

909397 001

**VICTORIA PETROLEUM NL /
KNIGHT INDUSTRIES PTY LTD**

KELLY - 1

WELL COMPLETION REPORT

PEP 161 VICTORIA

**PREPARED BY
I. B. CAMPBELL
CONSULTING GEOLOGIST**

**On Behalf of
Knight Industries Pty Ltd
677 Lynne Street
ALBURY NSW
February 2002**

TABLE OF CONTENTS

| | Page No. |
|---------------------------------------|----------|
| 1.0 SUMMARY | 1 |
| 2.0 WELL HISTORY | 2 |
| 2.1 General Data | 2 |
| Well Name and Number | 2 |
| Location | 2 |
| Elevations | 2 |
| Petroleum Tenement | 2 |
| Name of Operator | 2 |
| Other Participants | 2 |
| Date Drilling Commenced | 2 |
| Date Drilling Completed | 2 |
| Date Rig Released | 2 |
| Drilling Time to TD | 2 |
| Total Depth | 2 |
| Status | 2 |
| 2.2. Rig Data | 3 |
| 2.3 Drilling Data | 8 |
| 2.4 Logging and Testing | 8 |
| 3.0 GEOLOGY | 9 |
| 3.1 Reasons for Drilling | 9 |
| 3.2 Geologic Setting | 9 |
| 3.3 Stratigraphic Prognosis | 9 |
| 3.4 Well Stratigraphy | 11 |
| 3.5 Hydrocarbon Indications | 13 |
| 4.0 DISCUSSION AND CONCLUSIONS | 14 |
| 5.0 COMPLETION | 15 |

TABLE OF ATTACHMENTS**LIST OF FIGURES**

| | |
|----------|---------------------------|
| Figure 1 | Locality Map for Kelly-1 |
| Figure 2 | Drilling Time/Depth Curve |

LIST OF TABLES

| | |
|---------|----------------------------|
| Table 1 | Kelly-1 Geological Section |
|---------|----------------------------|

LIST OF APPENDICES

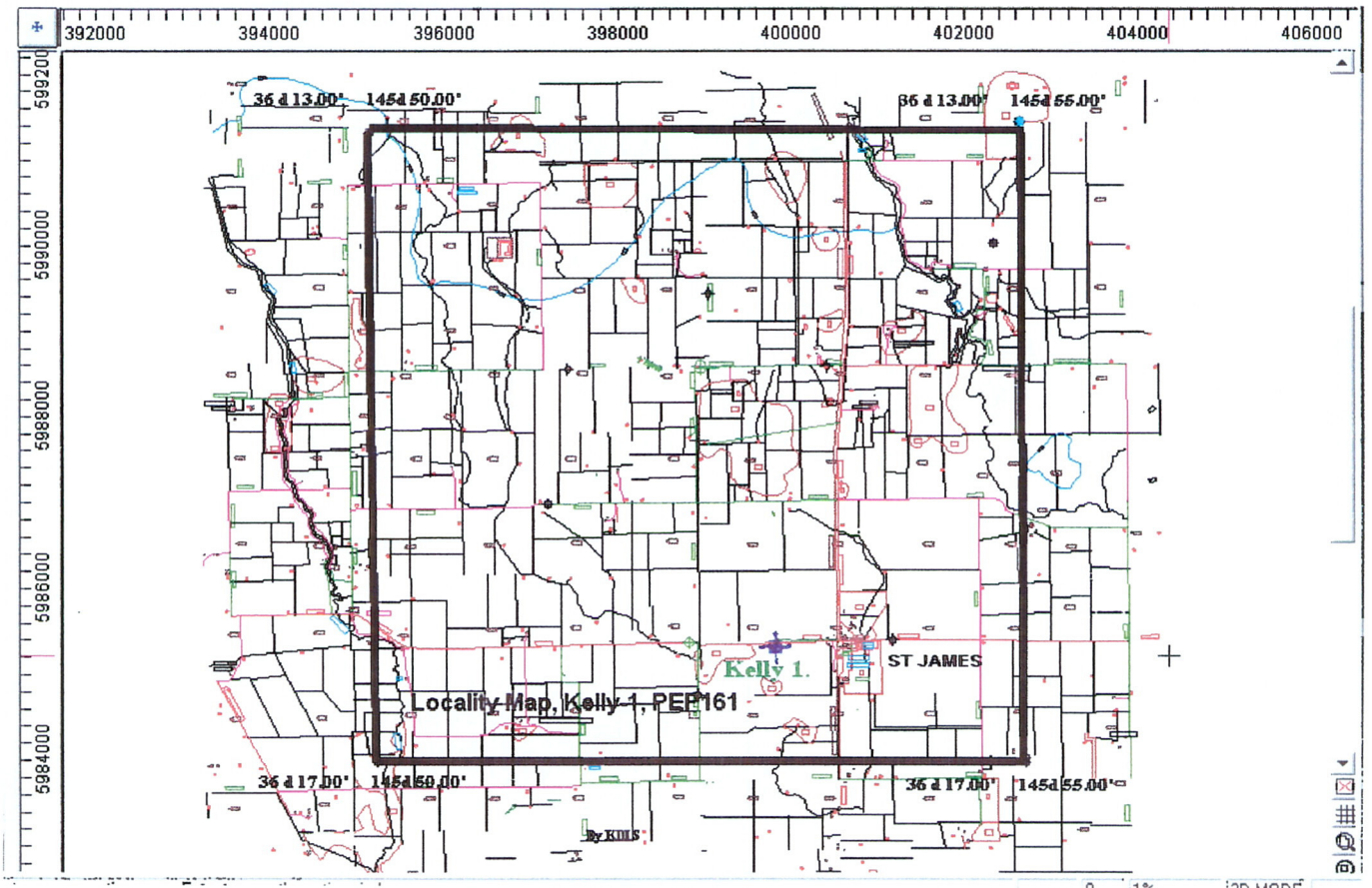
| | |
|------------|--------------------------------|
| Appendix 1 | Daily Drilling Reports |
| Appendix 2 | Bit Record/Deviation Surveys |
| Appendix 3 | P & A Programme |
| Appendix 4 | Cuttings and Core Descriptions |
| Appendix 5 | Core Analysis/Petrology |
| Appendix 6 | Gas Analysis |
| Appendix 7 | KDLS Technology Summary |

LIST OF ENCLOSURES (Pocket)

| | |
|-------------|----------------------------|
| Enclosure 1 | Kelly-1 Composite Well Log |
|-------------|----------------------------|



**KELLY-1
VIEW OF RIG FROM ST JAMES ROAD**



**KELLY-1 PEP 161
LOCALITY MAP**

FIGURE 1

2.0 WELL HISTORY

2.1 General Data

| | | |
|-------------------------|--|-------------------------|
| Well Name and Number | KELLY - 1 | |
| Location | Latitude : | 36° 16.36" S |
| | Longitude : | 145° 53.08" E |
| 5985217 | AMG co-ords: | 55H 3998235 |
| James area | Map ref: | Wangaratta SJ 5502 -St |
| Elevations | G.L. : | 135.5 m. A.S.L. |
| | K.B. : | 137 m. A.S.L. |
| Petroleum Tenement | PEP 161, Victoria | |
| Permit Holder | Knight Industries Pty Ltd | |
| Name of Operator | Victoria Petroleum NL / Knight Industries P / L. | |
| Other Participants | APS Oil Pty Ltd | 73% |
| | Knight Industries Pty Ltd | 20% |
| | Victoria Petroleum NL | 5% |
| | Sarmad Industries Pty Ltd | 1% |
| | Septet Pty Ltd | 1% |
| Date Drilling Commenced | 7 October, 2001 | |
| Date Drilling Completed | 3 November, 2001 | |
| Date Rig Released | 5 November, 2001 | |
| Drilling Time to T.D. | 21 days | |
| Total Depth | Driller : | 862.0 m. |
| | Logger : | 862.0 m. (extrapolated) |
| Status | Plugged and abandoned. | |

PLEASE NOTE
COORDS ARE

36° 16' 21.61"

145° 53' 04.84"

399823.5

5985217

EDDIE

2.2 Rig Data

2.2.1 Rig type

| | |
|------------------------------|--|
| Type: | UDR 3000 All hydraulic top head drive. |
| Design Specification: | AS 1250 (SAA Steel Structures Code). |
| Drill Mast: | Length: 17.6m. |
| Rod Pull Capacity : | 12.00m. |
| Drill Rod Stacking Capacity: | 5000m NQ. |
| Wind Loading Factor on Mast: | Designed for service wind (when drilling stops) of 20 m./sec. Designed to stand with rods stacked in mast for wind of up to 41 m./sec. (147 kph). |
| Cyclonic winds: | either have rod string in hole or drop mast. |
| Diesel Motor: | Detroit Diesel Series 60 6 cly. Turbo 400 hp @ 1800 rpm. |
| Main Hoist: | Mast top mounted. Single line pull 275 Kn maximum pull, 137 m. maximum speed. Fitted with cable – travel limiter device. Has provision for double – line pull to increase capacity. |
| Wireline Hoist: | Capacity: 2700m of 9 mm cable. 18.8 Kn full drum pull @ 395m / minute. |
| Rotation Head: | Top drive direct coupled. Two speed manual gear change. 68mm hollow spindle with 60 mm float. Air to oil type oil cooler. 5 – 1600 rpm speed range. Output torque: 10000 Nm @ 5 – 130 rpm. |

| | |
|-----------------------------|---|
| Hydraulics: | Fully automatic torque / speed control. Rexroth axial and radial piston pumps and motors used in three independent open circuits (Rotation – Water Cylinders) also 5 auxiliary circuits to power pumps and support equipment |
| 2.2.2 UDR 3000 Drill | |
| Head Traverse: | Hydraulic cylinder over ropes- Hydraulic head rack back. 7.32 m traverse. |
| Pull Down Capacity: | 100 Kn (22,500 lb/f). |
| Pull Out Capacity: | 245 Kn (55,000 lb/f). |
| Pipe Clamps: | 44.5mm -177.8mm rod clamp jaws hydraulically operated. |
| Rod Break Out: | UDR pre-torque make-up break out tool, hydraulically operated including Chuck-jaws and slips for 4.5" Pipe down to BQ size. |
| Swivel: | Longyear 40K. Drillstar Series 60. |
| Water Pumps: | Two FMC L -1122 HV hydraulically operated triplex pumps rated to max 70 gpm. Max. psi 2000. |
| Sub Structure: | Rig mounted on tri-axle low-boy trailer with four hydraulic self-level rig jacks. Overall Dimensions: 17.6m long x 3.1 m wide x 4.4m height (mast folded). Gross weight 42 tonnes. |
| Data Recording Equipment: | On board computer data acquisition system with digital Read-out for following functions: Penetration rate, Pump S.P.M. Pipe R.P .M. Pull Down, Hold-back Wireline cable travel, Pipe Torque Wireline hook-load. |
| Safety Features | Safe "T "Spin pipe spinner Safety Cage and rod whip guards Fire Suppression Unit Emergency Engine Stops (3). Geronimo personnel escape device |

M.A.N. 8 x 8 Prime -Mover
 Mercedes-Benz 6 x 4 Tray top truck.
 Hino 4 x 4 Tray-Top Utility Truck fitted with Hiab
 crane.

2.2.3 Support Equipment

Rig Power Supply
 1 x Lister TS-3 diesel / 12Kva Stanford 240v
 Alternator skid-base mounted.
 1 x 3 cly. Lister SDMO Silenced-13Kva 240v
 Alternator generator.
 1 x Lister TS-1 diesel / 7 Kva 240v back-up
 generator skid-base mounted.

Lighting:
 4 x 1500 watt Metal Halide flood lights, all
 independently mounted.
 6 x 36 watt + 1 x 18 watt Portable Burn Brite 240v
 Class 1 Zone 1 type fitted to rig.

Welder:
 Lincoln 240 amp diesel powered portable welder.
 1 x Electric Tradesman portable welder

 1 x Oxy / Acetylene gas welding / cutting set.

2.2.4 Well Control Equipment

Blow Out Preventor Stack: 7 1/16 3000 psi Regan Torus Annular Preventor.

 7 1/16 3000 psi Duke'Double rams.
 3000 psi WP Mud-Cross.
 Cameron Wellhead type "F" 7 1/16 3000psi.
 2 1/16 x 3000 psi HCR Valve.
 7 1/16 x 3000 psi Tubing Spool
 7 1/16 x 3000 psi Wellhead.

Accumulator: A.D. Oilfield Specialties 3 station 30 gal.

 Closing unit.

Kill Manifold: 3" x 3000 psi with 3" Ball Valves.

Choke Manifold: Oteco 7 x Valve unit.
 Adjustable choke 5000 psi.

M.A.N. 8 x 8 Prime -Mover
Mercedes-Benz 6 x 4 Tray top truck.
Hino 4 x 4 Tray-Top Utility Truck fitted with Hiab crane.

2.2.3 Support Equipment

Rig Power Supply
1 x Lister TS-3 diesel / 12Kva Stanford 240v Alternator skid-base mounted.
1 x 3 cly. Lister SDMO Silenced-13Kva 240v Alternator generator.
1 x Lister TS-1 diesel / 7 Kva 240v back-up generator skid-base mounted.

Lighting:
4 x 1500 watt Metal Halide flood lights, all independently mounted.
6 x 36 watt + 1 x 18 watt Portable Burn Brite 240v Class 1 Zone 1 type fitted to rig.

Welder:
Lincoln 240 amp diesel powered portable welder.
1 x Electric Tradesman portable welder
1 x Oxy / Acetylene gas welding / cutting set.

2.2.4 Well Control Equipment

Blow Out Preventor Stack: 7 1/16 3000 psi Regan Torus Annular Preventor.
7 1/16 3000 psi Duke'Double rams.
3000 psi WP Mud-Cross.
Cameron Wellhead type "F" 7 1/16 3000psi.
2 1/16 x 3000 psi HCR Valve.
7 1/16 x 3000 psi Tubing Spool
7 1/16 x 3000 psi Wellhead.

Accumulator: A.D. Oilfield Specialties 3 station 30 gal.
Closing unit.

Kill Manifold: 3" x 3000 psi with 3" Ball Valves.

Choke Manifold: Oteco 7 x Valve unit.
Adjustable choke 5000 psi.

Fixed choke 5000 psi.
Cameron 3000 psi NPT pressure gauge.

Degasser: Poor-Boy gas buster .

Kelly Valve Upper: Hydrill-10,000 psi WP unit.

Kelly Valve Lower: T.I.W; 10,000 psi WP.

Drill pipe Safety Valve: Packard 5000 psi WP unit.

Wireline Oil Saver: Guiberson Type H3000 psi WP hydraulic unit
with remote pump
Guiberson Type C releasing attachment.
Guiberson Type G Wireline B O P.

2.2.5 Mud System

Mud circulation pump: G. D. 5 X 8 Duplex Pump (or equivalent, subject
To availability Back -up via FMC Pumps on rig)

Diamond coring pumps: 2 x FMC L1122 Triplex units on rig.

Mud Tanks: 1 x 2000 litre trip tank.
2 x 2500 litre mixing tanks.

Kill Pump FMC M-10812 AB Powered by Lister TX3
Diesel Motor
Max. discharge pressure 2520 p.s.i.

Mixing Pumps: 2 x 2" Centrifugal hydraulically powered units.

Transfer Pumps: 1 x 3" Trash Pump diesel powered.
1 x 2" Trash Pump Hyd. Powered.

Solids Control System: 1 x 5" cone desander.

Cementing Pump: Mission plunger pump.

Cellar Pump: Submersible trash pump hyd. Powered + back-up
unit.

2.2.6 Water Supply Equipment

Air Compressor:

CE model EM 90

800 metres x 40 mm polypipe and couplings.

2.2.7 Down Hole Equipment

Rotary Drill Pipe:

4.5" API spec. Rotary drill pipe.

6.125" Spiral stabilizers.

5.5" HD Drill Collars.

Casing:

7" VAM - L 80 pipe.

90 x 3 metres PW Casing

Diamond Drill Pipe:

360 x 3 metres HWT drill rods.

360 x 3 metres HMQ drill rods.

450 x 3 metres NRQ drill rods.

Core Barrel Assemblies:

3.00m + 6m PQ core barrels, 3 m + 9m HQ core barrels.

7", 5.5" and 4.5" PF casing float shoes.

7", 5" and PF Displacement plugs.

7", 5" and PF Van Ruth type plugs.

Pipe Handling Equipment:

40kg hoist plug + adapter subs for each size of drill pipe.

Type T safety Clamp for 3.5 - 4.5" pipe.

Type C Safety Clamp for 7 - 105/8" pipe.

5.5" + 4.5" hook and clamshells.

Drill Bits:

8.25", 6.25", 6.125", 6", 5.5, 5.25", 4.875" Tricone bits PQWL, PQ-3, HQ, HQ-3, Coring bits.

Pipe Recovery Equipment:

PW, PQ, HMQ, Internal fishing taps. PW, PQ, HMQ Itco + Metzke Engineering internal grapple-type spears. PW, PQ,

Casing cutters.

Down-Hole Survey Equipment:

Eastman Single-Shot camera unit with 0 - 90° and 0 - 10° Angle units.

Sperry-Sun Pluto bore hole navigation computer software.

2.2.8 Communications

Optus Mobile-Satellite Telephone and Fax unit.

Telstra Mobile Phone
 Codan SSB 2 way radio fitted with R.F.D.S.
 Frequencies.

2.3 Drilling Data

2.3.1 Daily Drilling Reports

The daily operations summary for Kelly-1 are given in the Daily Drilling Reports in Appendix 1. Onsite drilling supervision for Knight Industries was provided by I. Johnstone, Drillassist Pty Ltd.. Further details are given in the time/depth curve (Fig. 2) and deviation surveys and bit records (Appendix 2).

2.3.2 *Water Supply* : Water was obtained from the town water supply from St. James township.

2.3.3 *Plugging and Cementing*: Refer to Appendix 3 :

| | |
|--------|---------------|
| Plug 1 | 590 - 622 m |
| Plug 2 | 193 - 223 m |
| Plug 3 | Surface - 30m |

2.4 Logging and Testing

2.4.1 *Wellsite Geologists*: R L Williams (Surface to 230 m); I B Campbell (230 m to T.D.)

