATER, POTABLE | m3 | 19 | 359 | WATER, DRILLING | m3 | 41 | 499 |

WEATHER

| TIME | SWELL HT/DIR/PER | WAVE HT/DIR/PER | WIND SPEED/DIR | GUST SPEED/DIR | TEMP |
|-------|---------------------|--------------------|----------------|----------------|------|
| 00:00 | / /260.00/3 | 1.00/230.00/9 | / | 5.1/260.00 | |

DECKLOG

| MAX VDL | ACT VDL | AVG VDL | LEG PEN (BOW) | LEG PEN (PORT) | LEG PEN (S BOARD) |
|---------|---------|---------|---------------|----------------|-------------------|
| 2560 | 1863 | 1863 | | | |

SAFETY DRILLS

| RAMS (kPa) | ANNULARS (kPa) | CASING | LAST BOP DRILL | NEXT BOP PRESS TEST | FIRE DRILL | H2S DRILL | MAN OVERBRD | ABND. DRILL |
|---------------------|---------------------|---------------------|-------------------|------------------------|---------------|-----------|----------------|----------------|
| 11-01-2009 / 34,475 | 11-01-2009 / 34,475 | 27-12-2008 / 17,237 | 25-12-2008 | 14-01-2009 | 11-01-2009 | | | 11-01-2009 |

INCIDENT REPORT

INCIDENTS TYPE NONE LOST TIME? NO INCIDENTS DESCRIPTION
No incidents today.

ANCHOR TENSION DATA

| ANCHOR NO | CURRENT TENSION | ANCHOR NO | CURRENT TENSION | ANCHOR NO | CURRENT TENSION |
|-----------|-----------------|-----------|-----------------|-----------|-----------------|
| 1 | 185 | 2 | 184 | 3 | 188 |
| 4 | 175 | 5 | 175 | 6 | 191 |
| 7 | 202 | 8 | 198 | 9 | |
| 10 | | 11 | | 12 | |

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MUD INVENTORY

| ITEM | UNIT | USAGE | Day Cost (\$) | ON HAND |
|-----------------------------------|-----------|-------|---------------|---------|
| CIRCAL 60/16 | 25.00 kg | | 0.00 | 42.00 |
| NUT PLUG | 50.00 lbs | | 0.00 | 0.00 |
| CIRCAL 1000 | 25.00 kg | | 0.00 | 96.00 |
| DEFOAM A | 5.00 gal | | 0.00 | 12.00 |
| SAPP | 25.00 kg | | 0.00 | 35.00 |
| CITRIC ACID | 25.00 kg | | 0.00 | 80.00 |
| SODA ASH- SOD.CARBONATE-Na2CO3 | 25.00 kg | | 0.00 | 10.00 |
| GUAR GUM | 25.00 kg | | 0.00 | 0.00 |
| KWIKSEAL (F) | 40.00 lbs | | 0.00 | 90.00 |
| KLA STOP | 55.00 gal | | 0.00 | 0.00 |
| BARITE (bulk) | 1.00 MT | 4.00 | 1,122.44 | 153.00 |
| FLOWZAN | 25.00 kg | 5.00 | 1,361.65 | 0.00 |
| CIRCAL Y | 25.00 kg | | 0.00 | 96.00 |
| RADIA GREEN EME B | 185.00 l | | 0.00 | 0.00 |
| CALCIUM CHLORIDE 74-77% | 25.00 kg | | 0.00 | 69.00 |
| STAR GLIDE | 208.00 l | | 0.00 | 0.00 |
| SOLTEX | 50.00 lbs | | 0.00 | 0.00 |
| BENTONITE | 1.00 MT | | 0.00 | 68.00 |
| POLYPLUS | 25.00 kg | | 0.00 | 58.00 |
| KWIKSEAL (M) | 40.00 lbs | | 0.00 | 90.00 |
| KCL (1.0 MT) | 1.00 MT | | 0.00 | 8.00 |
| STAR GLIDE | 55.00 gal | | 0.00 | 0.00 |
| LIME | 25.00 kg | | 0.00 | 0.00 |
| SAFE-CIDE | 25.00 l | | 0.00 | 10.00 |
| CAUSTIC SODA - NaOH | 25.00 kg | | 0.00 | 17.00 |
| SODIUM BICARBONATE - NaHCO3 | 25.00 kg | 1.00 | 17.86 | 40.00 |
| KCL BRINE (1.15SG) | 1.00 bbl | | 0.00 | 0.00 |
| POLYSAI | 25.00 kg | | 0.00 | 74.00 |
| DRISPAC SL | 50.00 lbs | | 0.00 | 79.00 |
| OMYACARB 10 | 25.00 kg | | 0.00 | 0.00 |