11 Aug 2006 **From : Troy Reid**
To : Andy Wilkinson/ Brian King/James Hinton

Well Data					**Town Side QC Done**
Drill Co.:	Ensign	Midnight Depth (MD):	1606.0m	Current Hole Size:	8.500in
Rig:	Ensign 32	Midnight Depth (TVD):	830.0m	Casing O.D.:	9.625in
Prognosed TD:	2350.0m	Progress:	13.0m	Shoe TVD:	803.0m
RT-GL:	5.90m	Days From Spud:	13.81	F.I.T. / L.O.T.	/ 16.70ppg
GL Elev.:	2.71m	Days On Well:	30.75	Rig Move Distance	1800+/- k's

Current Op's @ 0600 12 Aug 2006 : Continue to drill 8 1/2 hole with geo pilot rotary steerable assy to 1646m
Planned Operations for 12 Aug 2006 : Drill 8 1/2 hole using Geo pilot steerable assy.

Summary of Period 0000 to 2400 Hrs

Continue to drill out the through 1597m, Drill with 50 rpm, 560 gpm, ROP 0.5m/hr. Break through 1598m attempt to work back through 1597m . Sting stalled out. Stuck pipe at 1597m . No rotation 50k overpull. Install work single attempt to work through 1597 to 1598. Regain rotation . Drill NBS through 1597m .Work back through 1597m until torque reduced to 6500 ft/lbs. Continue to drill out rat hole to 1606m. Drill new 8 1/2 hole from 1606m to 1609m. Circulate and condition mud prior to LOT. 60% new formation in sample. Perform LOT at 803m TVD. Leak of pressure 1000psi w/-9.3ppg = EMW 16.4 ppg.
Continue to drill 8 1/2 hole f/-1609 to 1619m. Circulate and condition mud. Pooh f/- 1619m to surface. No hang ups through float and shoe. Break out bit, stabs and lay out. M/up geo-pilot /MWD assy. Calibrate and test MWD Tools, OK. Continue to RIH to 1575m . Tagged float collar. Attempt to work through, no go past 1575m.
Slip and cut 100' drilling.
Sperry sun calibrate block height

Formation Tops

Sequence	Formation Name	Top Depth (MD, (m))	Top Depth (TVD, (m))	Comment	Wireline Depth (m)
1	Gippsland LMST	320.0	314.5	5.9L	

Operations For Period 0000 Hrs to 2400 Hrs on 11 Aug 2006

Phse	Cls	Op	From	To	Hrs	Depth	Activity Description
IH	TP	RW	0000	0100	1.00	1606.0m	Continue to drill out the shoe-track through 1597m, drill with 50rpm, 560gpm, ROP 0.5m/hr, break through 1598m attempt to work back through 1597m. Sting stalled out.
IH	TP	WSP	0100	0230	1.50	1606.0m	Stuck pipe at 1597m . No rotation 50k overpull. Install work single & attempt to work through 1597 to 1598m. Regain rotation . Drill NBS through 1597m. Work back through 1597m until torque reduced to 6500 ft/lbs. Continue to drill out rat hole to 1606m.
PH	P	D	0230	0300	0.50	1609.0m	Drill new 8 1/2 hole from 1606m to 1609m.
PH	P	CMD	0300	0330	0.50	1609.0m	Circulate and condition mud prior to LOT. 60% new formation in sample
PH	P	LOT	0330	0430	1.00	1609.0m	Perform LOT at 803m TVD. Leak of pressure 1000psi w/ 9.3ppg = EMW 16.4 ppg.
PH	P	D	0430	0530	1.00	1619.0m	Continue to drill 8 1/2 hole f/-1609 to 1619m.
PH	P	CMD	0530	0630	1.00	1619.0m	Circulate and condition mud .
PH	P	TO	0630	1000	3.50	1619.0m	Pooh f/- 1619m to surface. No hang-ups through float and shoe.
PH	P	HBHA	1000	1030	0.50	1619.0m	Break out bit, stabs and lay out.
PH	P	HBHA	1030	1400	3.50	1619.0m	M/up geo-pilot LWD/MWD assy.
PH	P	HBHA	1400	1430	0.50	1619.0m	Calibrate and test MWD Tools .OK.
PH	P	TI	1430	2230	8.00	1619.0m	Continue to RIH to 1575m. Tagged float collar. Attempt to work through. No go past 1575..
PH	P	SC	2230	2330	1.00	1619.0m	Slip and cut 100' drilling.
PH	P	SC	2330	2400	0.50	1619.0m	Sperry sun calibrate block height