2.4.2 *Mudlogging* : Mudlogging services were provided by D. Sisley. Cuttings gas was monitored from surface casing shoe to total depth using a hot-wire gas detector and a gas chromatograph.

2.4.3 *Ditch Cutting Samples* : Cuttings were collected at 10 m. intervals from surface to 214 m.

2.4.4 *Coring* : Continuous coring from 214 m to 862 m Recovery 95%-100%

2.4.5 *Wireline Logs* : The suite of logs run at T.D. by Geoscience Wireline were:

| <u>Log Suite</u> | <u>Depth</u> |
|-----------------------------|---------------|
| Gamma / Neutron / Neutron | TD to surface |
| Gamma / Density / Res / Cal | TD to surface |
| Sonic | TD to surface |

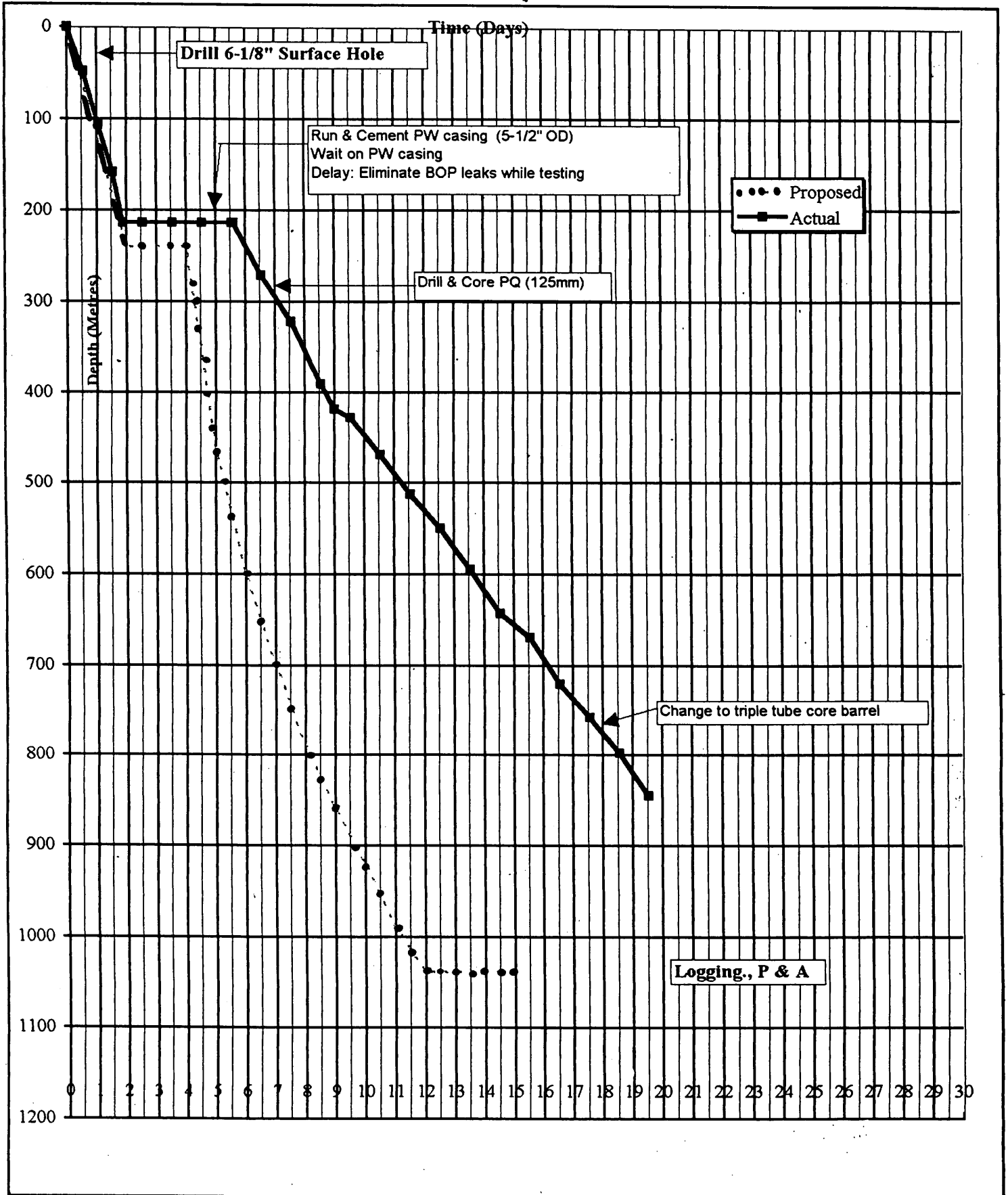


FIGURE 2
Drilling time/depth curve

APPENDIX 1

DAILY DRILLING REPORTS

| | | | | | | | | | | | | | |
|-------------------------|--|-----------|--|------------------------|--|------------|--|----------------|--|---------------|--|-------------------|--|
| Prospect | | WELL NAME | | AFE NO | | REPORT NO | | DAYS FROM SPUD | | DAYS VS. PLAN | | DATE | |
| ST JAMES SECTION PEP161 | | KELLY1 | | AFE-001 | | 1 | | | | | | OCTOBER 8,2001 | |
| PRESENT OPERATION | | | | | | DEPTH | | AFE TD | | PROGRESS | | PLUG BACK | |
| Mixing mud. | | | | | | 48 MT. | | 1,039 MT. | | 48.0 MT. | | | |
| LAST CASING | | FIT (ppg) | | CONTRACTOR - RIG | | DAILY COST | | CUMM COST | | AFE AMOUNT | | RIG SUPERVISOR(S) | |
| 7.0" | | 11.2 | | Drillcorp UDR 3000 rig | | A\$ | | A\$ | | A\$ 555.000 | | Ian Johnstone | |

DRILLING BITS, PARAMETERS

| BIT NO. | SIZE | MFR | TYPE | k. | DEPTH IN | Metres | HOURS | AV ROP (m/hr) | NOZZLE(S) | RPM WOB | CPF (\$ US) | TEETH | | | | REMARKS | | | | | | | |
|---------|--------|--------|------|----|----------|--------|-------|---------------|-----------|---------|-------------|-------|---|---|---|---------|---|---|---|---|--|--|--|
| | | SER NO | IADC | | | | | | | | | | I | O | D | L | B | G | O | R | | | |
| 1 | 6-1/8" | HTC | GT-1 | | 11.20 | 36.8 | 8.5 | 4.3 | Open | 60 | | | | | | | | | | | | | |
| | | | | | | | | | | 5000 | | | | | | | | | | | | | |

MUD PROPERTIES, MATERIALS ADDED, COSTS

| MUD WT (ppg) | RHEOLOGY | | | | WATER LOSS | | | MUD CHECK | | | | MUD TYPE | MUD COST | | | | |
|-------------------|----------|-----------|----|------|------------|------|------|----------------|-------|--------|----------|------------|----------|---------|-----|-----------|----|
| | VIS | PV | YP | GELS | API | CAKE | HTHP | TIME | DEPTH | SOURCE | FL DEG F | | DAILY \$ | CUMM \$ | | | |
| 8.4 | 40 | | | | | | | | | 36.0 | PITS | | spud | A\$ | A\$ | | |
| VOLUME ANALYSIS % | | | | | | | | DISSOLVED IONS | | | | ALKALINITY | | | | MBT (ppb) | |
| OIL | EX LIME | OIL/WATER | | LGS | HGS | SAND | | Ca++ | Cl- | ES | SALT WT% | NO3- | SO3- | pH | PM | | Pf |

HYDRAULICS

| BIT NO | SPM | | | | LINER | FLOW (gpm) | PRESS (psi) | A VEL | | | C VEL | | | JET VEL | LOSSES AT BIT | | IMPACT FORCE | HSI | SPR DATA | | |
|--------|-----|---|---|---|-------------|------------|-------------|-------|----|----|-------|----|----|---------|---------------|-----|--------------|-----|----------|----|-----|
| | 1 | 2 | 3 | 4 | | | | DP | DC | DC | DP | DC | DC | | (psi) | (%) | | | 40 | 80 | 100 |
| 1 | 40 | | | | 7-1/4" X 10 | 526 | 50 | | | | | | | | | | | | | | |

DRILLING INFORMATION

| STRING WEIGHT (K) | | | TORQUE | | | GAS (units) | | | | ROP's (ft/hr) | | |
|----------------------|------|----------|--------|---------|-----|-------------|------|-----|-------|---------------|-----|-----|
| UP | DOWN | ROTATING | ON BTM | OFF BTM | BGG | CONN | TRIP | MAX | DEPTH | MAX | MIN | AVG |
| Formation - Cuttings | | | | | | | | | | | | |

Date 2001

OPERATIONS SEQUENCE

| TIME | TO | HRS | |
|-------|-------|------|---|
| 17.30 | 20.30 | 3.00 | Drilled 6-1/8" surface hole from bottom of conductor @ 11.2m. To 24.0m. |
| 20.30 | 23.30 | 3.00 | Repairs to rig pumps |
| 23.30 | 04.30 | 5.00 | Drilled 6-1/8" surface hole from 24.0m. To 36.0m. (Lost 50% returns @ 36m.) |
| 04.30 | 06.00 | 1.50 | Wait on water & mix mud (pits empty) |
| 06.00 | 06.30 | 0.50 | Drill to 48m. @ 0630 hrs 8/10/01 |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | 13.0 | |

909397 024

| DESCRIPTION | | OD (in) | ID (in) | LENGTH (m) |
|----------------------|--|---------|--------------|------------|
| BIT #1 HTC GT1 | | 6.125 | | 0.18 |
| x/over | | | | 0.18 |
| Stabiliser | | | | 1.00 |
| X/over | | | | 0.16 |
| 2 x 5" drill collars | | | | 11.90 |
| X/over | | | | 0.15 |
| Stabiliser | | | | 1.00 |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| BHA | | HRS. | TOTAL LENGTH | 14.57 |
| Jars | | HRS. | SERIAL # | |

| DEPTH | DEVIATION | AZIMUTH | TVD | V SEC | DLS |
|-------|-----------|---------|-----|-------|-----|
| | | | | | |
| | | | | | |
| | | | | | |

PERSONNEL ON LOCATION

| COMPANY | NO. | COMPANY | NO. |
|-------------------|-----|---------------|-----|
| DRILLCORP | 7 | | |
| KNIGHT INDUSTRIES | 1 | | |
| GEOLOG AUST | | | |
| GEOLOG USA | 1 | | |
| WELL ENGINEER | 1 | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | TOTAL ON LOC. | 10 |

LAST DRILLS

| | |
|-----------|--|
| PIT LEVEL | |
| BOP TEST | |
| HYD SULF | |
| FIRE | |
| SAFETY | |
| BOP DRILL | |

WEATHER

| | |
|-------------|--------|
| VISIBILITY | CLEAR |
| RAIN | N/A NO |
| TEMP - 6 AM | |
| TEMP - NOON | |
| WIND | |

FUEL (LITRES) WATER

| | |
|-----------------|-------|
| CAMP WATER REC. | |
| DIESEL RIG | 3.000 |
| DIESEL USED | |
| DIESEL RECEIVED | |
| CAMP DIESEL | |
| CAMP USED | |

DRILL PIPE - DC ON LOCATION

| SIZE | JTS | SIZE | JTS |
|------|-----|------|-----|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

LAST CASING

| CASING SIZE | TOTAL JTS | LENGTH | WEIGHT | GRADE | THREAD | RANGE | SHOE AT | FLOAT AT | MSC AT |
|-------------|-----------|--------|--------|-------|--------|-------|----------------|----------|--------|
| 7" | 1 | 11.2 | 23 | K-55 | STC | 3 | 11.2 | n/a | |
| REMARKS: | | | | | | | TOP OF CEMENT | SURFACE | |
| | | | | | | | PLUG BUMPED TO | | |

DAILY COST BREAKDOWN

| ITEM | Today's | CUM | ITEM | Today's | CUM | ITEM | Today's | CUM |
|------------------------------|---------|-----|------------------------------|---------|-----|-----------------------------|---------|-----|
| Land Owner ompensation | | | Intermediate Casing | | | Contract Labour Power tongs | | |
| Well Report | | | Core Trays | | | | | |
| Work over prep-cost | | | Liner (4.50") \$12.53/ft | | | Directional Drilling | | |
| Site Construction | | | Casing Preparation | | | Rig Supervisor | | |
| Conductor | | | Casing Services At Rig | | | Open Hole Logging | | |
| Site Maintenance (SUMP WORK) | | | 2 7/8" Production Tubing | | | CBL-VDL-Perforating | | |
| Mobilisation | | | Tubing Preparation | | | Welder | | |
| Demobilisation | | | Tubing Running Services | | | Solids Control Equipment | | |
| Water Hauling | | | Down Hole Completion Eqpt | | | Rental Equipment | | |
| Waste Disposal ZALCO LABS | | | Wellhead | | | Lost and Damaged Equipment | | |
| Transport | | | Wellhead - Completion | | | Camp | | |
| Cranes | | | Surface Cement and Additives | | | Timewriting | | |
| Rig Day Rate | | | Intermed. Cement & Additives | | | Pacific Inspection | | |
| Rig Move Rate | | | Surface Cement and Additives | | | Communications | | |
| Mud | | | Floating equip. | | | Stabalizers | | |
| Completion Fluids | | | Trucking liquid mud | | | Baker Hughes: Fishing | | |
| Bits -BIT # 1 | | | Geologists | | | | | |
| Fuel GAL @ \$. | | | Mud Logging | | | | | |
| Surface Casing | | | Mud Engineer | | | | | |
| | | | | | | DRILL WATER | | |

Total

REMARKS

| | | | | | |
|-------------------|----------------------------|-------------|----------------|-----------|---|
| General Comments: | Contractor Representative: | KEVIN DAVIS | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| WELL NAME | KELLY1 | DATE | OCTOBER 8.2001 | REPORT NO | 1 |

| | | | | | | | | | | | | |
|---------------------------------|--|-----------|------------------------|---------|------------|----------------|------------|---------------|-------------|-----------------|-------------------|-----------|
| Prospect | | WELL NAME | | AFE NO | REPORT NO | DAYS FROM SPUD | | DAYS VS. PLAN | | DATE | | |
| ST JAMES SECTION PEP161 | | KELLY1 | | AFE-001 | 3 | 2 | | | | OCTOBER 10,2001 | | |
| PRESENT OPERATION | | | | | | DEPTH | | AFE TD | | PROGRESS | | PLUG BACK |
| Preparing to run surface casing | | | | | | 213 MT. | | 1,039 MT. | | 55.1 MT. | | |
| LAST CASING | | FIT (ppg) | CONTRACTOR - RIG | | DAILY COST | | CUMM COST | | AFE AMOUNT | | RIG SUPERVISOR(S) | |
| 7.0" | | 11.2 | Drillcorp UDR 3000 rig | | A\$ 573 | | A\$ 46,084 | | A\$ 555,000 | | Ian Johnstone | |

DRILLING BITS, PARAMETERS

| BIT NO. | SIZE | MFR | TYPE | DEPTH IN | Metres | HOURS | AV ROP (m/hr) | NOZZLE(S) | RPM WOB | CPF (\$ US) | TEETH | | | | | REMARKS | | |
|---------|--------|--------|--------|----------|--------|-------|---------------|-----------|-------------|-------------|-------|---|----|---|---|---------|----|-----|
| | | SER NO | IADC | | | | | | | | I | O | D | L | B | G | O | R |
| 2 | 6-1/8" | Reed | EHP51H | 122.0 | 91.4 | 14.0 | 6.5 | Open | 60 18000 | | 1 | 1 | no | A | E | I | no | CSG |

MUD PROPERTIES, MATERIALS ADDED, COSTS

| MUD WT (ppg) | RHEOLOGY | | | | WATER LOSS | | | MUD CHECK | | | | MUD TYPE | MUD COST | | |
|-------------------|----------|-----------|-----|------|------------|----------------|------|-----------|----------|--------|----------|------------|----------|-----------|-----------|
| | VIS | PV | YP | GELS | API | CAKE | HTHP | TIME | DEPTH | SOURCE | FL DEG F | | DAILY \$ | CUMM \$ | |
| 9.1 | 37 | | | | | | | | 213.0 | PITS | | spud | A\$ 23 | A\$ 1,687 | |
| VOLUME ANALYSIS % | | | | | | DISSOLVED IONS | | | | | | ALKALINITY | | | MBT (ppb) |
| OIL | EX LIME | OIL/WATER | LGS | HGS | SAND | Ca++ | Cl- | ES | SALT WTX | NO3- | SO3- | pH | PM | PF | |

HYDRAULICS

| BIT NO | SPM | | | | LINER | FLOW (gpm) | PRESS (psi) | A VEL | | | C VEL | | | JET VEL | LOSSES AT BIT | | IMPACT FORCE | HSI | SPR DATA | | | | | |
|--------|-----|---|---|---|-------------|------------|-------------|-------|----|----|-------|----|----|---------|---------------|-----|--------------|-----|----------|----|-----|--|--|--|
| | 1 | 2 | 3 | 4 | | | | DP | DC | DC | DP | DC | DC | | (psi) | (%) | | | 40 | 80 | 100 | | | |
| 2 | ? | | | | 2-3/4" x 3" | +/-100 | 0 | | | | | | | 0 | | | 0 | | | | | | | |

DRILLING INFORMATION

| STRING WEIGHT (lb) | | | TORQUE | | | GAS (units) | | | | ROP's (f/hr) | | |
|----------------------|--------|-------------------------|--------|---------|-----|-------------|------|-----|-------|--------------|-----|-----|
| UP | DOWN | ROTATING | ON BTM | OFF BTM | BGG | CONN | TRIP | MAX | DEPTH | MAX | MIN | AVG |
| 19,096 | 19,096 | | | | | | | | | | | |
| Formation - Cuttings | | Hard black sandy shale. | | | | | | | | | | |

