

**DRILLING MORNING REPORT # 12**  
**Longtom 3**

21 Jul 2006

From: Simon Rodda/ Bryan Webb  
To: John Ah-Cann

Well Data							
Country	Australia	MDBRT	1545.0m	Cur. Hole Size	9.500in	AFE Cost	\$40,292,054
Field	Gippsland Basin	TVDBRT	1518.7m	Last Casing OD	16.000in	AFE No.	LSDED01/0
Drill Co.	DOGC	Progress	75.0m	Shoe TVDBRT	995.3m	Daily Cost	\$0
Rig	OCEAN PATRIOT	Days from spud	10.37	Shoe MDBRT	995.3m	Cum Cost	\$0
Wtr Dpth (LAT)	56.7m	Days on well	11.60	FIT/LOT:	/ 13.50ppg	Days Since Last LTI	1162
RT-ASL (LAT)	21.5m	Planned TD MD	5834.0m				
RT-ML	78.2m	Planned TD TVDRT	2458.0m				
Current Op @ 0600		Logging hole section @ 1430m MDRT.					
Planned Op		Log section 1430m MDRT to 1545m MDRT. Drill 9 1/2" pilot hole with RST drilling assembly from 1545m MDRT.					

**Summary of Period 0000 to 2400 Hrs**

Drilled from 1470m MDRT to 1545m MDRT with mud motor drilling assembly, slide and rotated as required to obtain required build ratios. Circulate hole clean and commenced trip out for RST BHA/PDC. 1545m MDRT to 1361m MDRT no drag observed, @1361m MDRT 50-60klbs drag observed, work x 4, obstruction not mobile, run back below to 1378m MDRT and back reamed stand clean. Commenced pulling from 1351m MDRT to surface, no hole problems observed. Lay down motor assembly. Ditch magnet 24hr recovery 600g/ total 2kg.

FORMATION	
Name	Top
300 Sand	
200 Sand	
100 Sand	
Emperor Volcanics	
TD	

**Operations For Period 0000 Hrs to 2400 Hrs on 21 Jul 2006**

Phse	Cls (RC)	Op	From	To	Hrs	Depth	Activity Description
IH	P	DM	0000	0900	9.00	1515.0m	Drill 9 1/2" pilot hole with mud motor in rotary from 1470m MDRT to 1515m MDRT. 575gpm/ 2500psi/ 60rpm/ 221rpm DH/ 18-20klbs WOB/ 3-4klbs tq. String wt 200klbs rotating/ 200klbs up/ 200klbs down. @1476.93m MDRT/ 1461.8m TVD/ 30.11deg incl/ 190.46 azimuth. @1481.34m MDRT/ 1465.6m TVD/ 30.35deg incl/ 190.37 azimuth.
IH	TP (RE)	DM	0900	1000	1.00	1515.0m	Washed saver sub due to severe wear on threads. Change out, work pipe several times during repair, no hole problems observed, well static.
IH	P	DM	1000	1600	6.00	1545.0m	Drill 9 1/2" pilot hole with mud motor in rotary from 1515m MDRT to 1545m MDRT. 600gpm/ 2800psi/ 60rpm/ 229rpm DH/ 18-45klbs WOB/ 3-5klbs tq. String wt 200klbs rotating/ 200klbs up/ 200klbs down. @1476.93m MDRT/ 1461.8m TVD/ 30.11deg incl/ 190.46 azimuth. @1507.95m MDRT/ 1488.30m TVD/ 32.61deg incl/ 185.04 azimuth. @1528.90m MDRT/ 1505.72m TVD/ 34.89deg incl/ 180.69 azimuth.
IH	P	CHC	1600	1830	2.50	1545.0m	Circulate hole clean @ 1545m MDRT, rack back stand after 1 x btms up, continue to circulate hole clean.
IH	P	TO	1830	1900	0.50	1545.0m	Flow check and commenced pulling out of hole from 1523m MDRT. 1523m MDRT to 1361m MDRT no drag observed. @1361m MDRT 50-60klbs drag observed, obstruction not mobile and following 4 attempts to work through the top drive was made up. Bit also stood up when stand run in hole to make up TDS. Unable to work though or roll over obstruction with out making up top drive.
IH	TP (HC)	RW	1900	1930	0.50	1545.0m	Establish drilling parameters and commence back reaming 1378m MDRT through 1351m MDRT, torque fluctuations of 3-11klbs while reaming section.
IH	P	TO	1930	2200	2.50	1545.0m	Flow checked and pulled out of hole from 1351m MDRT to BHA at surface 177m MDRT. No hole problems observed through this section or problem areas during previous tripping. Flow checked and pumped slug @995m MDRT 22" shoe.
IH	P	HBHA	2200	2230	0.50	1545.0m	Pulled out of hole with motor BHA.
IH	P	HBHA	2230	2300	0.50	1545.0m	Anadril download LWD.