Operations For Period 0000 Hrs to 0600 Hrs on 12 Aug 2006

Phse	Cls	Op	From	To	Hrs	Depth	Activity Description
PH		SC	0000	0030	0.50	1619.0m	Continue to calibrate block height sensor with sperry sun
PH		CMD	0030	0130	1.00	1619.0m	Attempt to set Geo Pilot to 'home' (zero deflection) setting unable to set. Change out down link choke size and set geo pilot at 'home' setting (zero deflection).
PH		RW	0130	0300	1.50	1619.0m	Wash down f/-1575 to 1619m as per sperry parameters. Tool past float and shoe with no hang ups.
PH		DM	0300	0600	3.00	1646.0m	(IN PROGRESS) Drill 8 1/2 hole f/-1619m to 1659m. Drill with 575gpm, 50rpm, WOB 10klbs. Drill with these parameters until Geo pilot tools are in open hole. ROP 12-15m/hr

General Comments

Comments	Rig Requirements
220 joints of 7" casing delivered on location.	

WBM Data			**Cost Today $ 467**		**Cumulative Cost $ 104361**
Mud Type:	KCl PHPA/Glycol	Viscosity: 53sec/qt	API FL Loss: 5.6cc	Cl 30000	Solids: 4.6
Depth:	1606.0m	PV: 12cp	Filter Cake: 1/32nd"	K+: 6%	H2O: 93%
Time:	04:00	YP: 21lb/100ft²	HTHP FL:	Hard/Ca: 220	Oil:
Weight:	9.30ppg	Gels 10s/10m: 5 / 9	HTHP Cake:	MBT: 5	Sand: 0.3
Temp:		Fann (3/6/100): 7 / 10 / 20		PM:	pH: 9.5
				PF: 0.25	PHPA: 0.50ppb
Comment					

WBM Data			**Cost Today**		**Cumulative Cost $ 104361**
Mud Type:	KCl/PHPA/Polymer	Viscosity: 52sec/qt	API FL Loss: 5.9cc	Cl 30000	Solids: 4.6
Depth:	1619.0m	PV: 14cp	Filter Cake: 1/32nd"	K+: 6%	H2O: 93%
Time:	22:00	YP: 21lb/100ft²	HTHP FL:	Hard/Ca: 240	Oil:
Weight:	9.25ppg	Gels 10s/10m: 6 / 9	HTHP Cake:	MBT: 5	Sand: 0.1
Temp:		Fann (3/6/100): 5 / 7 / 19		PM:	pH: 9.5
				PF: 0.2	PHPA: 0.50ppb
Comment					

Shakers, Volumes and Losses Data — Engineer: Manfred Olejniczak / J.V.Babu

Equipment	Description	Mesh Size
Centrifuge	DE 1000	
Centrifuge	DE 1000	
Shaker 1	Derrick	Pyramid-210/210/210/210
Shaker 1	Derrick	Pyramid-210/210/210/210
Shaker 2	Derrick	Pyramid-250/250/250
Shaker 2	Derrick	Pyramid-250/250/250

Available	**838.0bbl**
Active	347.0bbl
Mixing	
Hole	348.0bbl
Slug	
Reserve	143.0bbl
Kill	

Losses	**34.0bbl**
Downhole	
Surf. + Equip.	19.0bbl
Dumped	
De-Sander	
De-Silter	
Centrifuge	15.0bbl