Date 2001

OPERATIONS SEQUENCE

| TIME | TO | HRS | |
|------|------|------|---|
| 0630 | 1430 | 8.00 | Drill 6-1/8" surface hole from 158.0 to 213.1 m. |
| 1430 | 1500 | 0.50 | Circulate bottoms up |
| 1500 | 1530 | 0.50 | Run survey @ 212m. |
| 1530 | 1600 | 0.50 | 60 m. wiper trip |
| 1600 | 1630 | 0.50 | Circulate out 6" fill on bottom after wiper trip. |
| 1630 | 1830 | 2.00 | POH laying down drill pipe |
| 1830 | 1930 | 1.00 | Prepare and clean threads on 5-1/2" casing. |
| 1930 | 2100 | 1.50 | Run in hole with 26 joints PW casing. |
| 2100 | 2200 | 1.00 | Remainder of casing has different threads. Wait on instructions |
| 2200 | 2300 | 1.0 | Attach crossover & ran PW casing to bottom on HWT casing |
| 2300 | 0630 | 7.5 | Cirulate casing while waiting on extra casing. |
| | | | (Truck dispatched to Adelaide to pick up more casing) |
| | | | |
| | | | |
| | | | |
| | | 24.0 | |

| DESCRIPTION | OD (in) | ID (in) | LENGTH (m) |
|----------------------|---------|--------------|------------|
| BIT #1 HTC GT1 | 6.125 | | 0.18 |
| X/over | | | 0.18 |
| Stabiliser | | | 1.00 |
| X/over | | | 0.16 |
| 2 x 5" drill collars | | | 11.90 |
| X/over | | | 0.15 |
| Stabiliser | | | 1.00 |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| BHA | HRS. | TOTAL LENGTH | 14.57 |
| Jars | HRS. | SERIAL # | |

| DEPTH | DEVIATION | AZIMUTH | TVD | V SEC | DLS |
|-------|-----------|---------|-----|-------|-----|
| 80 | 0.50 | n/a | | | |
| 122 | 0.50 | n/a | | | |
| 212 | 7.50 | n/a | | | |

PERSONNEL ON LOCATION

| COMPANY | NO. | COMPANY | NO. |
|-------------------|-----|---------|-----|
| DRILLCORP | 7 | | |
| KNIGHT INDUSTRIES | 1 | | |
| GEOLOG AUST | | | |
| GEOLOG USA | 1 | | |
| WELL ENGINEER | 1 | | |
| MUD ENGINEER | 1 | | |
| | | | |
| | | | |
| | | | |
| | | | |
| TOTAL ON LOC. | | | 11 |

LAST DRILLS

| | |
|-----------|--|
| PIT LEVEL | |
| BOP TEST | |
| HYD SULF | |
| FIRE | |
| SAFETY | |
| BOP DRILL | |

WEATHER

| | |
|-------------|-------|
| VISIBILITY | CLEAR |
| RAIN | No |
| TEMP - 6 AM | 5 |
| TEMP - NOON | 16 |
| WIND | low |

FUEL (LITRES) WATER

| | |
|-----------------|-------|
| CAMP WATER REC. | |
| DIESEL RIG | 1.800 |
| DIESEL USED | |
| DIESEL RECEIVED | |
| CAMP DIESEL | |
| CAMP USED | |

DRILL PIPE - DC ON LOCATION

| SIZE | JTS | SIZE | JTS |
|------|-----|------|-----|
| | | | |
| | | | |
| | | | |
| | | | |

LAST CASING

| CASING SIZE | TOTAL JTS | LENGTH | WEIGHT | GRADE | THREAD | RANGE | SHOE AT | FLOAT AT | MSC AT |
|-------------|-----------|--------|--------|-------|--------|-------|----------------|----------|--------|
| 7" | 1 | 11.2 | 23 | K-55 | STC | 3 | 11.2 | n/a | |
| REMARKS: | | | | | | | TOP OF CEMENT | SURFACE | |
| | | | | | | | PLUG BUMPED TO | | |

DAILY COST BREAKDOWN

| ITEM | Today's | CUM | ITEM | Today's | CUM | ITEM | Today's | CUM |
|------------------------------|---------|-------|------------------------------|---------|-------|-----------------------------|---------|---------|
| Land Owner ompensation | | 2000 | Intermediate Casing | | | Contract Labour Power tongs | | |
| Well Report | | 5000 | Core Trays | | 4,341 | | | |
| Work over prep-cost | | 5300 | Liner (4.50") \$12.53/ft | | | Directional Drilling | | |
| Site Construction | | 25000 | Casing Preparation | | | Rig Supervisor | \$550 | \$2,750 |
| Conductor | | | Casing Services At Rig | | | Open Hole Logging | | |
| Site Maintenance (SUMP WORK) | | | 2 7/8" Production Tubing | | | CBL-VDL-Perforating | | |
| Mobilisation | | | Tubing Preparation | | | Welder | | |
| Demobilisation | | | Tubing Running Services | | | Solids Control Equipment | | |
| Water Hauling | | | Down Hole Completion Eqpt | | | Rental Equipment | | |
| Waste Disposal ZALCO LABS | | | Wellhead | | | Lost and Damaged Equipment | | |
| Transport | | | Wellhead - Completion | | | Camp | | |
| Cranes | | | Surface Cement and Additives | | | Timewriting | | |
| Rig Day Rate | | | Intermed. Cement & Additives | | | Pacific Inspection | | |
| Rig Move Rate | | | Surface Cement and Additives | | | Communications | | |
| Mud | \$23 | 1687 | Floating equip. | | | Stabalizers | | |
| Completion Fluids | | | Trucking liquid mud | | | Baker Hughes: Fishing | | |
| Bits -BIT # 2 | | | Geologists | | | | | |
| Fuel litres @ \$. | | | Mud Logging | | | | | |
| Surface Casing | | | Mud Engineer | | | | | |
| | | | | | | DRILL WATER | | \$6 |
| Total | | | | | | | \$573 | 46084 |

REMARKS

General Comments: _____ Contractor Representative: KEVIN DAVIS

WELL NAME **KELLY1** DATE **OCTOBER 10,2001** REPORT NO **3**

| DESCRIPTION | | OD (in) | ID (in) | LENGTH (m) |
|-------------|------|--------------|---------|------------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| BHA | HRS. | TOTAL LENGTH | | |
| Jars | HRS. | SERIAL # | | |

| DEPTH | DEVIATION | AZIMUTH | TVD | V SEC | DLS |
|-------|-----------|---------|-----|-------|-----|
| 80 | 0.50 | n/a | | | |
| 122 | 0.50 | n/a | | | |
| 212 | 7.50 | n/a | | | |
| | | | | | |

PERSONNEL ON LOCATION

| COMPANY | NO. | COMPANY | NO. |
|-------------------|-----|---------|-----|
| DRILLCORP | 7 | | |
| KNIGHT INDUSTRIES | 1 | | |
| GEOLOG AUST | | | |
| GEOLOG USA | 1 | | |
| WELL ENGINEER | 1 | | |
| MUD ENGINEER | 1 | | |
| | | | |
| | | | |
| | | | |
| | | | |
| TOTAL ON LOC. | | | 11 |

LAST DRILLS

| | |
|-----------|--|
| PIT LEVEL | |
| BOP TEST | |
| HYD SULF | |
| FIRE | |
| SAFETY | |
| BOP DRILL | |

WEATHER

| | |
|-------------|----------|
| VISIBILITY | Mistv |
| RAIN | constant |
| TEMP - 6 AM | 5 |
| TEMP - NOON | 16 |
| WIND | low |

FUEL (LITRES) WATER

| CAMP WATER REC. | |
|-----------------|-------|
| DIESEL RIG | 1.000 |
| DIESEL USED | |
| DIESEL RECEIVED | |
| CAMP DIESEL | |
| CAMP USED | |

DRILL PIPE - DC ON LOCATION

| SIZE | JTS | SIZE | JTS |
|------|-----|------|-----|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

LAST CASING

| CASING SIZE | TOTAL JTS | LENGTH | WEIGHT | GRADE | THREAD | RANGE | SHOE AT | FLOAT AT. | MSC AT |
|-------------|-----------|--------|--------|-----------|--------|-------|----------------|-----------|--------|
| 5.5" | 71 | 213.4 | 23 | ASTM 1035 | PW | 3.0m | 213.1 | 207.1 | |
| REMARKS: | | | | | | | TOP OF CEMENT | SURFACE | |
| | | | | | | | PLUG BUMPED TO | 400 psi | |

DAILY COST BREAKDOWN

| ITEM | Today's | CUM | ITEM | Today's | CUM | ITEM | Today's | CUM |
|------------------------------|---------|-------|------------------------------|---------|-------|-----------------------------|---------|---------|
| Land Owner ompensation | | 2000 | Intermediate Casing | | | Contract Labour Power tongs | | |
| Well Report | | 5000 | Core Trays | | 4,341 | | | |
| Work over prep-cost | | 5300 | Liner (4.50") \$12.53/ft | | | Directional Drilling | | |
| Site Construction | | 25000 | Casing Preparation | | | Rig Supervisor | \$550 | \$2,750 |
| Conductor | | | Casing Services At Rig | | | Open Hole Logging | | |
| Site Maintenance (SUMP WORK) | | | 2 7/8" Production Tubing | | | CBL-VDL-Perforating | | |
| Mobilisation | | | Tubing Preparation | | | Welder | | |
| Demobilisation | | | Tubing Running Services | | | Solids Control Equipment | | |
| Water Hauling | | | Down Hole Completion Eqpt | | | Rental Equipment | | |
| Waste Disposal ZALCO LABS | | | Wellhead | | | Lost and Damaged Equipment | | |
| Transport | | | Wellhead - Completion | | | Camp | | |
| Cranes | | | Surface Cement and Additives | | | Timewriting | | |
| Rig Day Rate | | | Intermed. Cement & Additives | | | Pacific Inspection | | |
| Rig Move Rate | | | Surface Cement and Additives | | | Communications | | |
| Mud | | 1687 | Floating equip. | | | Stabalizers | | |
| Completion Fluids | | | Trucking liquid mud | | | Baker Hughes: Fishing | | |
| Bits -BIT # 2 | | | Geologists | | | | | |
| Fuel litres @ \$. | | | Mud Logging | | | | | |
| Surface Casing | | | Mud Engineer | | | DRILL WATER | | \$6 |
| Total | | | | | | | \$550 | 46084 |

REMARKS

General Comments: _____ Contractor Representative: KEVIN DAVIS

WELL NAME KELLY1 DATE OCTOBER 11, 2001 REPORT NO 4

Victoria Petroleum Inc Daily Drilling Report - KELLY #1

909397 031

Table with 7 main columns: Prospect (ST JAMES SECTION PEP161), WELL NAME (KELLY 1), AFE NO (AFE-001), REPORT NO (5), DAYS FROM SPUD (4), DAYS VS. PLAN, DATE (OCTOBER 12, 2001). Includes PRESENT OPERATION: Preparing to install BOP's. Key stats: DEPTH 213 MT., AFE TD 1,039 MT., PROGRESS nil MT., DAILY COST A\$ 19,588, CUMM COST A\$ 193,748, AFE AMOUNT A\$ 555,000, RIG SUPERVISOR(S) Ian Johnstone.

DRILLING BITS, PARAMETERS

Table for DRILLING BITS, PARAMETERS. Columns include BIT NO., SIZE, MFR, TYPE, DEPTH, Metres, HOURS, AV ROP (m/hr), NOZZLE(S), RPM, CPF (\$ US), TEETH (I, O, D, L), and REMARKS (B, G, O, R).

MUD PROPERTIES, MATERIALS ADDED, COSTS

Table for MUD PROPERTIES, MATERIALS ADDED, COSTS. Columns include MUD WT (9.1), RHEOLOGY (VIS 37, PV, YP, GELS), WATER LOSS (API, CAKE, HTHP, TIME, DEPTH 213.0, SOURCE PITS), MUD CHECK (FL DEG F, TYPE spud), MUD COST (DAILY \$ A\$, CUMM \$ A\$ 1,687), and DISSOLVED IONS (Ca++, Cl-, ES, SALT WT%, NO3-, SO3-, ALKALINITY pH, PM, PF, MF, MBT (ppb)).

HYDRAULICS

Table for HYDRAULICS. Columns include BIT NO., SPM (1, 2, 3, 4), LINER, FLOW (gpm), PRESS (psi), A VEL (DP, DC, DC), C VEL (DP, DC, DC), JET VEL, LOSSES AT BIT (psi, %), IMPACT FORCE, HSI, and SPR DATA (40, 80, 100).

DRILLING INFORMATION

Table for DRILLING INFORMATION. Columns include STRING WEIGHT (lb) (UP, DOWN, ROTATING), TORQUE (ON BTM, OFF BTM, BGG, CONN), GAS (units) (TRIP, MAX, DEPTH), and ROP's (ft/hr) (MAX, MIN, AVG). Includes Formation - Cuttings.

Date 2001

OPERATIONS SEQUENCE

Table for OPERATIONS SEQUENCE. Columns: TIME, TO, HRS, Description. Entries: 0630-24.00 Wait on cement. (Samples still soft after 12 hours); Cut off conductor, top up annulus with 15 sx cement. Clean, prepare, & position BOP's, choke manifold etc while wait on cement.; (Cement samples hard @ 0630 hrs 12/10/01- 28 hrs after plug down.); 24.0

909397 032

| DESCRIPTION | OD (in) | ID (in) | LENGTH (m) |
|-------------|---------|-------------|---------------------|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| BHA | | HRS. | TOTAL LENGTH |
| Jars | | HRS. | SERIAL # |

| DEPTH | DEVIATION | AZIMUTH | TVD | V SEC | DLS |
|-------|-----------|---------|-----|-------|-----|
| 80 | 0.50 | n/a | | | |
| 122 | 0.50 | n/a | | | |
| 212 | 7.50 | n/a | | | |

PERSONNEL ON LOCATION

| COMPANY | NO. | COMPANY | NO. |
|-------------------|-----|----------------------|-----|
| DRILLCORP | 7 | | |
| KNIGHT INDUSTRIES | 1 | | |
| GEOLOG AUST | | | |
| GEOLOG USA | 1 | | |
| WELL ENGINEER | 1 | | |
| MUD ENGINEER | 1 | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | TOTAL ON LOC. | 11 |

LAST DRILLS

| | |
|-----------|--|
| PIT LEVEL | |
| BOP TEST | |
| HYD SULF | |
| FIRE | |
| SAFETY | |
| BOP DRILL | |

WEATHER

| | |
|-------------|----------|
| VISIBILITY | clear |
| RAIN | no |
| TEMP - 6 AM | 5 |
| TEMP - NOON | 15 |
| WIND | moderate |

FUEL (LITRES) WATER

| | |
|-----------------|-------|
| CAMP WATER REC. | |
| DIESEL RIG | 1.000 |
| DIESEL USED | |
| DIESEL RECEIVED | |
| CAMP DIESEL | |
| CAMP USED | |

DRILL PIPE - DC ON LOCATION

| SIZE | JTS | SIZE | JTS |
|------|-----|------|-----|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

LAST CASING

| CASING SIZE | TOTAL JTS | LENGTH | WEIGHT | GRADE | THREAD | RANGE | SHOE AT | FLOAT AT | MSC AT |
|-------------|-----------|--------|--------|-----------|--------|-------|-----------------------|----------------|---------|
| 5.5" | 71 | 213.4 | 23 | ASTM 1035 | PW | 3.0m | 213.1 | 207.1 | |
| REMARKS: | | | | | | | TOP OF CEMENT | SURFACE | |
| | | | | | | | PLUG BUMPED TO | | 400 psi |

DAILY COST BREAKDOWN

| ITEM | Today's | CUM | ITEM | Today's | CUM | ITEM | Today's | CUM |
|------------------------------|---------|----------|--------------------------------|---------|---------|-----------------------------|----------|---------|
| Land Owner Compensation | | \$2,000 | Intermediate Casing | | | Contract Labour Power tongs | | |
| Well Report | | \$5,000 | Core Trays | | \$4,341 | | | |
| Work over prep-cost | | \$5,300 | Liner (4.50") \$91.67/m. | | | Directional Drilling | | |
| Site Construction | | \$25,000 | Casing Preparation | | | Rig Supervisor | \$550 | \$3,300 |
| Conductor | | \$528 | Casing Services At Rig | | | Open Hole Logging | | |
| Site Maintenance & Supplies. | \$220 | \$220 | 2 7/8" Production Tubing | | | CBL-VDL-Perforating | | |
| Mobilisation | | \$32,000 | Tubing Preparation | | | Welder | | |
| Demobilisation | | | Tubing Running Services | | | Solids Control Equipment | | |
| Water Hauling | | \$100 | Down Hole Completion Eqpt | | | Rental Equipment | \$300 | \$300 |
| Waste Disposal | | | Wellhead | | | Lost and Damaged Equipment | | |
| Transport | \$2,000 | \$2,000 | Wellhead - Completion | | | Accomodation | \$625 | \$625 |
| Cranes | \$2,000 | \$2,000 | Surface Cement and Additives | \$153 | \$481 | Timewriting | | |
| Rig Day Rate | \$8,150 | \$57,050 | Intermed. Cement & Additives | | | Pacific Inspection | | |
| Rig Move Rate | | | Prod. Csg Cement and Additives | | | Communications | \$500 | \$500 |
| Mud | | \$1,687 | Floating equip. | | \$885 | Stabilisers | | |
| Completion Fluids | | | Trucking liquid mud | | | Baker Hughes: Fishing | | |
| Bits -BIT # 2 | | \$7,850 | Geologists | \$400 | \$7,000 | Computer Services. | \$220 | \$220 |
| Fuel 4,600 litres @ \$.0.85 | \$3,910 | \$3,910 | Mud Logging | | | Pit Liners | \$560 | \$560 |
| Surface Casing | | \$30,885 | Mud Engineer | | | DRILL WATER | | \$6 |
| Total | | | | | | | \$19,588 | 193748 |

REMARKS

| | | | | | |
|-------------------|--|-------------|------------------|------------------|---|
| General Comments: | Contractor Representative: KEVIN DAVIS | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| WELL NAME | KELLY1 | DATE | OCTOBER 12, 2001 | REPORT NO | 5 |