Phse	Cls (RC)	Op	From	To	Hrs	Depth	Activity Description
IH	P	HBHA	2300	2400	1.00	1545.0m	Straighten motor and break off 9 1/2" bit. Lay out motor. Bit graded 2-2-WT-A-E-I-N-BHA.

**Operations For Period 0000 Hrs to 0600 Hrs on 22 Jul 2006**

Phse	Cls (RC)	Op	From	To	Hrs	Depth	Activity Description
IH	P	HBHA	0000	0230	2.50	1545.0m	Made up Power Drive Xceed rotary steerable assembly, install radio active source, shallow test ok. Run BHA from derrick to 182m MDRT
IH	P	TI	0230	0400	1.50	1545.0m	Ran in hole 9 1/2" RST BHA on 5" drill pipe to 22" shoe @995m MDRT.
IH	P	RS	0400	0430	0.50	1545.0m	Service travelling blocks and top drive.
IH	P	TI	0430	0530	1.00	1545.0m	Continued to run in hole from 22" shoe @995m MDRT to 1415m MDRT. No hole problems observed on trip in.
IH	P	LDPC	0530	0600	0.50	1545.0m	Filled drill string and established circulation. Commenced logging of 1420m MDRT to TD @1545m MDRT.

**Phase Data to 2400hrs, 21 Jul 2006**

Phase	Phase Hrs	Start On	Finish On	Cum Hrs	Cum Days	Max Depth
RIG MOVE/RIG-UP/PRESPUD(RM)	9.5	10 Jul 2006	10 Jul 2006	9.50	0.396	0.0m
ANCHORING(A)	19	10 Jul 2006	11 Jul 2006	28.50	1.188	0.0m
CONDUCTOR HOLE(CH)	5.5	11 Jul 2006	13 Jul 2006	34.00	1.417	111.8m
CONDUCTOR CASING(CC)	32	11 Jul 2006	13 Jul 2006	66.00	2.750	111.8m
SURFACE HOLE(SH)	51.5	13 Jul 2006	15 Jul 2006	117.50	4.896	1005.0m
SURFACE CASING(SC)	26.5	15 Jul 2006	16 Jul 2006	144.00	6.000	1005.0m
INTERMEDIATE HOLE(IH)	134.5	16 Jul 2006	21 Jul 2006	278.50	11.604	1545.0m

**WBM Data Cost Today \$ 15778**

Mud Type: Petrofree	API FL:	Cl:	Solids(%vol): 21%	Viscosity 67sec/qt
Sample-From: Active pit	Filter-Cake:	K+C*1000:	H2O: 17%	PV 36cp
Time: 2100hrs	HTHP-FL: 2.8cc/30min	Hard/Ca:	Oil(%): 62%	YP 27lb/100ft²
Weight: 12.10ppg	HTHP-cake: 2/32nd"	MBT:	Sand: 0.25	Gels 10s 22
Temp: 60C°		PM: 0.4	pH:	Gels 10m 40
		PF:	PHPA:	Fann 003 13
				Fann 006 14
				Fann 100 33
				Fann 200
Comment	Total product costs to date \$ 618,573.17			Fann 300 63
	Cummulative total \$ 644,073.17 (including engineer)			Fann 600 99

Bit # 5	Wear	I	O1	D	L	B	G	O2	R
	[2]25% WEAR	[2]25% WEAR	[WT]WORN TEETH / CUTTERS	[A]A - ALL AREAS / ROWS	[F]F - SEALS FAILED	[I]IN GAUGE	[NO]NO CHANGE CHARACTERISTICS	[O]O2	[R]R CHANGE BOTTOM HOLE ASSEMBLY
Bitwear Comments:									

Size ("):	IADC#	437	Nozzles	Drilled over last 24 hrs	Calculated over Bit Run
Mfr: HUGHES CHRISTENSEN	WOB(avg)	30.00klb	No. Size	Progress	75.0m
Type: Rock	RPM(avg)	60	3 24/32nd"	On Bottom Hrs	12.0h
Serial No.: 5102342	F.Rate	14.20bpm		IADC Drill Hrs	15.0h
Bit Model 9 1/2" MX 09	SPP	2800psi		Total Revs	307000
Depth In 1440.0m	HSI			ROP(avg)	6.25 m/hr
Depth Out 1545.0m	TFA	1.325			

Bit Comment

Bit # 4rr1	Wear	I	O1	D	L	B	G	O2	R
	[5]62.5% WEAR	[4]50% WEAR	[BT]BROKEN TEETH / CUTTERS	[A]A - ALL AREAS / ROWS	[X]FIXED CUTTER BITS	[I]IN GAUGE	[CT]CHIP TEETH CUTTERS	[P]P CHANGE BOTTOM HOLE ASSEMBLY	[R]R
Bitwear Comments:									

