

### DAILY GEOLOGICAL REPORT

DGR 17

<b>Date:</b>	11 <sup>th</sup> September 2008	<b>Licence / State:</b>	VIC/P44
<b>Report Period:</b>	06:00 – 06:00 Hours EST	<b>Rig:</b>	OCEAN PATRIOT
<b>Days From Spud:</b>	17	<b>RT - SEAFLOOR:</b>	87.8m
<b>Current Hole Size:</b>	311mm (12¼")	<b>WATER DEPTH</b>	67.0m MSL
		<b>RT:</b>	20.8m MSL
<b>Depth @ 06:00 Hrs EST:</b>	1747m MDRT	<b>PTD:</b>	2047m MDRT
	1610.3m TVDRT		
	-1589.5m SS MSL	<b>Spud Date:</b>	03:15 hrs 25 <sup>th</sup> August,08
<b>24 Hr Progress:</b>	187m		
<b>06:00 – 06:00 EST</b>			
<b>Current Operation:</b>	Drilling 311mm (12¼") directional hole in the Skull Creek Mudstone at 13 m/hr.		
<b>Nope Cost (Drill)\$</b>	<b>(C&amp;S)\$</b> 37.4 million	<b>Cost To Date:</b>	
	<b>(P&amp;A)\$</b>		

Casing Data	Hole Size	Depth	Casing Size	Wt:	Type	Shoe Depth	LOT
	914 mm (36")	131.7m	762mm (30")	461 kg/m (310 lb/ft)	Conductor	131.7m	n/a
	445mm (17.5")	657m	340mm (13.375mm)	101 kg/m (68 lb/ft)	L80 BTC	652m	2.21sg (18.4ppg)
	311mm (12.25")						

Mud Data	Type:	Wt:	Visc:	WL:	PH:	KCl:	Cl -:	PV/YP:	Rmf:
	KGlycol	11.0	58	3.8	8.5	9.0	58k	34/58	

Bit Data	No.	Make	Type	Size	Hours	Meters	Condition	
<b>Current</b>	5	Hughes	Mill	MXL-1X	311mm (12¼")	7.3	125	Drilling
<b>Previous</b>	4	Smith	PDC	MDI616	311mm (12¼")	-	-	0-0-CT-G-X-I-NO-HP
<b>Previous</b>	3	Hughes	Mill	MXL-1X	311mm (12¼")	33.3	903	4-3-ER-G-E-4-CT-BHA

Surveys	Type	MD (m)	Inclination	Azimuth (T)	TVD (m)	Offset (m)	Direction (T)
	MWD	1692.29	47.20	115.52	1568.41	391.52	120.04
	MWD	1720.65	49.49	115.31	1587.26	412.64	119.80

### OPERATIONS SUMMARY

#### Previous 24 hrs Operations Summary at 06:00 hrs EST

Conduct a rig service. Continue to run in hole with the 311mm (12¼") directional drilling assembly. Ream from 918m to 1560m. Drill 311mm (12¼") directional hole from 1560m to 1747m.

#### Anticipated Operations:

Drill ahead 311mm (12¼") directional hole to total depth at +/-1984m.

FORMATION	FORMATION TOPS					
	ACTUAL TOP		High / Low	High / Low	PROGNOSED TOP	
	(mMDRT)	(mSS MSL)	Prognosis (m)	Henry 1	(MDmRT)	(mSS MSL)
SEA LEVEL	20.8	0.0			20.8	0.0
HEYTSBURY GP	87.8	-67.0	1.0 High	0.5 High	88.8	-68.0
MEPUNGA FM	720.0	-699.2	0.2 Low	56.1 High	720.0	-699.0
DILWYN FM / WANGERRIP GP	848.0	-827.1	24.1 Low	24.4 High	824.0	-803.0
PEMBER MUDSTONE	1092.5	-1066.1	12.1 Low	31.4 High	1086.7	-1054.0
PEBBLE POINT FM	1132.5	-1101.1	22.1 Low	21.8 High	1113.6	-1079.0
MASSACRE SHALE	1207.0	-1168.3	33.3 Low	18.6 High	1173.9	-1135.0
TIMBOON FM	1222.0	-1181.4	36.4 Low	17.2 High	1184.7	-1145.0
PAARATTE FM	1443.0	-1361.5	28.5 Low	37.0 High	1389.4	-1333.0
SKULL CREEK MDST	1682.0	-1543.2	19.2 Low	97.8m High	1637.1	-1524.0
K85 UNCONFORMITY					1885.8	-1658.0
WAARRE A					1885.8	-1658.0
EUMERALLA FM					1935.8	-1683.0
TOTAL DEPTH					1977.0	-1703.6

**HYDROCARBON SHOW SUMMARY**

INTERVAL	LITHOLOGY & HYDROCARBON FLUORESCENCE	GAS

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

**GEOLOGICAL SUMMARY**

INTERVAL ROP (m/hr)	LITHOLOGY	GAS (Peak / BG) Composition
1560 – 1640m 4 – 60 m/hr Av: 21 m/hr	SILTSTONE WITH INTERBEDDED SANDSTONE <u>SANDSTONE</u> : off white to pale grey, clear to translucent, very fine to fine, medium to rare coarse in part, poorly sorted, sub-angular to sub-round, weak siliceous cement, rare off white argillaceous matrix, minor pyrite nodules, loose, poor inferred porosity, no fluorescence. <u>SILTSTONE</u> : pale brown, pale to medium brown grey, argillaceous in part, occasional glauconite grains and carbonaceous specks, very soft to dispersive, minor firm to moderately hard, amorphous, sub-blocky.	7 U 98/1/1
1640 – 1682m 7 – 84 m/hr Av: 32 m/hr	INTERBEDDED SANDSTONE AND SILTSTONE. <u>SANDSTONE</u> : off white, clear to translucent, fine to medium, well sorted, sub-angular to occasionally sub-round, moderately calcareous cement, common off white argillaceous matrix, occasional pyrite nodules, minor lithics, loose clean grains, friable, poor inferred and visual porosity, minor dull orange mineral fluorescence. <u>SILTSTONE</u> : light to occasionally medium brown, brown grey in part, common argillaceous, minor carbonaceous specks, very soft to dispersive, firm in part, amorphous, sub-blocky.	7 U 97/2/1
	<b>SKULL CREEK MUDSTONE 1682.0m MDRT 1564.0m MDRT (-1543.2m SS)</b>	

1682 – 1740m 5 – 34 m/hr Av: 14 m/hr	<u>SILTSTONE</u> : medium grey, dark grey, medium to dark brownish grey, argillaceous with clay component easily washed from samples, very finely arenaceous, trace very fine glauconite, soft to firm, dispersive, blocky.	12 U 88/12
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**REMARKS:**LWD Sensor Offsets from the Bit:

GR: 11.54m  
Resistivity: 11.49m  
D & I: 19.44m  
HeFar: 36.29m  
Density: 35.25m  
Sonic: 34.86m