Victoria Petroleum Inc Daily Drilling Report - KELLY #1

909397 033

| | | | | | | |
|------------------------------------|-----------|------------------------|------------|----------------|---------------|-------------------|
| Prospect | WELL NAME | AFE NO | REPORT NO | DAYS FROM SPUD | DAYS VS. PLAN | DATE |
| ST JAMES SECTION PEP161 | KELLY 1 | AFE-001 | 6 | 5 | | OCTOBER 13, 2001 |
| PRESENT OPERATION @ 0630 hrs | | | | DEPTH | AFE TD | PROGRESS |
| Pressure Testing BOP's (Pipe rams) | | | | 213 MT. | 1,039 MT. | nil MT. |
| LAST CASING | FIT (ppg) | CONTRACTOR - RIG | DAILY COST | CUMM COST | AFE AMOUNT | RIG SUPERVISOR(S) |
| 5.5" | 213.1 | Drillcorp UDR 3000 rig | A\$ 10,550 | A\$ 195,373 | A\$ 555,000 | Ian Johnstone |

DRILLING BITS, PARAMETERS

| BIT NO. | SIZE | MFR | TYPE | DEPTH IN | Metres | HOURS | AV ROP (m/hr) | NOZZLE(S) | RPM WOB | CPF (\$ US) | TEETH | | | | REMARKS | | | | |
|---------|------|--------|------|----------|--------|-------|---------------|-----------|---------|-------------|-------|---|---|---|---------|---|---|---|--|
| | | SER NO | IADC | | | | | | | | I | O | D | L | B | G | O | R | |
| | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | |

MUD PROPERTIES, MATERIALS ADDED, COSTS

| MUD WT (ppg) | RHEOLOGY | | | | WATER LOSS | | | MUD CHECK | | | | MUD TYPE | MUD COST | | | |
|-------------------|----------|-----------|-----|------|------------|----------------|-----|-----------|-----------|--------|----------|------------|----------|-----------|-----------|--|
| | VIS | PV | YP | GELS | API | CAKE | HHP | TIME | DEPTH | SOURCE | FL DEG F | | DAILY \$ | CUMM \$ | | |
| | | | | | | | | | 213.0 | PITS | | spud | A\$ | A\$ 1,687 | | |
| VOLUME ANALYSIS % | | | | | | DISSOLVED IONS | | | | | | ALKALINITY | | | MBT (ppb) | |
| OIL | EX LIME | OIL/WATER | LGS | HGS | SAND | Ca++ | Cl- | ES | SALT WTY% | NO3- | SO3- | pH | PM | Pf | Mf | |

HYDRAULICS

| BIT NO | SPM | | | | LINER | FLOW (gpm) | PRESS (psi) | A VEL | | | C VEL | | | JET VEL | LOSSES AT BIT | | IMPACT FORCE | HSI | SPR DATA | | | | | |
|--------|-----|---|---|---|-------|------------|-------------|-------|----|----|-------|----|----|---------|---------------|-----|--------------|-----|----------|----|-----|--|--|--|
| | 1 | 2 | 3 | 4 | | | | DP | DC | DC | DP | DC | DC | | (psi) | (%) | | | 40 | 80 | 100 | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | |

DRILLING INFORMATION

| STRING WEIGHT (lb) | | | TORQUE | | | GAS (units) | | | | ROP's (ft/hr) | | |
|----------------------|------|----------|--------|---------|-----|-------------|------|-----|-------|---------------|-----|-----|
| UP | DOWN | ROTATING | ON BTM | OFF BTM | BGG | CONN | TRIP | MAX | DEPTH | MAX | MIN | AVG |
| | | | | | | | | | | | | |
| Formation - Cuttings | | | | | | | | | | | | |

Date 2001

OPERATIONS SEQUENCE

| TIME | TO | HRS | |
|------|------|-------|--|
| 0630 | 0830 | 2.00 | Wait on cement. |
| 0830 | 2100 | 12.50 | Slack off on casing, back out landing joint, install casing spool. Install BOP's & nipple up. Change rams. |
| 2100 | 0630 | 9.50 | Install test plug in casing head. Set up rig triplex pump to pressure test. Attempt to P/T manifold. Pressure leaking off through pump valve seats. Rig up standby pump. Pressure leaking off behind test plug in casing head. Pull plug & replace O-ring seals. Test seals - OK. P/T blind rams - repair leaking chicksans. Finally, pressure tested blind rams, choke manifold, chokes, HCR & outer manual valve to low pressure |
| | | | * Pressure test pump has manual clutch....difficult to disengage at correct pressure. LP test up to max. 300 psi, HP test up to 1800 psi...all held OK. |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | 24.0 | |

| DESCRIPTION | OD (in) | ID (in) | LENGTH (m) |
|-------------|---------|-------------|---------------------|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| BHA | | HRS. | TOTAL LENGTH |
| Jars | | HRS. | SERIAL # |

| DEPTH | DEVIATION | AZIMUTH | TVD | V SEC | DLS |
|-------|-----------|---------|-----|-------|-----|
| 80 | 0.50 | n/a | | | |
| 122 | 0.50 | n/a | | | |
| 212 | 7.50 | n/a | | | |

PERSONNEL ON LOCATION

| COMPANY | NO. | COMPANY | NO. |
|----------------------|-----|---------|-----------|
| DRILLCORP | 7 | | |
| KNIGHT INDUSTRIES | 1 | | |
| GEOLOG AUST | 1 | | |
| GEOLOG USA | 1 | | |
| WELL ENGINEER | 1 | | |
| MUD ENGINEER | 1 | | |
| | | | |
| | | | |
| | | | |
| | | | |
| TOTAL ON LOC. | | | 12 |

LAST DRILLS

| PIT LEVEL | |
|-----------|--|
| BOP TEST | |
| HYD SULF | |
| FIRE | |
| SAFETY | |
| BOP DRILL | |

WEATHER

| | |
|-------------|----------|
| VISIBILITY | clear |
| RAIN | no |
| TEMP - 6 AM | 5 |
| TEMP - NOON | 15 |
| WIND | moderate |

FUEL (LITRES) WATER

| | |
|-----------------|-------|
| CAMP WATER REC. | |
| DIESEL RIG | 1,000 |
| DIESEL USED | |
| DIESEL RECEIVED | |
| CAMP DIESEL | |
| CAMP USED | |

DRILL PIPE - DC ON LOCATION

| SIZE | JTS | SIZE | JTS |
|------|-----|------|-----|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

LAST CASING

| CASING SIZE | TOTAL JTS | LENGTH | WEIGHT | GRADE | THREAD | RANGE | SHOE AT | FLOAT AT | MSC AT |
|-----------------|-----------|--------|--------|-----------|--------|-------|----------------|----------|--------|
| 5.5" | 71 | 213.4 | 23 | ASTM 1035 | PW | 3.0m | 213.1 | 207.1 | |
| REMARKS: | | | | | | | TOP OF CEMENT | SURFACE | |
| | | | | | | | PLUG BUMPED TO | 400 psi | |

DAILY COST BREAKDOWN

| ITEM | Today's | CUM | ITEM | Today's | CUM | ITEM | Today's | CUM |
|------------------------------|---------|----------|--------------------------------|---------|---------|-----------------------------|-----------------|---------------|
| Land Owner ompensation | | \$2,000 | Intermediate Casing | | | Contract Labour Power longs | | |
| Well Report | | \$5,000 | Core Trays | | \$4,341 | | | |
| Work over prep-cost | | \$5,300 | Liner (4.50") \$91.67/m. | | | Directional Drilling | | |
| Site Construction | | \$25,000 | Casing Preparation | | | Rig Supervisor | \$550 | \$3,850 |
| Conductor | | \$528 | Casing Services At Rig | | | Open Hole Logging | | |
| Site Maintenance (SUMP WORK) | | | 2 7/8" Production Tubing | | | CBL-VDL-Perforating | | |
| Mobilisation | | \$32,000 | Tubing Preparation | | | Welder | | |
| Demobilisation | | | Tubing Running Services | | | Solids Control Equipment | | |
| Water Hauling | | \$100 | Down Hole Completion Eqpt | | | Rental Equipment | \$50 | \$350 |
| Waste Disposal | | | Wellhead | \$1,000 | \$1,000 | Lost and Damaged Equipment | | |
| Transport | | \$2,000 | Wellhead - Completion | | | Camp | | |
| Cranes | | | Surface Cement and Additives | | \$481 | Timewriting | | |
| Rig Day Rate | \$8,150 | \$65,200 | Intermed. Cement & Additives | | | Pacific Inspection | | |
| Rig Move Rate | | | Prod. Csg Cement and Additives | | | Communications | \$100 | \$300 |
| Mud | | \$1,687 | Floating equip. | | \$885 | Stabilisers | | |
| Completion Fluids | | | Trucking liquid mud | \$300 | \$300 | Baker Hughes: Fishing | | |
| Bits -BIT # 2 | | \$7,850 | Geologists | \$400 | \$2,400 | | | |
| Fuel litres @ \$. | | \$3,910 | Mud Logging | | | | | |
| Surface Casing | | \$30,885 | Mud Engineer | | | | | |
| | | | | | | DRILL WATER | | \$6 |
| Total | | | | | | | \$10,550 | 195373 |

REMARKS

| | | | | | |
|--------------------------|---|-------------|-------------------------|------------------|----------|
| General Comments: | Contractor Representative: KEVIN DAVIS | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| WELL NAME | KELLY1 | DATE | OCTOBER 13, 2001 | REPORT NO | 6 |

Table with columns: Prospect (ST JAMES SECTION PEP161), WELL NAME (KELLY 1), AFE NO (AFE-001), REPORT NO (7), DAYS FROM SPUD (6), DAYS VS. PLAN, DATE (OCTOBER 14, 2001), PRESENT OPERATION @ 0630 hrs, DEPTH (214 MT.), AFE TD (1,039 MT.), PROGRESS (0.6 MT.), PLUG BACK, LAST CASING (5.5"), FIT (213.1), CONTRACTOR - RIG (Drillcorp UDR 3000 rig), DAILY COST (A\$ 10,440), CUMM COST (A\$ 205,813), AFE AMOUNT (A\$ 555,000), RIG SUPERVISOR(S) (Ian Johnstone)

DRILLING BITS, PARAMETERS

Table with columns: BIT NO. (3), SIZE (PQ), MFR (L/year), TYPE (Core), DEPTH (213.4), Metres, HOURS, AV ROP (m/hr), NOZZLE(S) (nil), RPM, CPF (\$ US), TEETH (I, O, D, L, B, G, O, R), REMARKS

MUD PROPERTIES, MATERIALS ADDED, COSTS

Table with columns: MUD WT (ppg), RHEOLOGY (VIS, PV, YP, GELS), WATER LOSS (API, CAKE, HTHP), MUD CHECK (TIME, DEPTH, SOURCE, FL DEG F), MUD TYPE (PHPA), MUD COST (DAILY \$, CUMM \$), VOLUME ANALYSIS % (OIL, EX LIME, OIL/WATER, LGS, HGS, SAND), DISSOLVED IONS (Ca++, Cl-, ES, SALT WT%, NO3-, SO3-), ALKALINITY (pH, PM, P, M), MBT (ppb)

HYDRAULICS

Table with columns: BIT NO. (3), SPM (1-4), LINER (2-3/4"), FLOW (gpm), PRESS (psi), A VEL (DP, DC, DC), C VEL (DP, DC, DC), JET VEL, LOSSES AT BIT (psi, %), IMPACT FORCE, HSI, SPR DATA (40, 80, 100)

DRILLING INFORMATION

Table with columns: STRING WEIGHT (lb) (UP, DOWN), TORQUE (ROTATING, ON BTM, OFF BTM, BGG, CONN), GAS (units) (TRIP, MAX, DEPTH), ROP's (t/hr) (MAX, MIN, AVG), Formation - Cuttings

Date 2001

OPERATIONS SEQUENCE

Table with columns: TIME, TO, HRS, Description of operations: Pressure tested pipe rams & "kelly cock" to LP 145+ psi - 5 mins., HP 1450 + psi - 10 mins OK. Repaired burst hydraulic hose. Layout BOP test gear, Remove tight drive spindle & replace with kelly cock. Fit bell nipple to BOP. Connect up flow line, rig up to drill cement. Re-level rig base. (settled due to heavy rain) Set up mud system. Pick up drill rods & run in hole. Drill cement. Drill floats collar & float shoe. Prepare wire-line stripper. Total time: 24.0

Victoria Petroleum Inc Daily Drilling Report - KELLY #1

909397 037

| | | | | | | | |
|-------------------------------------|--|----------------------|--|--------------------------|--------------------------|---------------------------|------------------------------------|
| Prospect ST JAMES SECTION PEP161 | | WELL NAME KELLY 1 | AFE NO AFE-001 | REPORT NO 8 | DAYS FROM SPUD 7 | DAYS VS. PLAN | DATE OCTOBER 15, 2001 |
| PRESENT OPERATION @ 0630 hrs | | | | DEPTH 271 MT. | AFE TD 1,039 MT. | PROGRESS 57.0 MT. | PLUG BACK |
| LAST CASING 5.5" 213.1 | | FIT (ppg) | CONTRACTOR - RIG Drillcorp UDR 3000 rig | DAILY COST A\$ 11,083 | CUMM COST A\$ 216,896 | AFE AMOUNT A\$ 555,000 | RIG SUPERVISOR(S) Ian Johnstone |

DRILLING BITS, PARAMETERS

| BIT NO. | SIZE | MFR | TYPE | DEPTH IN | Metres | HOURS | AV ROP (m/hr) | NOZZLE(S) | RPM WOB | CPM (A\$) | TEETH | | | | | | | | REMARKS |
|---------|---------|--------|---------|----------|--------|-------|---------------|-----------|---------|-----------|-------|---|---|---|---|---|---|---|---------|
| | | SER NO | IADC | | | | | | | | I | O | D | L | B | G | O | R | |
| 3 | PQ core | L/year | Amber 9 | 213.4 | 57.0 | 19.5 | 2.92 | nil | | \$20.88 | | | | | | | | | |
| | | H2181 | n/a | | | | | | | | | | | | | | | | |

MUD PROPERTIES, MATERIALS ADDED, COSTS

| MUD WT (ppg) | RHEOLOGY | | | | WATER LOSS | | | MUD CHECK | | | | MUD TYPE | MUD COST | | | |
|-------------------|----------|-----------|-----|------|------------|----------------|------|-----------|-----------|--------|------------|----------|-----------|-----------|-----------|----|
| | VIS | PV | YP | GELS | API | CAKE | HTHP | TIME | DEPTH | SOURCE | FL DEG F | | DAILY \$ | CUMM \$ | | |
| 8.6 | 39 | | | | | | | | 236.5 | PITS | | PHPA | A\$ 1,433 | A\$ 3,120 | | |
| VOLUME ANALYSIS % | | | | | | DISSOLVED IONS | | | | | ALKALINITY | | | | MBT (ppb) | |
| OIL | EX LIME | OIL/WATER | LGS | HGS | SAND | Ca++ | Cl- | ES | SALT WTY% | NO3- | SO3- | pH | PM | Pf | | Mf |
| | | | | | | | | | | | | | | | | |

HYDRAULICS

| BIT NO | SPM | | | | LINER | FLOW (lpm) | PRESS (psi) | A VEL (m/min) | | | C VEL | | | JET VEL | LOSSES AT BIT | | IMPACT FORCE | HSI | SPR DATA | | |
|--------|-----|---|---|---|--------|------------|-------------|---------------|----|----|-------|----|----|---------|---------------|-----|--------------|-----|----------|----|-----|
| | 1 | 2 | 3 | 4 | | | | DP | DC | DC | DP | DC | DC | | (psi) | (%) | | | 40 | 80 | 100 |
| 3 | | | | | 2-3/4" | 65 | 300 | 31 | / | / | / | / | / | / | n/a | | | | | | |

DRILLING INFORMATION

| STRING WEIGHT (lb) | | | TORQUE | | GAS (units) | | | | | ROP's (ft/hr) | | |
|----------------------|------|----------|--------|---------|-------------|------|------|-----|-------|---------------|-----|-----|
| UP | DOWN | ROTATING | ON BTM | OFF BTM | BGG | CONN | TRIP | MAX | DEPTH | MAX | MIN | AVG |
| Formation - Cuttings | | | | | | | | | | | | |

OPERATIONS SEQUENCE

| TIME | TO | HRS | |
|------|------|-------|---|
| 0630 | 0800 | 1.50 | Mixing mud |
| 0800 | 0900 | 1.00 | Core shoe track & new hole from 213.4 to 215.8m. |
| 0900 | 1000 | 1.00 | Ran leak off test - NO LEAKOFF to 18.6ppg equivalent. |
| 1000 | 1830 | 8.50 | Core PQ from 215.8m to 236.5m. |
| 1830 | 1930 | 1.00 | Repair wireline |
| 1930 | 0630 | 11.00 | Coring PQ from 236.5 to 271.0m |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | 24.0 | |

| DESCRIPTION | OD (in) | ID (in) | LENGTH (m) |
|----------------------|---------|---------|--------------|
| PQ Bit | 4.8 | | 0.14 |
| PQ Reamer (Oversize) | 4.941 | | 0.14 |
| Core barrel | 4.5 | | 3.38 |
| Top reamer | 4.941 | | 0.26 |
| Landing coupling | 4.5 | | 0.22 |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| BHA | | HRS. | TOTAL LENGTH |
| Jars | None | HRS. | SERIAL # |
| | | | 4.13 |

| DEPTH | DEVIATION | AZIMUTH | TVD | V SEC | DLS |
|-------|-----------|---------|-----|-------|-----|
| 80 | 0.50 | n/a | | | |
| 122 | 0.50 | n/a | | | |
| 212 | 7.50 | n/a | | | |

PERSONNEL ON LOCATION

| COMPANY | NO. | COMPANY | NO. |
|-------------------|-----|---------|-----|
| DRILLCORP | 7 | | |
| KNIGHT INDUSTRIES | 1 | | |
| GEOLOG AUST | 1 | | |
| GEOLOG USA | 1 | | |
| WELL ENGINEER | 1 | | |
| MUD ENGINEER | | | |
| CORE LOGGER | 1 | | |
| | | | |
| | | | |
| | | | |
| | | | |
| TOTAL ON LOC. | | | 12 |