Size ("):	IADC#	M322	Nozzles	Drilled over last 24 hrs	Calculated over Bit Run
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Mfr:	REED HYCALOG	WOB(avg)	16.00klb	No.	Size	Progress	0.0m	Cum. Progress	836.0m
Type:	PDC	RPM(avg)	156	6	18/32nd"	On Bottom Hrs	0.0h	Cum. On Btm Hrs	16.2h
Serial No.:	212935	F.Rate	17.80bpm			IADC Drill Hrs	0.0h	Cum IADC Drill Hrs	27.0h
Bit Model	9 1/2" RSX616M-A4	SPP	3350psi			Total Revs	121000	Cum Total Revs	363000
Depth In	1022.0m	HSI				ROP(avg)	N/A	ROP(avg)	51.60 m/hr
Depth Out	1440.0m	TFA	1.49						
Bit Comment Pull out of hole due to Xceed's inability to build angle during kick off and build.									

<b>BHA # 6</b>									
Weight(Wet)	30.00klb	Length	177.6m	Torque(max)	6ft-lbs	D.C. (1) Ann Velocity			
Wt Below Jar(Wet)	14.00klb	String	202.00klb	Torque(Off.Btm)	1ft-lbs	D.C. (2) Ann Velocity			
Drilling Jar Hours	23	Pick-Up	205.00klb	Torque(On.Btm)	2ft-lbs	H.W.D.P. Ann Velocity			
		Slack-Off	205.00klb			D.P. Ann Velocity			

BHA Run Description Kick off assembly to build inclination to 36 deg before tripping to run RST assembly.

BHA Run Comment									
Equipment	Length	OD	ID	Serial #	Comment				
Bit	0.24m	9.500in		5102342	MX 09 IADC 437 TCIwith 3 x 24 jets A675XP with 1.5 bend and 9.125 stabilizer sleeve				
Down Hole Motor	7.70m	6.750in		3601					
Float Sub	0.48m	6.750in	2.875in	cmp1543	Float sub with float installed.				
Stab	2.06m	8.500in	2.875in	207A321	8 1/2" string 3 blade spiral stabilizer				
X/O	0.49m	6.875in	2.875in	3048					
Telescope x/o	8.03m	6.875in	2.875in	FA27					
X/O	0.49m	6.875in	2.875in	FA27					
5" Non-mag HWDP	9.09m	5.000in	2.875in	4449					
5in HWDP	27.47m	5.000in	3.000in						
Drilling Jars	9.68m	6.375in	2.750in	DAH03584					
5in HWDP	111.86m	5.000in	3.000in						

<b>BHA # 5</b>									
Weight(Wet)	40.00klb	Length	182.6m	Torque(max)	11ft-lbs	D.C. (1) Ann Velocity			
Wt Below Jar(Wet)	16.00klb	String	195.00klb	Torque(Off.Btm)	3ft-lbs	D.C. (2) Ann Velocity 615fpm			
Drilling Jar Hours	1	Pick-Up	195.00klb	Torque(On.Btm)	7ft-lbs	H.W.D.P. Ann Velocity 281fpm			
		Slack-Off	195.00klb			D.P. Ann Velocity 281fpm			

BHA Run Description Power drive Xceed steerable drilling assembly, Ecoscope.

BHA Run Comment									
Equipment	Length	OD	ID	Serial #	Comment				
Bit	0.22m	9.500in		212935	RSX616M-A2 Re-run 1				
Power drive Xceed	7.66m	9.188in		119					
Ecoscope	8.05m	9.375in		779					
Telescope x/o	8.52m	6.875in		FA27					
5" Non-mag HWDP	9.09m	6.625in	2.875in	4449					
5in HWDP	27.47m	5.000in	3.000in						
Drilling Jars	9.68m	6.375in	2.750in	DAH03584					
5in HWDP	111.86m	5.000in	3.000in						

<b>Bulk Stocks</b>						
Name	Unit	In	Used	Adjust	Balance	
Barite Bulk	MT	0	7.02	0	152.0	
Bentonite Bulk	MT	0	0	0	21.8	
Diesel	m3	0	16.2	0	445.9	
Fresh Water	m3	29	22.4	0	407.5	
Drill Water	m3	380	43	0	779.9	
Cement G	MT	79.49	0	0	143.8	

Bulk Stocks						
Name	Unit	In	Used	Adjust	Balance	
Cement HT (Silica)	MT	0	0	0	51.4	
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													
2	12P 160	6.000	12.15	97	70	2800	7.11	1515.0	30	360	3.00	40	430	4.00	50	520	5.00
3	12P 160	6.000	12.15	97	70	2800	7.11		30	320	3.00	40	410	4.00	50	520	5.00