Comment

Bit # 6				Wear	I	O1	D	L	B	G	O2	R
					1	1	WT	S	1	I	NO	PR
Size:	8.500in	IADC#:		Nozzles		Drilled over last 24 hrs			Calculated over Bit Run			
Mfr:	Hycalog	WOB (avg):	5.0klb	No.	Size	Progress:			Cum. Progress:			0.0m
Type:		RPM (avg):	50			On Bottom Time:			Cum. On Btm Time:			0.00h
Serial #:	RO3706	F.Rate:	500gpm			IADC Time:			Cum. IADC Time:			0.00h
Depth In:	1606.0m	SPP:	1400psi			Total Revs:			Cum. Total Revs:			0
Depth Out:	1606.0m	HSI:				ROP (avg):		N/A	Overall ROP (avg):			0.00 m/hr
Bit Model:	HP21G	TFA:	0.000									

Bit # 7				Wear	I	O1	D	L	B	G	O2	R
					0	1	RG	G	X	I	NO	BHA
Size:	8.500in	IADC#:	519	Nozzles		Drilled over last 24 hrs			Calculated over Bit Run			
Mfr:	HYCALOG	WOB (avg):	5.0klb	No.	Size	Progress:		13.0m	Cum. Progress:			13.0m
Type:	p	RPM (avg):	50	6	14/32nd"	On Bottom Time:		3.00h	Cum. On Btm Time:			3.00h
Serial #:	112295	F.Rate:	500gpm			IADC Time:		1.50h	Cum. IADC Time:			1.50h
Depth In:	1606.0m	SPP:	1400psi			Total Revs:			Cum. Total Revs:			0
Depth Out:	1609.0m	HSI:				ROP (avg):		4.33 m/hr	Overall ROP (avg):			4.33 m/hr
Bit Model:	RSX272	TFA:	0.902									

Bit # 8				Wear	I	O1	D	L	B	G	O2	R
Size:	8.500in	IADC#:	M422	Nozzles		Drilled over last 24 hrs			Calculated over Bit Run			
Mfr:	HYCALOG	WOB (avg):		No.	Size	Progress:			Cum. Progress:			0.0m
Type:	p	RPM (avg):				On Bottom Time:			Cum. On Btm Time:			0.00h
Serial #:	213186	F.Rate:				IADC Time:			Cum. IADC Time:			0.00h
Depth In:	1619.0m	SPP:				Total Revs:			Cum. Total Revs:			0
Depth Out:		HSI:				ROP (avg):		N/A	Overall ROP (avg):			0.00 m/hr
Bit Model:	RSX616M-B19	TFA:	0.000									

BHA # 6

Wt. Below Jars Dry:		Length:	208.9m	Torque (max):		DC (1) Ann Vel.:	408fpm
Weight Dry:		String Weight:	46000.0klb	Torque On Btm:		DC (2) Ann Vel.:	0fpm
Type:	Pendulum	Pick-Up Weight:	48000.0klb	Torque Off Btm:		HWDP Ann. Vel.:	236fpm
		Slack-Off Weight:	45000.0klb			DP Ann. Vel.:	236fpm

#	Equipment	Tool Description	Length	O.D.	I.D.	Serial #	Hours
1	Bit		0.26m	8.50in		RO3706	
2	Bit Sub		0.92m	6.50in	3.00in		
3	Drill Collar	6 X 6.5 DC	54.56m	6.50in	3.00in		
4	HWDP	9 X HWDP	86.05m	4.50in	2.75in		
5	Drilling Jars		9.95m	4.60in	3.00in	176020301	92.00h
6	HWDP	6 X HWDP	57.17m	4.50in	2.75in		

BHA # 7

Wt. Below Jars Dry:	30000.0klb	Length:	212.4m	Torque (max):	8500ft-lbs	DC (1) Ann Vel.:	408fpm
Weight Dry:	35300.0klb	String Weight:	75000.0klb	Torque On Btm:	7000ft-lbs	DC (2) Ann Vel.:	0fpm
Type:	Pendulum	Pick-Up Weight:	80000.0klb	Torque Off Btm:	6500ft-lbs	HWDP Ann. Vel.:	236fpm
		Slack-Off Weight:	70000.0klb			DP Ann. Vel.:	236fpm