LAST DRILLS

| | |
|-----------|--|
| PIT LEVEL | |
| BOP TEST | |
| HYD SULF | |
| FIRE | |
| SAFETY | |
| BOP DRILL | |

WEATHER

| | |
|-------------|------------|
| VISIBILITY | mistv rain |
| RAIN | heavv |
| TEMP - 6 AM | 6 |
| TEMP - NOON | 14 |
| WIND | moderate |

FUEL (LITRES) WATER

| | |
|-----------------|-----|
| CAMP WATER REC. | |
| DIESEL RIG | 500 |
| DIESEL USED | |
| DIESEL RECEIVED | |
| CAMP DIESEL | |
| CAMP USED | |

DRILL PIPE - DC ON LOCATION

| SIZE | JTS | SIZE | JTS |
|------|-----|------|-----|
| | | | |
| | | | |
| | | | |
| | | | |

LAST CASING

| CASING SIZE | TOTAL JTS | LENGTH | WEIGHT | GRADE | THREAD | RANGE | SHOE AT | FLOAT AT | MSC AT |
|-------------|-----------|--------|----------|-------|--------|-------|----------------|----------|---------|
| 5.5" | 71 | 213.4 | 17 lb/ft | L80 | PW | 3.0m | 213.1 | 207.1 | |
| REMARKS: | | | | | | | TOP OF CEMENT | | SURFACE |
| | | | | | | | PLUG BUMPED TO | | 400 psi |

DAILY COST BREAKDOWN

| ITEM | Today's | CUM | ITEM | Today's | CUM | ITEM | Today's | CUM |
|------------------------------|---------|----------|--------------------------------|---------|---------|-----------------------------|-------------|-----------------|
| Land Owner ompensation | | \$2,000 | Intermediate Casing | | | Contract Labour Power tongs | | |
| Well Report | | \$5,000 | Core Trays | | \$4,341 | | | |
| Work over prep-cost | | \$5,300 | Liner (4.50") \$91.67/m. | | | Directional Drilling | | |
| Site Construction | | \$25,000 | Casing Preparation | | | Rig Supervisor | \$550 | \$4,950 |
| Conductor | | \$528 | Casing Services At Rig | | | Open Hole Logging | | |
| Site Maintenance (SUMP WORK) | | | 2 7/8" Production Tubing | | | CBL-VDL-Perforating | | |
| Mobilisation | | \$32,000 | Tubing Preparation | | | Welder | | |
| Demobilisation | | | Tubing Running Services | | | Solids Control Equipment | | |
| Water Hauling | | \$100 | Down Hole Completion Eqpt | | | Rental Equipment | \$50 | \$450 |
| Waste Disposal | | | Wellhead | | \$1,000 | Lost and Damaged Equipment | | |
| Transport | | \$2,000 | Wellhead - Completion | | | Camp | | |
| Cranes | | | Surface Cement and Additives | | \$481 | Timewriting | | |
| Rig Day Rate | \$8,150 | \$81,500 | Intermed. Cement & Additives | | | Pacific Inspection | | |
| Rig Move Rate | | | Prod. Csg Cement and Additives | | | Communications | \$100 | \$500 |
| Mud | \$1,433 | \$3,120 | Floating equip. | | \$885 | Stabilisers | | |
| Completion Fluids | | | Trucking liquid mud | | \$300 | Baker Hughes: Fishing | | |
| Bits -BIT # 3 | | \$9,040 | Geologists | \$800 | \$3,600 | | | |
| Fuel litres @ \$. | | \$3,910 | Core Logging | | | | | |
| Surface Casing | | \$30,885 | Mud Engineer | | | | | |
| | | | | | | | DRILL WATER | \$6 |
| | | | | | | | Total | \$11,083 216896 |

REMARKS

| | | | | | |
|-------------------|----------------------------|-------------|------------------|-----------|---|
| General Comments: | Contractor Representative: | KEVIN DAVIS | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| WELL NAME | KELLY1 | DATE | OCTOBER 15, 2001 | REPORT NO | 8 |

| DESCRIPTION | OD (in) | ID (in) | LENGTH (m) |
|----------------------|---------|---------|--------------|
| PQ Bit | 4.8 | | 0.14 |
| PQ Reamer (Oversize) | 4.941 | | 0.14 |
| Core barrel | 4.5 | | 3.38 |
| Top reamer | 4.941 | | 0.26 |
| Landing coupling | 4.5 | | 0.22 |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| BHA | | HRS. | TOTAL LENGTH |
| Jars | None | HRS. | SERIAL # |
| | | | 4.13 |

| DEPTH | DEVIATION | AZIMUTH | TVD | V SEC | DLS |
|-------|-----------|---------|-----|-------|-----|
| 80 | 0.50 | n/a | | | |
| 122 | 0.50 | n/a | | | |
| 212 | 7.50 | n/a | | | |
| 283 | misrun | | | | |

PERSONNEL ON LOCATION

| COMPANY | NO. | COMPANY | NO. |
|----------------------|-----|---------|-----------|
| DRILLCORP | 7 | | |
| KNIGHT INDUSTRIES | 3 | | |
| GEOLOG AUST | 1 | | |
| GEOLOG USA | | | |
| WELL ENGINEER | 1 | | |
| MUD ENGINEER | | | |
| CORE LOGGER | 1 | | |
| | | | |
| | | | |
| TOTAL ON LOC. | | | 13 |

LAST DRILLS

| | |
|-----------|----------|
| PIT LEVEL | |
| BOP TEST | 13/10/01 |
| HYD SULF | |
| FIRE | |
| SAFETY | |
| BOP DRILL | |

WEATHER

| | |
|-------------|------|
| VISIBILITY | fine |
| RAIN | no |
| TEMP - 6 AM | 5 |
| TEMP - NOON | 13 |
| WIND | low |

FUEL (LITRES) WATER

| | |
|-----------------|-------|
| CAMP WATER REC. | |
| DIESEL RIG | 3,000 |
| DIESEL USED | |
| DIESEL RECEIVED | |
| CAMP DIESEL | |
| CAMP USED | |

DRILL PIPE - DC ON LOCATION

| SIZE | JTS | SIZE | JTS |
|------|-----|------|-----|
| | | | |
| | | | |
| | | | |

LAST CASING

| CASING SIZE | TOTAL JTS | LENGTH | WEIGHT | GRADE | THREAD | RANGE | SHOE AT | FLOAT AT | MSC AT |
|-------------|-----------|--------|----------|-------|--------|-------|----------------|----------|---------|
| 5.5" | 71 | 213.4 | 17 lb/ft | L80 | PW | 3.0m | 213.1 | 207.1 | |
| REMARKS: | | | | | | | TOP OF CEMENT | | SURFACE |
| | | | | | | | PLUG BUMPED TO | | 400 psi |

DAILY COST BREAKDOWN

| ITEM | Today's | CUM | ITEM | Today's | CUM | ITEM | Today's | CUM |
|------------------------------|---------|----------|--------------------------------|---------|---------|-----------------------------|-----------------|---------------|
| Land Owner ompensation | | \$2,000 | Intermediate Casing | | | Contract Labour Power tongs | | |
| Well Report | | \$5,000 | Core Trays | | \$4,341 | | | |
| Work over prep-cost | | \$5,300 | Liner (4.50") \$91.67/m. | | | Directional Drilling | | |
| Site Construction | | \$25,000 | Casing Preparation | | | Rig Supervisor | \$550 | \$5,500 |
| Conductor | | \$528 | Casing Services At Rig | | | Open Hole Logging | | |
| Site Maintenance (SUMP WORK) | | | 2 7/8" Production Tubing | | | CBL-VDL-Perforating | | |
| Mobilisation | | \$32,000 | Tubing Preparation | | | Weider | | |
| Demobilisation | | | Tubing Running Services | | | Solids Control Equipment | | |
| Water Hauling | | \$100 | Down Hole Completion Eqpt | | | Rental Equipment | \$50 | \$500 |
| Waste Disposal | | | Wellhead | | \$1,000 | Lost and Damaged Equipment | | |
| Transport | | \$2,000 | Wellhead - Completion | | | Camp | | |
| Cranes | | | Surface Cement and Additives | | \$481 | Timewriting | | |
| Rig Day Rate | \$8,150 | \$89,650 | Intermed. Cement & Additives | | | Pacific Inspection | | |
| Rig Move Rate | | | Prod. Csg Cement and Additives | | | Communications | \$100 | \$600 |
| Mud | \$2,604 | \$5,724 | Floating equip. | | \$885 | Stabilisers | | |
| Completion Fluids | | | Trucking liquid mud | | \$300 | Baker Hughes: Fishing | | |
| Bits -BIT # 3 | | \$9,040 | Geologists | \$400 | \$4,000 | | | |
| Fuel 2500 litres @ \$.0.85 | \$2,125 | \$6,035 | Core Logging | | | | | |
| Surface Casing | | \$30,885 | Mud Engineer | | | | | |
| | | | | | | DRILL WATER | | \$6 |
| | | | | | | Total | \$13,979 | 230875 |

REMARKS

General Comments:

Contractor Representative: **KEVIN DAVIS**

| WELL NAME | DATE | REPORT NO |
|---------------|-------------------------|-----------|
| KELLY1 | OCTOBER 16, 2001 | 9 |

Victoria Petroleum Inc Daily Drilling Report - KELLY #1

909397 045

| Prospect | | WELL NAME | | AFE NO | REPORT NO | DAYS FROM SPUD | | DAYS VS. PLAN | | DATE | |
|------------------------------|--|-----------|------------------------|---------|------------|----------------|-------------|---------------|-------------|------------------|-------------------|
| ST JAMES SECTION PEP161 | | KELLY 1 | | AFE-001 | 12 | 11 | | | | OCTOBER 19, 2001 | |
| PRESENT OPERATION @ 0630 hrs | | | | | | DEPTH | | AFE TD | | PROGRESS | PLUG BACK |
| Coring | | | | | | 468.0 MT. | | 1,039 MT. | | 41.0 MT. | |
| LAST CASING | | FIT (ppg) | CONTRACTOR - RIG | | DAILY COST | | CUMM COST | | AFE AMOUNT | | RIG SUPERVISOR(S) |
| 5.5" | | 213.1 | Drillcorp UDR 3000 rig | | A\$ 12,491 | | A\$ 279,703 | | A\$ 555,000 | | Ian Johnstone |

DRILLING BITS, PARAMETERS

| BIT NO. | SIZE | MFR | TYPE | DEPTH IN | Metres | HOURS | AV ROP (m/hr) | NOZZLE(S) | RPM WOB (lb) | CPM (A\$) | TEETH | | | | REMARKS | | | |
|---------|---------|--------|---------|----------|--------|-------|---------------|-----------|--------------|-----------|----------|---|---|---|---------|---|---|---|
| | | SER NO | IADC | | | | | | | | I | O | D | L | B | G | O | R |
| 5 | PQ core | Asahi | TA120 | 461.6 | 6.4 | 1.8 | 3.66 | nil | 600 | \$185.94 | New | | | | | | | |
| | | 53897 | n/a | | | | | | 8,000 | | | | | | | | | |
| 4 | PQ core | L/year | Green 9 | 424.0 | 37.6 | 13.5 | 2.79 | nil | 600 | \$31.65 | Worn out | | | | | | | |
| | | 948701 | n/a | | | | | | 8,000 | | | | | | | | | |

MUD PROPERTIES, MATERIALS ADDED, COSTS

| MUD WT | | RHEOLOGY | | | | WATER LOSS | | | MUD CHECK | | | | MUD | | MUD COST | | |
|-------------------|---------|-----------|-----|------|------|------------|----------------|------|-----------|--------|----------|------------|----------|------------|----------|-------|--|
| (ppg) | VIS | PV | YP | GELS | API | CAKE | HTHP | TIME | DEPTH | SOURCE | FL DEG F | TYPE | DAILY \$ | | CUMM \$ | | |
| 8.9 | 33 | | | | | | | | 467.0 | PITS | | PHPA | A\$ 751 | A\$ 10,177 | | | |
| VOLUME ANALYSIS % | | | | | | | DISSOLVED IONS | | | | | ALKALINITY | | | MBT | | |
| OIL | EX LIME | OIL/WATER | LGS | HGS | SAND | Ca++ | Cl- | ES | SALT WT% | NO3- | SO3- | pH | PM | Pf | Mf | (ppb) | |
| | | | | | | | | | | | | | | | | | |

HYDRAULICS

| BIT NO | SPM | | | | LINER | FLOW (lpm) | PRESS (psi) | A VEL (m/min) | | | C VEL | | | JET VEL | LOSSES AT BIT | | IMPACT FORCE | HSI | SPR DATA | | |
|--------|-----|---|---|---|--------|------------|-------------|---------------|----|----|-------|----|----|---------|---------------|-----|--------------|-----|----------|----|-----|
| | 1 | 2 | 3 | 4 | | | | DP | DC | DC | DP | DC | DC | | (psi) | (%) | | | 40 | 80 | 100 |
| 5 | | | | | 2-3/4" | 65 | 500 | 31 | / | / | / | / | / | n/a | | | | | | | |

DRILLING INFORMATION

| STRING WEIGHT (lb) | | | TORQUE | | | GAS (units) | | | | ROP's (ft/hr) | | | | | |
|--------------------|------|----------|--------|---------|-----|-------------|------|-----|-------|---------------|-----|-----|---|--|--|
| UP | DOWN | ROTATING | ON BTM | OFF BTM | BGG | CONN | TRIP | MAX | DEPTH | MAX | MIN | AVG | | | |
| Formation - Core | | | | | | | | | | | | | Dark, hard, dense shale/slate with quartz bands, occasional light grey dense sandstone. | | |

OPERATIONS SEQUENCE

| TIME | TO | HRS | |
|------|------|-------|--------------------------------|
| 0630 | 1745 | 11.25 | PQ core from 427.0 to 457.0 m. |
| 1745 | 1800 | 0.25 | Rig service & cut wireline |
| 1800 | 1900 | 1.00 | Survey @ 457m. |
| 1900 | 2130 | 2.50 | PQ core from 457.0 to 460.0 m. |
| 2130 | 2230 | 1.00 | Repair No.1 pump. |
| 2230 | 2330 | 1.00 | PQ core from 460.0 to 461.6 m. |
| 2330 | 0330 | 4.00 | Trip out to change bits - RIH |
| 0330 | 0445 | 1.25 | Rig service |
| 0445 | 0630 | 1.75 | PQ core from 461.6 to 468.0 |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | 24.0 | |

Table with columns: DESCRIPTION, OD (in), ID (in), LENGTH (m). Rows include PQ Bit, PQ Reamer (Oversize), Core barrel, Top reamer, Landing coupling, BHA, Jars.

Table with columns: DEPTH, DEVIATION, AZIMUTH, TVD, V SEC, DLS. Rows include 212, 283, 325, 457.

PERSONNEL ON LOCATION

Table with columns: COMPANY, NO., COMPANY, NO. Includes DRILLCORP, KNIGHT INDUSTRIES, GEOLOG AUST, GEOLOG USA, WELL ENGINEER, MUD ENGINEER, CORE LOGGER, TOTAL ON LOC. 11

LAST DRILLS

Table with columns: PIT LEVEL, BOP TEST, HYD SULF, FIRE, SAFETY, BOP DRILL.

WEATHER

Table with columns: VISIBILITY, RAIN, TEMP - 6 AM, TEMP - NOON, WIND. Values: fine, no, 6, 15, breezy.

FUEL (LITRES) WATER

Table with columns: CAMP WATER REC., DIESEL RIG, DIESEL USED, DIESEL RECEIVED, CAMP DIESEL, CAMP USED. Value: 2.800.

DRILL PIPE - DC ON LOCATION

Table with columns: SIZE, JTS, SIZE, JTS.

LAST CASING

Table with columns: CASING SIZE, TOTAL JTS, LENGTH, WEIGHT, GRADE, THREAD, RANGE, SHOE AT, FLOAT AT, MSC AT. Includes REMARKS: TOP OF CEMENT, PLUG BUMPED TO, SURFACE 400 psi.

DAILY COST BREAKDOWN

Table with columns: ITEM, Today's, CUM, ITEM, Today's, CUM, ITEM, Today's, CUM. Lists various costs like Land Owner ompensation, Well Report, Work over prep-cost, etc.

REMARKS

Table with columns: General Comments, Contractor Representative: KEVIN DAVIS.