Casing						
OD (in)	Csg Shoe MD (m)	Csg Shoe TVD (m)	Csg Landing Depth MD (m)	Csg Landing Depth TVD (m)	LOT/FIT (ppg)	
30 "	110.80	110.80	110.80	110.80	0.00	
16 "	995.32	995.32	995.32	995.32		

Personnel On Board		
Company	Pax	Comment
NEXUS	6	
DOGC	53	45 x DOGC 2x DOGC extra (, 1 x crane op, 1 x dogman) 6 x DOGC other (2 x painter, 3 x union hydraulic, 1 x crane cab man)
DOWELL SCHLUMBERGER	2	
FUGRO SURVEY LTD (ROV)	3	
SCHLUMBERGER ANADRIL	5	2 x MWD, 2 x DD, 1 x tainee MWD.
BAROID	2	
ESS	8	
GEOSERVICES OVERSEAS S.A.	6	
Q-Tech	1	
K & M	2	
Brandt	1	
WEATHERFORD AUSTRALIA PTY LTD	2	
	<b>Total</b>	<b>91</b>

HSE Summary					
Events	Date of last	Days Since	Descr.	Remarks	
Last BOP Test	17 Jul 2006				
Abandon Drill	15 Jul 2006	6 Days	Weekly abandon rig drill		
Fire Drill	15 Jul 2006	6 Days	Weekly fire drill		
JSA	21 Jul 2006	0 Days	Drillcrew 3, deckcrew 4, mechanic 3, subsea 0, Painters 0, welder 3, marine 1.		
Man Overboard Drill	20 Jun 2006	31 Days	Monthly man overboard drill		
Safety Meeting	16 Jul 2006	5 Days	Weekly crew safety meetings	0100/1300/1900hrs	
STOP Card	21 Jul 2006	0 Days	Safe 2 un-safe 1		
Trip / Kick Drill	21 Jul 2006	0 Days	Trip and pit drill	Held trip drills and pit drills. Trip drills 1 x 27sec's, 1 x 20secs, pit drill 1 x 1 1/2 minutes.	

Shakers, Volumes and Losses Data						
Available	2,806.6bbl	Losses	54.2bbl	Equip.	Descr.	Mesh Size
Active	473.9bbl	Down-hole	17.2bbl	Shaker1	VSM100	10/200/200/200/200
Hole	916bbl	Centrifuge	15bbl	Shaker2	VSM100	10/200/200/200/200
Reserve	1,027.7bbl	ROC	22bbl	Shaker3	VSM100	10/200/200/200/200
Slug	20bbl			Shaker4	VSM100	10/200/200/200/200

Shakers, Volumes and Losses Data		
Petrofree ester	369bbl	

Marine									
Weather on 21 Jul 2006							Rig Support		
Visibility	Wind Speed	Wind Dir.	Pressure	Air Temp.	Wave Height	Wave Dir.	Wave Period	Anchors	Tension (klb)
10.0nm	14kn	67.0deg	1034.0mbar	11C°	0.5m	67.0deg		1	174.0
Rig Dir.	Ris. Tension	VDL	Swell Height	Swell Dir.	Swell Period	Weather Comments		2	170.0
270.0deg	292.00klb	4640.00klb	1.5m	135.0deg	-1s			3	247.0
Comments								4	243.0
								5	287.0
								6	293.0
								7	236.0
								8	170.0

Vessel Name	Arrived (Date/Time)	Departed (Date/Time)	Status	Bulks				
Far Grip	1815hrs 21 July		Running standby	Item	Unit	Used	Trf. to Rig	Qty. Remaining
				Diesel	m3	10	0	599
				Fresh Water	m3	3	0	472
				Drill Water	m3	0	0	174
				Cement G	mt	0	35.3	0
				Cement HT (Silica)	mt	0	0	0
				Barite Bulk	mt	0	0	129
				Bentonite Bulk	mt	0	0	0
				Brine	m3	0	0	0
					bbls	0	0	1418
Pacific Wrangler			Standby	Item	Unit	Used	Trf. to Rig	Qty. Remaining
				Diesel	m3	7.8	0	535.3
				Fresh Water	m3	5	0	231
				Drill Water	m3	0	380	78
				Cement G	mt	0	44	0
				Cement HT (Silica)	mt	0	0	0
				Barite Bulk	mt	0	0	0
				Bentonite Bulk	mt	0	0	0
				Brine	m3	0	0	0
					m3		0	0

Helicopter Movement				
Flight #	Company	Arr/Dep. Time	Pax In/Out	Comment
1	BRISTOW HELICOPTERS AUSTRALIA PTY LTD	1020 / 1033	12 / 14	Re-fuel 0 litres Remaining 426 litres