#	Equipment	Tool Description	Length	O.D.	I.D.	Serial #	Hours
1	Bit		0.37m	8.50in	3.00in	112295	3.00h
2	Near Bit Stabiliser		1.82m		2.88in	47695	3.00h
3	X/O		0.45m	6.00in	2.88in	m1623	3.00h
4	6.5in DC		9.42m	6.50in	2.75in	32-2-5	36.80h
5	X/O		0.32m	6.00in	2.81in		3.00h
6	String Stabiliser		1.28m		3.00in	47584	3.00h
7	X/O		0.45m		3.00in		39.50h
8	6.5in DC		45.14m	6.50in	3.00in		39.50h
9	HWDP		86.05m	4.50in	2.81in		48.50h
10	Drilling Jars		9.95m		2.75in	176020301	95.00h
11	HWDP		57.17m	4.50in	2.81in		39.50h

BHA # 8

Wt. Below Jars Dry:	35860.0klb	Length:	184.6m	Torque (max):		DC (1) Ann Vel.:	0fpm
Weight Dry:	54529.0klb	String Weight:		Torque On Btm:		DC (2) Ann Vel.:	0fpm
Type:	Rotary Steerable	Pick-Up Weight:		Torque Off Btm:		HWDP Ann. Vel.:	0fpm
		Slack-Off Weight:				DP Ann. Vel.:	0fpm

#	Equipment	Tool Description	Length	O.D.	I.D.	Serial #	Hours
1	Bit		0.40m	8.50in		213186	4.00h
2	9600 Geo-Pilot		7.08m	8.50in	1.92in	GP850085	4.00h
3	Geo-Pilot NM Flex Joint w/-DM		2.81m	6.75in	1.92in	CP1004338	4.00h
4	6-3/4		8.49m	6.75in	1.92in	DM90108295	4.00h
6	Float Sub		0.63m	6.44in	2.75in	A225	4.00h
7	X/O		0.35m	6.25in	3.00in	M1623	43.50h
8	HWDP		86.05m	6.25in	2.81in		52.50h
9	Drilling Jars		9.95m	6.50in	2.75in	176020301	99.00h
10	HWDP		57.17m	6.25in	2.81in		43.50h

Survey

MD (m)	Incl. (deg)	Corr. AZ (deg)	TVD (m)	'V' Sect.	Dogleg (deg/100ft)	N/S (m)	E/W (m)	Departure	Deviation	Tool Type
1118.04	71.67	115.22	670.9	-369.18	3.65	-369.18	625.08	725.96	120.6	MWD
1233.87	71.80	114.62	707.2	-415.52	0.50	-415.52	724.83	835.49	119.8	MWD
1378.57	70.75	115.43	753.7	-473.49	0.90	-473.49	849.00	972.11	119.1	MWD
1522.57	71.02	117.07	800.8	-533.67	1.09	-533.67	971.03	1108.01	118.8	MWD
1606.00	71.07	117.05	827.9	-569.56	0.06	-569.56	1041.30	1186.89	118.7	MWD

Printed on 14 Aug 2006

Bulk Stocks

Name	Unit	In	Used	Adjust	Balance
Barite	sx	0	60	0	840.0
KCl	sx	304	0	0	-176.0
Salt	sx	0	0	0	0.0
Gel	sx	0	0	0	240.0
Potable Water	ltr	15800	7000	0	44,000.0
Rig Fuel	ltr	0	4100	0	38,300.0
Camp Fuel	ltr	0	350	0	4,350.0

Pumps

Pump Data - Last 24 Hrs							Slow Pump Data			
No.	Type	Liner (in)	SPM	Eff. (%)	Flow (gpm)	SPP (psi)	SPM	SPP (psi)	Depth (m)	MW (ppg)
1	National - 8P-80	5.50	120	97	250	1450			1619.0	9.50
2	National - 8P-80	5.50	120	97	250	1450			1619.0	9.50
3	National - 8P-80	5.50								
4	IDECO - T1000	6.00		97	312					9.50

HSE Summary

Events	Date of Last	Days Since	Description	Remarks
LTI/MTI incident free days	11 Aug 2006	0 Days	Incident free days 12/TRI 12 Days	Held 2 x pre tour safety meeting .Topics discussed .Tripping .Handling radio active sources.