Table with columns: WELL NAME, KELLY1, DATE, OCTOBER 19, 2001, REPORT NO, 12.

| DESCRIPTION | | OD (in) | ID (in) | LENGTH (m) |
|----------------------|------|---------|--------------|------------|
| PQ Bit | | 4.8 | | 0.14 |
| PQ Reamer (Oversize) | | 4.941 | | 0.14 |
| Core barrel | | 4.5 | | 3.38 |
| Top reamer | | 4.941 | | 0.26 |
| Landing coupling | | 4.5 | | 0.22 |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| BHA | | HRS. | TOTAL LENGTH | 4.13 |
| Jars | None | HRS. | SERIAL # | |

| DEPTH | DEVIATION | AZIMUTH | TVD | V SEC | DLS |
|-------|-----------|---------|-------|-------|------|
| 212 | 7.50 | n/a | | | |
| 283 | misrun | n/a | | | |
| 325 | 8.00 | 245 | 323.9 | | 0.44 |
| 457 | 11.00 | 230 | 453.9 | 43.7 | 2.93 |

PERSONNEL ON LOCATION

| COMPANY | NO. | COMPANY | NO. |
|-------------------|-----|---------------|-----|
| DRILLCORP | 7 | | |
| KNIGHT INDUSTRIES | 1 | | |
| GEOLOG AUST | 1 | | |
| GEOLOG USA | | | |
| WELL ENGINEER | 1 | | |
| MUD ENGINEER | | | |
| CORE LOGGER | 1 | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | TOTAL ON LOC. | 11 |

LAST DRILLS

| | |
|-----------|----------|
| PIT LEVEL | |
| BOP TEST | 13/10/01 |
| HYD SULF | |
| FIRE | |
| SAFETY | |
| BOP DRILL | |

WEATHER

| | |
|-------------|----------|
| VISIBILITY | fine |
| RAIN | no |
| TEMP - 6 AM | 4 |
| TEMP - NOON | 15 |
| WIND | moderate |

FUEL (LITRES) WATER

| | |
|-----------------|-------|
| CAMP WATER REC. | |
| DIESEL RIG | 2,600 |
| DIESEL USED | |
| DIESEL RECEIVED | |
| CAMP DIESEL | |
| CAMP USED | |

DRILL PIPE - DC ON LOCATION

| SIZE | JTS | SIZE | JTS |
|------|-----|------|-----|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

LAST CASING

| CASING SIZE | TOTAL JTS | LENGTH | WEIGHT | GRADE | THREAD | RANGE | SHOE AT | FLOAT AT | MSC AT |
|-------------|-----------|--------|----------|-------|--------|-------|----------------|----------|--------|
| 5.5" | 71 | 213.4 | 17 lb/ft | L80 | PW | 3.0m | 213.1 | 207.1 | |
| REMARKS: | | | | | | | TOP OF CEMENT | SURFACE | |
| | | | | | | | PLUG BUMPED TO | 400 psi | |

DAILY COST BREAKDOWN

| ITEM | Today's | CUM | ITEM | Today's | CUM | ITEM | Today's | CUM | |
|-----------------------------|---------|-----------|--------------------------------|---------|----------|-----------------------------|---------|----------|-----------|
| Land Owner Compensation | | \$2,000 | Intermediate Casing | | | Contract Labour Power tongs | | | |
| Well Report | | \$5,000 | Core Trays | | \$4,341 | Knight's Survey Team | | \$100 | |
| Work over prep-cost | | \$5,300 | Liner (4.50") \$91.67/m. | | | Directional Drilling | | | |
| Site Construction | | \$25,000 | Casing Preparation | | | Rig Supervisor | \$550 | \$7,700 | |
| Conductor | | \$528 | Casing Services At Rig | | | Open Hole Logging | | | |
| Site Maintenance & Supplies | | \$220 | 2 7/8" Production Tubing | | | CBL-VDL-Perforating | | | |
| Mobilisation | | \$32,000 | Tubing Preparation | | | Welder | | | |
| Demobilisation | | | Tubing Running Services | | | Solids Control Equipment | | | |
| Water Hauling | | \$100 | Down Hole Completion Eqpt | | | Rental Equipment | \$50 | \$700 | |
| Waste Disposal | | | Wellhead | | \$1,000 | Lost and Damaged Equipment | | | |
| Transport | | \$2,000 | Wellhead - Completion | | | Accomodation | \$100 | \$1,545 | |
| Cranes | | \$2,000 | Surface Cement and Additives | | \$481 | Timewriting | | | |
| Rig Day Rate | \$8,150 | \$122,250 | Intermed. Cement & Additives | | | Pacific Inspection | | | |
| Rig Move Rate | | | Prod. Csg Cement and Additives | | | Communications | \$100 | \$1,300 | |
| Mud | \$711 | \$10,888 | Floating equip. | | \$885 | Well Insurance | | \$8,500 | |
| Completion Fluids | | | Trucking liquid mud | | \$300 | Public Liability Insurance. | | \$650 | |
| Bits -BIT #6 | \$1,190 | \$14,210 | Geologists | \$400 | \$11,000 | Computer Services | | \$220 | |
| Fuel 7100 litres @ \$.0.85 | | \$6,035 | Core Logging | \$400 | \$2,800 | Pit Liners | | \$560 | |
| Surface Casing | | \$30,885 | Mud Engineer | | | DRILL WATER | | \$6 | |
| | | | | | | | Total | \$11,651 | \$300,504 |

REMARKS

| | | | | | |
|-------------------|--------|--|------------------|-----------|----|
| General Comments: | | Contractor Representative: KEVIN DAVIS | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| WELL NAME | KELLY1 | DATE | OCTOBER 20, 2001 | REPORT NO | 13 |

| DESCRIPTION | | OD (in) | ID (in) | LENGTH (m) |
|----------------------|------|---------|--------------|------------|
| PQ Bit | | 4.8 | | 0.14 |
| PQ Reamer (Oversize) | | 4.941 | | 0.14 |
| Core barrel | | 4.5 | | 3.38 |
| Top reamer | | 4.941 | | 0.26 |
| Landing coupling | | 4.5 | | 0.22 |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| BHA | | HRS. | TOTAL LENGTH | 4.13 |
| Jars | None | HRS. | SERIAL # | |

| DEPTH | DEVIATION | AZIMUTH | TVD | V SEC | DLS |
|-------|-----------|---------|-------|-------|------|
| 212 | 7.50 | n/a | | | |
| 283 | misrun | n/a | | | |
| 325 | 8.00 | 245 | 323.9 | | 0.44 |
| 457 | 11.00 | 230 | 453.9 | 43.7 | 2.93 |

PERSONNEL ON LOCATION

| COMPANY | NO. | COMPANY | NO. |
|-------------------|-----|---------|-----|
| DRILLCORP | 7 | | |
| KNIGHT INDUSTRIES | 1 | | |
| GEOLOG AUST | 1 | | |
| GEOLOG USA | | | |
| WELL ENGINEER | 1 | | |
| MUD ENGINEER | | | |
| CORE LOGGER | 1 | | |
| | | | |
| | | | |
| | | | |
| TOTAL ON LOC. | | | 11 |

LAST DRILLS

| | |
|-----------|----------|
| PIT LEVEL | |
| BOP TEST | 13/10/01 |
| HYD SULF | |
| FIRE | |
| SAFETY | |
| BOP DRILL | 20/10/01 |

WEATHER

| | |
|-------------|----------|
| VISIBILITY | fine |
| RAIN | no |
| TEMP - 6 AM | 4 |
| TEMP - NOON | 15 |
| WIND | moderate |

FUEL (LITRES) WATER

| | |
|-----------------|-------|
| CAMP WATER REC. | |
| DIESEL RIG | 5.150 |
| DIESEL USED | |
| DIESEL RECEIVED | |
| CAMP DIESEL | |
| CAMP USED | |

DRILL PIPE - DC ON LOCATION

| SIZE | JTS | SIZE | JTS |
|------|-----|------|-----|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

LAST CASING

| CASING SIZE | TOTAL JTS | LENGTH | WEIGHT | GRADE | THREAD | RANGE | SHOE AT | FLOAT AT | MSC AT |
|-------------|-----------|--------|----------|-------|--------|-------|----------------|----------|--------|
| 5.5" | 71 | 213.4 | 17 lb/ft | L80 | PW | 3.0m | 213.1 | 207.1 | |
| REMARKS: | | | | | | | TOP OF CEMENT | SURFACE | |
| | | | | | | | PLUG BUMPED TO | 400 psi | |

DAILY COST BREAKDOWN

| ITEM | Today's | CUM | ITEM | Today's | CUM | ITEM | Today's | CUM | |
|-----------------------------|---------|-----------|--------------------------------|---------|----------|-----------------------------|---------|----------|-----------|
| Land Owner Compensation | | \$2,000 | Intermediate Casing | | | Contract Labour Power tongs | | | |
| Well Report | | \$5,000 | Core Trays | | \$4,341 | Knight's Survey Team | | \$100 | |
| Work over prep-cost | | \$5,300 | Liner (4.50") \$91.67/m. | | | Directional Drilling | | | |
| Site Construction | | \$25,000 | Casing Preparation | | | Rig Supervisor | \$550 | \$8,250 | |
| Conductor | | \$528 | Casing Services At Rig | | | Open Hole Logging | | | |
| Site Maintenance & Supplies | | \$220 | 2 7/8" Production Tubing | | | CBL-VDL-Perforating | | | |
| Mobilisation | | \$32,000 | Tubing Preparation | | | Welder | | | |
| Demobilisation | | | Tubing Running Services | | | Solids Control Equipment | | | |
| Water Hauling | | \$100 | Down Hole Completion Eqpt | | | Rental Equipment | \$50 | \$750 | |
| Waste Disposal | | | Wellhead | | \$1,000 | Lost and Damaged Equipment | | | |
| Transport | | \$2,000 | Wellhead - Completion | | | Accommodation | \$100 | \$1,645 | |
| Cranes | | \$2,000 | Surface Cement and Additives | | \$481 | Timewriting | | | |
| Rig Day Rate | \$8,150 | \$130,400 | Intermed. Cement & Additives | | | Pacific Inspection | | | |
| Rig Move Rate | | | Prod. Csg Cement and Additives | | | Communications | \$100 | \$1,400 | |
| Mud | \$1,569 | \$12,457 | Floating equip. | | \$885 | Well Insurance | | \$8,500 | |
| Completion Fluids | | | Trucking liquid mud | | \$300 | Public Liability Insurance. | | \$638 | |
| Bits -BIT #6 | | \$14,210 | Geologists | \$400 | \$13,450 | Computer Services | \$100 | \$320 | |
| Fuel 10,025 litres @ \$0.85 | \$2,486 | \$8,521 | Core Logging | \$400 | \$3,200 | Pit Liners | | \$560 | |
| | | \$30,885 | Mud Engineer | | | DRILL WATER | | \$6 | |
| | | | | | | | Total | \$13,905 | \$316,447 |

REMARKS

| | | | |
|-------------------|----------------------------|-----------|------------------|
| General Comments: | Contractor Representative: | | KEVIN DAVIS |
| | | | |
| | | | |
| | | | |
| | | | |
| WELL NAME | KELLY1 | DATE | OCTOBER 21, 2001 |
| | | REPORT NO | 14 |

| DESCRIPTION | OD (in) | ID (in) | LENGTH (m) |
|----------------------|---------|---------|-------------------|
| PQ Bit | 4.8 | | 0.14 |
| PQ Reamer (Oversize) | 4.941 | | 0.14 |
| Core barrel | 4.5 | | 3.38 |
| Top reamer | 4.941 | | 0.26 |
| Landing coupling | 4.5 | | 0.22 |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| BHA | | HRS. | TOTAL LENGTH 4.13 |
| Jars | None | HRS. | SERIAL # |

| DEPTH | DEVIATION | AZIMUTH | TVD | V SEC | DLS |
|-------|-----------|---------|-------|-------|------|
| 212 | 7.50 | n/a | | | |
| 283 | misrun | n/a | | | |
| 325 | 8.00 | 245 | 323.9 | | 0.44 |
| 457 | 11.00 | 230 | 453.9 | 43.7 | 2.93 |

PERSONNEL ON LOCATION

| COMPANY | NO. | COMPANY | NO. |
|----------------------|-----|---------|-----------|
| DRILLCORP | 7 | | |
| KNIGHT INDUSTRIES | 1 | | |
| GEOLOG AUST | 1 | | |
| GEOLOG USA | | | |
| WELL ENGINEER | 1 | | |
| MUD ENGINEER | | | |
| CORE LOGGER | 1 | | |
| | | | |
| | | | |
| | | | |
| | | | |
| TOTAL ON LOC. | | | 11 |

LAST DRILLS

| | |
|-----------|----------|
| PIT LEVEL | |
| BOP TEST | 13/10/01 |
| HYD SULF | |
| FIRE | |
| SAFETY | |
| BOP DRILL | 20/10/01 |

WEATHER

| | |
|-------------|----------|
| VISIBILITY | fine |
| RAIN | no |
| TEMP - 6 AM | 4 |
| TEMP - NOON | 15 |
| WIND | moderate |

FUEL (LITRES) WATER

| | |
|-----------------|-------|
| CAMP WATER REC. | |
| DIESEL RIG | 4,200 |
| DIESEL USED | |
| DIESEL RECEIVED | |
| CAMP DIESEL | |
| CAMP USED | |

DRILL PIPE - DC ON LOCATION

| SIZE | JTS | SIZE | JTS |
|------|-----|------|-----|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

LAST CASING

| CASING SIZE | TOTAL JTS | LENGTH | WEIGHT | GRADE | THREAD | RANGE | SHOE AT | FLOAT AT | MSC AT |
|-------------|-----------|--------|----------|-------|--------|-------|----------------|----------|--------|
| 5.5" | 71 | 213.4 | 17 lb/ft | L80 | PW | 3.0m | 213.1 | 207.1 | |
| REMARKS: | | | | | | | TOP OF CEMENT | SURFACE | |
| | | | | | | | PLUG BUMPED TO | 400 psi | |

DAILY COST BREAKDOWN

| ITEM | Today's | CUM | ITEM | Today's | CUM | ITEM | Today's | CUM |
|-----------------------------|---------|-----------|--------------------------------|---------|----------|-----------------------------|---------|---------|
| Land Owner Compensation | | \$2,000 | Intermediate Casing | | | Contract Labour Power tongs | | |
| Well Report | | \$5,000 | Core Trays | | \$4,341 | Knight's Survey Team | | \$100 |
| Work over prep-cost | | \$5,300 | Liner (4.50") \$91.67/m. | | | Directional Drilling | | |
| Site Construction | | \$25,000 | Casing Preparation | | | Rig Supervisor | \$550 | \$8,800 |
| Conductor | | \$528 | Casing Services At Rig | | | Open Hole Logging | | |
| Site Maintenance & Supplies | | \$220 | 2 7/8" Production Tubing | | | CBL-VDL-Perforating | | |
| Mobilisation | | \$32,000 | Tubing Preparation | | | Welder | | |
| Demobilisation | | | Tubing Running Services | | | Solids Control Equipment | | |
| Water Hauling | | \$100 | Down Hole Completion Eqpt | | | Rental Equipment | \$50 | \$800 |
| Waste Disposal | | | Wellhead | | \$1,000 | Lost and Damaged Equipment | | |
| Transport | | \$2,000 | Wellhead - Completion | | | Accommodation | \$100 | \$1,745 |
| Cranes | | \$2,000 | Surface Cement and Additives | | \$481 | Timewriting | | |
| Rig Day Rate | \$8,150 | \$138,550 | Intermed. Cement & Additives | | | Pacific Inspection | | |
| Rig Move Rate | | | Prod. Csg Cement and Additives | | | Communications | \$100 | \$1,500 |
| Mud | \$268 | \$12,725 | Floating equip. | | \$885 | Well Insurance | | \$8,500 |
| Completion Fluids | | | Trucking liquid mud | | \$300 | Public Liability Insurance. | | \$638 |
| Bits -BIT #6 | | \$14,210 | Geologists | \$400 | \$13,850 | Computer Services | | \$320 |
| Fuel 10,025 litres @ \$0.85 | | \$8,521 | Core Logging | \$400 | \$3,600 | Pit Liners | | \$560 |
| | | \$30,885 | Mud Engineer | | | DRILL WATER | | \$6 |

Total **\$10,018 \$326,465**

REMARKS

| | | | | |
|-------------------|---------------|--|-------------|-------------------------|
| General Comments: | | Contractor Representative: KEVIN DAVIS | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| WELL NAME | KELLY1 | | DATE | OCTOBER 22, 2001 |
| | | REPORT NO | 15 | |

| | | | | | | |
|------------------------------|-----------|------------------|------------------------|----------------|---------------|-------------------|
| Prospect | WELL NAME | AFE NO | REPORT NO | DAYS FROM SPUD | DAYS VS. PLAN | DATE |
| ST JAMES SECTION PEP161 | KELLY 1 | AFE-001 | 17 | 16 | | OCTOBER 24, 2001 |
| PRESENT OPERATION @ 0630 hrs | | | | DEPTH | AFE TD | PROGRESS |
| Coring | | | | 669.0 MT. | 840.0 MT. | 26.0 MT. |
| LAST CASING | FIT (ppg) | CONTRACTOR - RIG | DAILY COST | CUMM COST | AFE AMOUNT | RIG SUPERVISOR(S) |
| 5.5" | 213.1 | 18.6+ | Drillcorp UDR 3000 rig | A\$ 11,935 | A\$ 348,459 | A\$ 555,000 |
| | | | | | | Ian Johnstone |

DRILLING BITS, PARAMETERS

| BIT NO. | SIZE | MFR | TYPE | DEPTH IN | Metres | HOURS | AV ROP (m/hr) | NOZZLE(S) | RPM WOB (lb) | CPM (A\$) | TEETH | | | | REMARKS | | | | |
|---------|---------|--------|---------|----------|--------|-------|---------------|-----------|--------------|-----------|------------|---|---|---|---------|---|---|---|--|
| | | SER NO | IADC | | | | | | | | I | O | D | L | B | G | O | R | |
| 7 | PQ core | L/year | Amber 8 | 657.1 | 11.9 | 6.50 | 1.83 | nil | 700 | \$100.00 | "in hole" | | | | | | | | |
| | | H20001 | n/a | | | | | | | | | | | | | | | | |
| 6 | PQ core | Asahi | TA100 | 506.0 | 151.1 | 76.00 | 1.99 | nil | 700 | \$7.88 | "worn out" | | | | | | | | |
| | | 53959 | n/a | | | | | | | | | | | | | | | | |

MUD PROPERTIES, MATERIALS ADDED, COSTS

| MUD WT (ppg) | RHEOLOGY | | | | WATER LOSS | | | MUD CHECK | | | | MUD TYPE | MUD COST | | | |
|-------------------|----------|-----------|-----|------|------------|----------------|-----|-----------|----------|--------|----------|------------|----------|------------|----|-----------|
| | VIS | PV | YP | GELS | API | CAKE | HHP | TIME | DEPTH | SOURCE | FL DEG F | | DAILY \$ | CUMM \$ | | |
| 8.9 | 37 | | | | | | | | 668.0 | PITS | | PHPA | A\$ 995 | A\$ 14,029 | | |
| VOLUME ANALYSIS % | | | | | | DISSOLVED IONS | | | | | | ALKALINITY | | | | MBT (ppb) |
| OIL | EX LIME | OIL/WATER | LGS | HGS | SAND | Ca++ | Cl- | ES | SALT WT% | NO3- | SO3- | pH | PM | Pf | Mf | |

HYDRAULICS

| BIT NO | SPM | | | | LINER | FLOW (lpm) | PRESS (psi) | A VEL (m/min) | | | C VEL | | | JET VEL | LOSSES AT BIT | | IMPACT FORCE | HSI | SPR DATA | | |
|--------|-----|---|---|---|--------|------------|-------------|---------------|----|----|-------|----|----|---------|---------------|-----|--------------|-----|----------|----|-----|
| | 1 | 2 | 3 | 4 | | | | DP | DC | DC | DP | DC | DC | | (psi) | (%) | | | 40 | 80 | 100 |
| 7 | | | | | 2-3/4" | 65 | 850 | 31 | / | / | / | / | / | n/a | | | | | | | |

DRILLING INFORMATION

| STRING WEIGHT (lb) | | | TORQUE | | | GAS (units) | | | | | ROP's (ft/hr) | | |
|--------------------|------|----------|--|---------|-----|-------------|------|-----|-------|-----|---------------|-----|--|
| UP | DOWN | ROTATING | ON BTM | OFF BTM | BGG | CONN | TRIP | MAX | DEPTH | MAX | MIN | AVG | |
| Formation - Core | | | Dark, hard, dense shale/slate with quartz bands. | | | | | | | | | | |

OPERATIONS SEQUENCE

| TIME | TO | HRS | |
|------|------|------|-------------------------------------|
| 0630 | 1230 | 6.00 | PQ core from 643.0 to 655 m. |
| 1230 | 1300 | 0.50 | Ran deviation survey @ 655m. |
| 1300 | 1330 | 0.50 | Lubricate rig & top sheave bearings |
| 1330 | 1545 | 2.25 | PQ core from 655.0 to 657.1 m. |
| 1545 | 1830 | 2.75 | POH for bit change. |
| 1830 | 1900 | 0.50 | Safety meeting |
| 1900 | 2130 | 2.50 | RIH with new bit |
| 2130 | 0130 | 4.00 | PQ core from 657.1m to 666m. |
| 0130 | 0400 | 2.50 | Rig repair - broken pull-down rope |
| 0400 | 0630 | 2.50 | PQ core from 666.0 to 669m. |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | 24.0 | |

| DESCRIPTION | | OD (in) | ID (in) | LENGTH (m) |
|----------------------|------|---------|--------------|------------|
| PQ Bit | | 4.8 | | 0.14 |
| PQ Reamer (Oversize) | | 4.941 | | 0.14 |
| Core barrel | | 4.5 | | 3.38 |
| Top reamer | | 4.941 | | 0.26 |
| Landing coupling | | 4.5 | | 0.22 |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| BHA | | HRS. | TOTAL LENGTH | 4.13 |
| Jars | None | HRS. | SERIAL # | |

| DEPTH | DEVIATION | AZIMUTH | TVD | V SEC | DLS |
|-------|-----------|---------|-------|-------|------|
| 556 | 12.00 | 226 | 550.9 | 63.1 | 1.29 |
| 655 | 12.25 | 226 | 647.7 | 83.6 | 0.25 |
| | | | | | |
| | | | | | |

PERSONNEL ON LOCATION

| COMPANY | NO. | COMPANY | NO. |
|-------------------|-----|---------|-----|
| DRILLCORP | 7 | | |
| KNIGHT INDUSTRIES | 1 | | |
| GEOLOG AUST | 1 | | |
| GEOLOG USA | | | |
| WELL ENGINEER | 1 | | |
| MUD ENGINEER | | | |
| CORE LOGGER | 1 | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| TOTAL ON LOC. | | | 11 |

LAST DRILLS

| | |
|-----------|----------|
| PIT LEVEL | |
| BOP TEST | 13/10/01 |
| HYD SULF | |
| FIRE | |
| SAFETY | |
| BOP DRILL | 20/10/01 |

WEATHER

| | |
|-------------|--------|
| VISIBILITY | fine |
| RAIN | no |
| TEMP - 6 AM | 6 |
| TEMP - NOON | 24 |
| WIND | slight |
| | |
| | |

FUEL (LITRES) WATER

| | |
|-----------------|-------|
| CAMP WATER REC. | |
| DIESEL RIG | 5,600 |
| DIESEL USED | |
| DIESEL RECEIVED | |
| CAMP DIESEL | |
| CAMP USED | |

DRILL PIPE - DC ON LOCATION

| SIZE | JTS | SIZE | JTS |
|------|-----|------|-----|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

LAST CASING

| CASING SIZE | TOTAL JTS | LENGTH | WEIGHT | GRADE | THREAD | RANGE | SHOE AT | FLOAT AT | MSC AT |
|-------------|-----------|--------|----------|-------|--------|-------|---------------------------------|--------------------|--------|
| 5.5" | 71 | 213.4 | 17 lb/ft | L80 | PW | 3.0m | 213.1 | 207.1 | |
| REMARKS: | | | | | | | TOP OF CEMENT PLUG BUMPED TO | SURFACE 400 psi | |

DAILY COST BREAKDOWN

| ITEM | Today's | CUM | ITEM | Today's | CUM | ITEM | Today's | CUM |
|-----------------------------|---------|-----------|--------------------------------|---------|----------|-----------------------------|----------|-----------|
| Land Owner Compensation | | \$2,000 | Intermediate Casing | | | Contract Labour Power tongs | | |
| Well Report | | \$5,000 | Core Trays | | \$4,341 | Knight's Survey Team | | \$100 |
| Work over prep-cost | | \$5,300 | Liner (4.50") \$91.67/m. | | | Directional Drilling | | |
| Site Construction | | \$25,000 | Casing Preparation | | | Rig Supervising | \$550 | \$10,450 |
| Conductor | | \$528 | Casing Services At Rig | | | Open Hole Logging | | |
| Site Maintenance & Supplies | \$264 | \$484 | 2 7/8" Production Tubing | | | CBL-VDL-Perforating | | |
| Mobilisation | | \$32,000 | Tubing Preparation | | | Welder | | |
| Demobilisation | | | Tubing Running Services | | | Solids Control Equipment | | |
| Water Hauling | | \$100 | Down Hole Completion Eqpt | | | Rental Equipment | \$50 | \$950 |
| Waste Disposal | | | Wellhead | | \$1,000 | Lost and Damaged Equipment | | |
| Transport | \$220 | \$2,220 | Wellhead - Completion | | | Accommodation | \$100 | \$2,045 |
| Cranes | | \$2,000 | Surface Cement and Additives | | \$481 | Timewriting | | |
| Rig Day Rate | \$8,150 | \$163,000 | Intermed. Cement & Additives | | | Pacific Inspection | | |
| Rig Move Rate | | | Prod. Csg Cement and Additives | | | Communications | \$100 | \$1,800 |
| Mud | \$786 | \$14,815 | Floating equip. | | \$885 | Well Insurance | | \$8,500 |
| Completion Fluids | | | Trucking liquid mud | | \$300 | Public Liability Insurance. | | \$638 |
| Bits -BIT #7 | | \$15,400 | Geologists | \$400 | \$15,050 | Computer Services | | \$320 |
| Fuel 11,725 litres @ \$.085 | \$1,445 | \$9,966 | Core Logging | \$400 | \$4,800 | Pit Liners | | \$560 |
| Surface Casing | | \$30,885 | Mud Engineer | | | DRILL WATER | | \$6 |
| | | | | | | Total | \$12,465 | \$360,924 |

REMARKS

| | | | | | |
|-------------------|--|------|------------------|-----------|----|
| General Comments: | Contractor Representative: KEVIN DAVIS | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| WELL NAME | KELLY1 | DATE | OCTOBER 25, 2001 | REPORT NO | 18 |

| Prospect | | WELL NAME | | AFE NO | REPORT NO | DAYS FROM SPUD | DAYS VS. PLAN | DATE | |
|---|-------|-----------|------------------------|------------|-------------|----------------|---------------|-------------------|-----------|
| ST JAMES SECTION PEP161 | | KELLY 1 | | AFE-001 | 19 | 18 | | OCTOBER 26, 2001 | |
| PRESENT OPERATION @ 0630 hrs | | | | | | DEPTH | AFE TD | PROGRESS | PLUG BACK |
| Pulling out to pick up triple-tube core-barrel. | | | | | | 758.0 MT. | 840.0 MT. | 38.0 MT. | |
| LAST CASING | | FIT (ppg) | CONTRACTOR - RIG | DAILY COST | CUMM COST | AFE AMOUNT | | RIG SUPERVISOR(S) | |
| 5.5" | 213.1 | 18.6+ | Drillcorp UDR 3000 rig | A\$ 10,059 | A\$ 370,983 | A\$ 555,000 | | Ian Johnstone | |

DRILLING BITS, PARAMETERS

| BIT NO. | SIZE | MFR | TYPE | DEPTH IN | Metres | HOURS | AV ROP (m/hr) | NOZZLE(S) | RPM WOB (lb) | CPM (A\$) | TEETH | | | | REMARKS | | | | | |
|---------|---------|--------|---------|----------|--------|-------|---------------|-----------|--------------|-----------|-------|---|---|---|---------|---|---|---|--|--|
| | | SER NO | IADC | | | | | | | | I | O | D | L | B | G | O | R | | |
| 7 | PQ core | L/year | Amber 8 | 657.1 | 100.9 | 50.50 | 2.00 | nil | 700 | \$11.79 | | | | | | | | | | |
| | | H20001 | n/a | | | | | | 6,000 | | | | | | | | | | | |

MUD PROPERTIES, MATERIALS ADDED, COSTS

| MUD WT | | RHEOLOGY | | | | WATER LOSS | | | MUD CHECK | | | | MUD | MUD COST | | | |
|-------------------|---------|-----------|-----|------|------|------------|------|----------------|-----------|--------|----------|------|------------|------------|----|-------|-----|
| (ppg) | VIS | PV | YP | GELS | API | CAKE | HTHP | TIME | DEPTH | SOURCE | FL DEG F | TYPE | DAILY \$ | CUMM \$ | | | |
| 9.2 | 37 | | | | | | | | 750.0 | PITS | | PHPA | A\$ 309 | A\$ 15,124 | | | |
| VOLUME ANALYSIS % | | | | | | | | DISSOLVED IONS | | | | | ALKALINITY | | | | MBT |
| OIL | EX LIME | OIL/WATER | LGS | HGS | SAND | Ca++ | Cl- | ES | SALT WT% | NO3- | SO3- | pH | PM | Pf | Mf | (ppb) | |

HYDRAULICS

| BIT NO | LPM | | | | LINER | FLOW (lpm) | PRESS (psi) | A VEL (m/min) | | | C VEL | | | JET VEL | LOSSES AT BIT | | IMPACT FORCE | HSI | SPR DATA | | |
|--------|-----|---|---|---|--------|------------|-------------|---------------|----|----|-------|----|----|---------|---------------|-----|--------------|-----|----------|-----|-----|
| | 1 | 2 | 3 | 4 | | | | DP | DC | DC | DP | DC | DC | | (psi) | (%) | | | 50 | 85 | 100 |
| 7 | 75 | | | | 2-3/4" | 65 | 900 | 31 | / | / | / | / | / | n/a | | | | | 200 | 500 | |

DRILLING INFORMATION

| STRING WEIGHT (lb) | | | TORQUE | | | GAS (units) | | | | | ROP's (f/hr) | | | | |
|--------------------|------|----------|--------|---------|-----|-------------|------|-----|-------|-----|--------------|-----|--|--|--|
| UP | DOWN | ROTATING | ON BTM | OFF BTM | BGG | CONN | TRIP | MAX | DEPTH | MAX | MIN | AVG | | | |
| Formation - Core | | | | | | | | | | | | | Dark, hard, dense shale/slate with quartz bands. | | |

OPERATIONS SEQUENCE

| TIME | TO | HRS | |
|------|------|-------|--|
| 0630 | 0400 | 21.50 | PQ core from 720.0 to 758 m. |
| 0400 | 0445 | 0.75 | Ran deviation survey |
| 0445 | 0630 | 1.75 | Start pulling out to change core barrel. (Geologist request to run triple tube into target zone) |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | 24.0 | |

| DESCRIPTION | OD (in) | ID (in) | LENGTH (m) |
|----------------------|-------------------|---------------|------------|
| PQ Bit | 4.8 | | 0.14 |
| PQ Reamer (Oversize) | 4.941 | | 0.14 |
| Core barrel | 4.5 | | 3.38 |
| Top reamer | 4.941 | | 0.26 |
| Landing coupling | 4.5 | | 0.22 |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| BHA | HRS. TOTAL LENGTH | | 4.13 |
| Jars | None | HRS. SERIAL # | |

| DEPTH | DEVIATION | AZIMUTH | TVD | V SEC | DLS |
|-------|-----------|---------|-------|-------|------|
| 556 | 12.00 | 226 | 550.9 | 63.1 | 1.29 |
| 655 | 12.25 | 226 | 647.7 | 83.6 | 0.25 |
| | | | | | |
| | | | | | |

PERSONNEL ON LOCATION

| COMPANY | NO. | COMPANY | NO. |
|-------------------|-----|----------------------|-----------|
| DRILLCORP | 7 | | |
| KNIGHT INDUSTRIES | 1 | | |
| GEOLOG AUST | 1 | | |
| GEOLOG USA | | | |
| WELL ENGINEER | 1 | | |
| MUD ENGINEER | | | |
| CORE LOGGER | 1 | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | TOTAL ON LOC. | 11 |

LAST DRILLS

| | |
|-----------|----------|
| PIT LEVEL | |
| BOP TEST | 13/10/01 |
| HYD SULF | |
| FIRE | |
| SAFETY | |
| BOP DRILL | 20/10/01 |

WEATHER

| | |
|-------------|------|
| VISIBILITY | fine |
| RAIN | no |
| TEMP - 6 AM | 6 |
| TEMP - NOON | 24 |
| WIND | calm |

FUEL (LITRES) WATER

| | |
|-----------------|-------|
| CAMP WATER REC. | |
| DIESEL RIG | 5,600 |
| DIESEL USED | |
| DIESEL RECEIVED | |
| CAMP DIESEL | |
| CAMP USED | |

DRILL PIPE - DC ON LOCATION

| SIZE | JTS | SIZE | JTS |
|------|-----|------|-----|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

LAST CASING

| CASING SIZE | TOTAL JTS | LENGTH | WEIGHT | GRADE | THREAD | RANGE | SHOE AT | FLOAT AT | MSC AT |
|-------------|-----------|--------|----------|-------|--------|-------|----------------|----------|---------|
| 5.5" | 71 | 213.4 | 17 lb/ft | L80 | PW | 3.0m | 213.1 | 207.1 | |
| REMARKS: | | | | | | | TOP OF CEMENT | | SURFACE |
| | | | | | | | PLUG BUMPED TO | | 400 psi |

DAILY COST BREAKDOWN

| ITEM | Today's | CUM | ITEM | Today's | CUM | ITEM | Today's | CUM | |
|------------------------------|---------|-----------|--------------------------------|---------|----------|-----------------------------|---------|-----------------|------------------|
| Land Owner Compensation | | \$2,000 | Intermediate Casing | | | Contract Labour Power tongs | | | |
| Well Report | | \$5,000 | Core Trays | | \$4,341 | Knight's Survey Team | | \$100 | |
| Work over prep-cost | | \$5,300 | Liner (4.50") \$91.67/m. | | | Directional Drilling | | | |
| Site Construction | | \$25,000 | Casing Preparation | | | Rig Supervisor | \$550 | \$11,000 | |
| Conductor | | \$528 | Casing Services At Rig | | | Open Hole Logging | | | |
| Site Maintenance & Supplies | | \$484 | 2 7/8" Production Tubing | | | CBL-VDL-Perforating | | | |
| Mobilisation | | \$32,000 | Tubing Preparation | | | Welder | | | |
| Demobilisation | | | Tubing Running Services | | | Solids Control Equipment | | | |
| Water Hauling | \$100 | | Down Hole Completion Eqpt | | | Rental Equipment | \$50 | \$1,000 | |
| Waste Disposal | | | Wellhead | | \$1,000 | Lost and Damaged Equipment | | | |
| Transport | | \$2,220 | Wellhead - Completion | | | Accomodation | \$100 | \$2,145 | |
| Cranes | | \$2,000 | Surface Cement and Additives | | \$481 | Timewriting | | | |
| Rig Day Rate | \$8,150 | \$171,150 | Intermed. Cement & Additives | | | Pacific Inspection | | | |
| Rig Move Rate | | | Prod. Csg Cement and Additives | | | Communications | \$100 | \$1,900 | |
| Mud | \$309 | \$15,124 | Floating equip. | | \$885 | Well Insurance | | \$8,500 | |
| Completion Fluids | | | Trucking liquid mud | | \$300 | Public Liability Insurance. | | \$638 | |
| Bits -BIT #7 | | \$15,400 | Geologists | \$400 | \$15,450 | Computer Services | | \$320 | |
| Fuel 11,725 litres @ \$.0.85 | | \$9,966 | Core Logging | \$400 | \$5,200 | Pit Liners | | \$560 | |
| Surface Casing | | \$30,885 | Mud Engineer | | | DRILL WATER | | \$6 | |
| | | | | | | Total | | \$10,059 | \$370,983 |

REMARKS

| | | | | | |
|--------------------------------|--------|----------------------------|------------------|-------------|----|
| General Comments: | | Contractor Representative: | | KEVIN DAVIS | |
| Lost 1152 litres mud in 24 hrs | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| WELL NAME | KELLY1 | DATE | OCTOBER 26, 2001 | REPORT NO | 19 |

| Prospect | WELL NAME | AFE NO | REPORT NO | DAYS FROM SPUD | DAYS VS. PLAN | DATE |
|-------------------------------------|-----------|------------------|------------------------|----------------|---------------|-------------------|
| ST JAMES SECTION PEP161 | KELLY 1 | AFE-001 | 20 | 19 | | OCTOBER 27, 2001 |
| PRESENT OPERATION @ 0630 hrs | | | | | | |
| Coring | | | DEPTH | AFE TD | PROGRESS | PLUG BACK |
| | | | 798.0 MT. | 840.0 MT. | 39.4 MT. | |
| LAST CASING | FIT (ppg) | CONTRACTOR - RIG | DAILY COST | CUMM COST | AFE AMOUNT | RIG SUPERVISOR(S) |
| 5.5" | 213.1 | 18.6+ | Drillcorp UDR 3000 rig | A\$ 16,467 | A\$ 387,450 | A\$ 555,000 |
| | | | | | | Ian Johnstone |

DRILLING BITS, PARAMETERS

| BIT NO. | SIZE | MFR | TYPE | DEPTH IN | Metres | HOURS | AV ROP (m/hr) | NOZZLE(S) | RPM WOB (lb) | CPM (A\$) | TEETH | | | | REMARKS | | | |
|---------|----------|--------|---------|----------|--------|-------|---------------|-----------|--------------|-----------|-------|---|---|---|---------|---|---|---|
| | | SER NO | IADC | | | | | | | | I | O | D | L | B | G | O | R |
| 7 | PQ2 core | L/year | Amber 8 | 657.1 | 100.9 | 50.50 | 2.00 | nil | 700 | \$11.79 | I | O | D | L | | | | |
| | | H20001 | n/a | | | | | | | | | | | | | | | |
| 8 | PQ3 core | D&B | H9 | 758.6 | 39.4 | 19.50 | 2.02 | | 700 | \$30.20 | I | O | D | L | | | | |
| | | 039292 | | | | | | | | | | | | | | | | |

MUD PROPERTIES, MATERIALS ADDED, COSTS

| MUD WT (ppg) | RHEOLOGY | | | | WATER LOSS | | | MUD CHECK | | | | MUD TYPE | MUD COST | | | |
|-------------------|----------|-----------|-----|------|------------|----------------|-----|-----------|----------|--------|----------|------------|----------|------------|----|-----------|
| | VIS | PV | YP | GELS | API | CAKE | HHP | TIME | DEPTH | SOURCE | FL DEG F | | DAILY \$ | CUMM \$ | | |
| 9.2 | 37 | | | | | | | | 797.0 | PITS | | PHPA | A\$ | A\$ 15,124 | | |
| VOLUME ANALYSIS % | | | | | | DISSOLVED IONS | | | | | | ALKALINITY | | | | MBT (ppb) |
| OIL | EX LIME | OIL/WATER | LGS | HGS | SAND | Ca++ | Cl- | ES | SALT WT% | NO3- | SO3- | pH | PM | Pf | Mf | |

HYDRAULICS

| BIT NO | LPM | | | | LINER | FLOW (lpm) | PRESS (psi) | A VEL (m/min) | | | C VEL | | | JET VEL | LOSSES AT BIT | | IMPACT FORCE | HSI | SPR DATA | | |
|--------|-----|---|---|---|--------|------------|-------------|---------------|----|----|-------|----|----|---------|---------------|-----|--------------|-----|----------|-----|-----|
| | 1 | 2 | 3 | 4 | | | | DP | DC | DC | DP | DC | DC | | (psi) | (%) | | | 50 | 85 | 100 |
| 8 | 75 | | | | 2-3/4" | 65 | 800 | 31 | / | / | / | / | / | / | n/a | | | | 250 | 550 | |

DRILLING INFORMATION

| STRING WEIGHT (lb) | | | TORQUE | | | GAS (units) | | | | | ROP's (f/hr) | | |
|--------------------|------|----------|--|---------|-----|-------------|------|-----|-------|-----|--------------|-----|--|
| UP | DOWN | ROTATING | ON BTM | OFF BTM | BGG | CONN | TRIP | MAX | DEPTH | MAX | MIN | AVG | |
| Formation - Core | | | Dark, hard, dense shale/slate with quartz bands. | | | | | | | | | | |

OPERATIONS SEQUENCE

| TIME | TO | HRS | DESCRIPTION |
|------|------|------|--|
| 0630 | 0930 | 3.00 | POH, change core barrel & ran back in hole |
| 0930 | 1830 | 9.00 | PQ3 triple tube ore from 758.0 m. to 776.0 m. |
| 1830 | 1930 | 1.00 | Ran survey @ 775 m. |
| 1930 | 0300 | 7.50 | PQ3 triple tube ore from 776.0 m. to 796.0 m. |
| 0300 | 0330 | 0.50 | Monitor well for flow - No flow. (Gas detector peak @ 70 units from +/- 795m.) |
| 0330 | 0630 | 3.00 | PQ3 core from 796.0 m. to 798.0 m. |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | 24.0 | |

| Prospect | | WELL NAME | | AFE NO | REPORT NO | DAYS FROM SPUD | DAYS VS. PLAN | DATE | | | |
|-------------------------------------|--|-----------|------------------|---------|------------------------|----------------|---------------|------------------|---------------|--|--|
| ST JAMES SECTION PEP161 | | KELLY 1 | | AFE-001 | 21 | 20 | | OCTOBER 28, 2001 | | | |
| PRESENT OPERATION @ 0630 hrs | | | | | | | | | | | |
| Coring | | | | | DEPTH | AFE TD | PROGRESS | PLUG BACK | | | |
| | | | | | 845.0 MT. | 840.0 MT. | 47.0 MT. | | | | |
| LAST CASING | | FIT (ppg) | CONTRACTOR - RIG | | DAILY COST | CUMM COST | AFE AMOUNT | RIG SUPERVISOR | | | |
| 5.5" | | 213.1 | 18.6+ | | Drillcorp UDR 3000 rig | A\$ 10,193 | A\$ 397,643 | A\$ 555,000 | Ian Johnstone | | |

DRILLING BITS, PARAMETERS

| BIT NO. | SIZE | MFR SER NO | TYPE IADC | DEPTH IN | Metres | HOURS | AV ROP (m/hr) | NOZZLE(S) | RPM WOB (lb) | CPM (A\$) | TEETH | | | | REMARKS | | | |
|---------|----------|---------------|-------------|----------|--------|-------|---------------|-----------|--------------|-----------|--------------|---|---|---|---------|---|---|---|
| | | | | | | | | | | | I | O | D | L | B | G | O | R |
| 7 | PQ2 core | L/year H20001 | Amber 8 n/a | 657.1 | 100.9 | 50.50 | 2.00 | nil | 700 | \$11.79 | "re-runable" | | | | | | | |
| | | | | | | | | | 6,000 | | | | | | | | | |
| 8 | PQ3 core | D&B 039292 | H9 | 758.6 | 86.4 | 43.50 | 1.99 | | 700 | \$13.77 | "drilling" | | | | | | | |
| | | | | | | | | | 4,000 | | | | | | | | | |

MUD PROPERTIES, MATERIALS ADDED, COSTS

| MUD WT (ppg) | RHEOLOGY | | | | | WATER LOSS | | | MUD CHECK | | | | | MUD TYPE | MUD COST | |
|-------------------|----------|-----------|-----|------|------|------------|----------------|-----|-----------|-------|--------|------------|----------|----------|------------|----|
| | VIS | PV | YP | GELS | | API | CAKE | HDP | TIME | DEPTH | SOURCE | FL DEG F | DAILY \$ | | CUMM \$ | |
| 9.2 | 38 | | | | | | | | | 844.0 | PITS | | PHPA | A\$ 443 | A\$ 15,567 | |
| VOLUME ANALYSIS % | | | | | | | DISSOLVED IONS | | | | | ALKALINITY | | | MBT (ppb) | |
| OIL | EX LIME | OIL/WATER | LGS | HGS | SAND | Ca++ | Cl- | ES | SALT WT% | NO3- | SO3- | pH | PM | PI | | MI |

HYDRAULICS

| BIT NO | LPM | | | | LINER | FLOW (lpm) | PRESS (psi) | A VEL (m/min) | | | | | | C VEL | | | JET VEL | LOSSES AT BIT | | IMPACT FORCE | HSI | SPR DATA | | | | | | | | | | |
|--------|-----|----|---|---|-------|------------|-------------|---------------|----|----|----|----|----|-------|----|----|---------|---------------|-----|--------------|-----|----------|----|-----|--|--|--|--|--|--|--|--|
| | 1 | 2 | 3 | 4 | | | | DP | DC | DC | DP | DC | DC | DP | DC | DC | | (psi) | (%) | | | 50 | 85 | 100 | | | | | | | | |
| | 8 | 75 | | | | 2-3/4" | 65 | 850 | 31 | / | / | / | / | / | / | | | | | | | | | | | | | | | | | |

DRILLING INFORMATION

| STRING WEIGHT (lb) | | | TORQUE | | | GAS (units) | | | | | ROP's (ft/hr) | | | | |
|--------------------|------|----------|--------|---------|-----|-------------|------|-----|-------|-----|---------------|-----|--|--|--|
| UP | DOWN | ROTATING | ON BTM | OFF BTM | BGG | CONN | TRIP | MAX | DEPTH | MAX | MIN | AVG | | | |
| Formation - Core | | | | | | | | | | | | | Dark, hard, dense shale/slate with quartz bands. sandstone section from +/-801 - 830 | | |

OPERATIONS SEQUENCE

| TIME | TO | HRS | |
|------|------|-------|--|
| 0630 | 0730 | 24.00 | PQ3 core from 798.0 m. to 845.0 m. (Adjust for daylight saving) |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | 24.0 | |

| | | | | | | |
|------------------------------|-----------|------------------------|------------|----------------|---------------|------------------|
| Prospect | WELL NAME | AFE NO | REPORT NO | DAYS FROM SPUD | DAYS VS. PLAN | DATE |
| ST JAMES SECTION PEP161 | KELLY 1 | AFE-001 | 22 | 21 | | OCTOBER 29, 2001 |
| PRESENT OPERATION @ 0630 hrs | | | DEPTH | AFE TD | PROGRESS | PLUG BACK |
| Waiting on Wireline Loggers | | | 862.0 MT. | 840.0 MT. | 17.0 MT. | |
| LAST CASING | FIT (ppg) | CONTRACTOR - RIG | DAILY COST | CUMM COST | AFE AMOUNT | RIG SUPERVISOR |
| 5.5" 213.1 | 18.6+ | Drillcorp UDR 3000 rig | A\$ 10,153 | A\$ 407,796 | A\$ 555,000 | Ian Johnstone |

DRILLING BITS, PARAMETERS

| BIT NO. | SIZE | MFR SER NO | TYPE IADC | DEPTH IN | Metres | HOURS | AV ROP (m/hr) | NOZZLE(S) | RPM WOB (lb) | CPM (A\$) | TEETH | | | | REMARKS | | | |
|---------|----------|------------|-----------|----------|--------|-------|---------------|-----------|--------------|-----------|------------|---|---|---|---------|---|---|---|
| | | | | | | | | | | | I | O | D | L | B | G | O | R |
| 8 | PQ3 core | D&B 039292 | H9 | 758.6 | 103.4 | 53.00 | 1.95 | none | 700 4,000 | \$11.51 | "95% worn" | | | | | | | |

MUD PROPERTIES, MATERIALS ADDED, COSTS

| MUD WT (ppg) | RHEOLOGY | | | | WATER LOSS | | | MUD CHECK | | | | MUD TYPE | MUD COST | | |
|-------------------|----------|-----------|-----|------|----------------|------|------|-----------|----------|--------|------------|----------|----------|------------|-----------|
| | VIS | PV | YP | GELS | API | CAKE | HTHP | TIME | DEPTH | SOURCE | FL DEG F | | DAILY \$ | CUMM \$ | |
| 9.2 | 36 | | | | | | | | 856.0 | PITS | | PHPA | A\$ 403 | A\$ 15,970 | |
| VOLUME ANALYSIS % | | | | | DISSOLVED IONS | | | | | | ALKALINITY | | | | MBT (ppb) |
| OIL | EX LIME | OIL/WATER | LGS | HGS | SAND | Ca++ | Cl- | ES | SALT WT% | NO3- | SO3- | pH | PM | PF | |
| | | | | | | | | | | | | | | | |

HYDRAULICS

| BIT NO | LPM | | | | LINER | FLOW (lpm) | PRESS (psi) | A VEL (m/min) | | | C VEL | | | JET VEL | LOSSES AT BIT | | IMPACT FORCE | HSI | SPR DATA | | |
|--------|-----|---|---|---|--------|------------|-------------|---------------|----|----|-------|----|----|---------|---------------|-----|--------------|-----|----------|-----|-----|
| | 1 | 2 | 3 | 4 | | | | DP | DC | DC | DP | DC | DC | | (psi) | (%) | | | 50 | 85 | 100 |
| 8 | 75 | | | | 2-3/4" | 65 | 850 | 31 | / | / | / | / | / | n/a | | | | | 250 | 550 | |

DRILLING INFORMATION

| STRING WEIGHT (lb) | | | TORQUE | | | | GAS (units) | | | | ROP's (ft/hr) | | |
|--------------------|------|----------|--------|---------|-----|------|-------------|-----|-------|-----|---------------|--------------------------|--|
| UP | DOWN | ROTATING | ON BTM | OFF BTM | BGG | CONN | TRIP | MAX | DEPTH | MAX | MIN | AVG | |
| | | | | | | | | | | | | | |
| Formation - Core | | | | | | | | | | | | White granite from 855m. | |

OPERATIONS SEQUENCE

| TIME | TO | HRS | |
|------|------|------|--|
| 0630 | 1000 | 3.50 | PQ3 core from 845.0 m. to 850 m. |
| 1000 | 1100 | 1.00 | Deviation survey @ 850m. |
| 1100 | 1300 | 2.00 | PQ3 core from 850.0 m. to 856.5 m. |
| 1300 | 1400 | 1.00 | Rig repair - Replace water hose & water swivel |
| 1400 | 1800 | 4.00 | PQ3 core from 865.5 m. to 862.0 m. (TD) |
| 1800 | 1830 | 0.50 | Circulate hole clean |
| 1830 | 2200 | 3.50 | Rig up & pull rods - close blind rams. |
| 2200 | 0630 | 8.50 | Start to tear down un-required equipment. |
| | | | |
| | | | |
| | | 24.0 | |

| DESCRIPTION | OD (In) | ID (In) | LENGTH (m) |
|----------------------|-------------------|---------------|------------|
| PQ3 Bit | 4.8 | | 0.135 |
| PQ Reamer (Oversize) | 4.941 | | 0.135 |
| Core barrel | 4.5 | | 3.38 |
| Top reamer | 4.941 | | 0.26 |
| Landing coupling | 4.5 | | 0.26 |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| BHA | HRS. TOTAL LENGTH | | 4.17 |
| Jars | None | HRS. SERIAL # | |

| DEPTH | DEVIATION | AZIMUTH | TVD | V SEC | DLS |
|-------|-----------|---------|--------|-------|------|
| 556 | 12.00 | 226 | 550.9 | 63.1 | 1.29 |
| 655 | 12.25 | 226 | 647.7 | 83.6 | 0.25 |
| 775 | 14.00 | 225 | 764.7 | 110.3 | 1.31 |
| 850 | 14.10 | 226 | 837.48 | 128.3 | 0.51 |

PERSONNEL ON LOCATION

| COMPANY | NO. | COMPANY | NO. |
|-------------------|-----|---------|-----|
| DRILLCORP | 7 | | |
| KNIGHT INDUSTRIES | 1 | | |
| Geologist - AUST | 1 | | |
| Geologist - USA | | | |
| WELL ENGINEER | 1 | | |
| MUD ENGINEER | | | |
| CORE LOGGER | 1 | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| TOTAL ON LOC. | | | 11 |

LAST DRILLS

| PIT LEVEL | |
|-----------|----------|
| BOP TEST | 13/10/01 |
| HYD SULF | |
| FIRE | |
| SAFETY | |
| BOP DRILL | 20/10/01 |

WEATHER

| VISIBILITY | fine |
|-------------|---------|
| RAIN | showery |
| TEMP - 6 AM | 8 |
| TEMP - NOON | 26 |
| WIND | breezy |

FUEL (LITRES) WATER

| CAMP WATER REC. | |
|-----------------|--|
| DIESEL RIG | |
| DIESEL USED | |
| DIESEL RECEIVED | |
| CAMP DIESEL | |
| CAMP USED | |

DRILL PIPE - DC ON LOCATION

| SIZE | JTS | SIZE | JTS |
|------|-----|------|-----|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

LAST CASING

| CASING SIZE | TOTAL JTS | LENGTH | WEIGHT | GRADE | THREAD | RANGE | SHOE AT | FLOAT AT | MSC AT |
|-------------|-----------|--------|----------|-------|--------|-------|----------------|----------|--------|
| 5.5" | 71 | 213.4 | 17 lb/ft | L80 | PW | 3.0m | 213.1 | 207.1 | |
| REMARKS: | | | | | | | TOP OF CEMENT | SURFACE | |
| | | | | | | | PLUG BUMPED TO | 400 psi | |

DAILY COST BREAKDOWN

| ITEM | Today's | CUM | ITEM | Today's | CUM | ITEM | Today's | CUM |
|-----------------------------|---------|-----------|--------------------------------|---------|----------|-----------------------------|----------|-----------|
| Land Owner Compensation | | \$2,000 | Intermediate Casing | | | Contract Labour Power tongs | | |
| Well Report | | \$5,000 | Core Trays | | \$5,433 | Knight's Survey Team | | \$100 |
| Work over prep-cost | | \$5,300 | Liner (4.50") @ \$91.67/m. | | | Directional Drilling | | |
| Site Construction | | \$25,000 | Casing Preparation | | | Rig Supervisor | \$550 | \$12,650 |
| Conductor | | \$528 | Casing Services At Rig | | | Open Hole Logging | | |
| Site Maintenance & Supplies | | \$484 | 2 7/8" Production Tubing | | | CBL-VDL-Perforating | | |
| Mobilisation | | \$32,000 | Tubing Preparation | | | Welder | | |
| Demobilisation | | | Tubing Running Services | | | Solids Control Equipment | | |
| Water Hauling | | \$100 | Down Hole Completion Eqpt | | | Rental Equipment | \$50 | \$1,150 |
| Waste Disposal | | | Wellhead | | \$1,000 | Lost and Damaged Equipment | | |
| Transport (DrillCorp Mud) | | \$5,720 | Wellhead - Completion | | | Accomodation | \$100 | \$2,445 |
| Cranes | | \$2,000 | Surface Cement and Additives | | \$481 | Timewriting | | |
| Rig Day Rate | \$8,150 | \$195,600 | Intermed. Cement & Additives | | | Pacific Inspection | | |
| Rig Move Rate | | | Prod. Csg Cement and Additives | | | Communications | \$100 | \$2,200 |
| Mud | \$403 | \$15,970 | Floating equip. | | \$885 | Well Insurance | | \$8,500 |
| Completion Fluids | | | Trucking liquid mud | | \$300 | Public Liability Insurance. | | \$638 |
| Bits -BIT #8 | | \$16,590 | Geologists | \$400 | \$16,650 | Computer Services | | \$320 |
| Fuel 12,825 litres @ \$.85 | | \$10,901 | Core Logging | \$400 | \$6,400 | Pit Liners | | \$560 |
| Surface Casing | | \$30,865 | Mud Engineer | | | DRILL WATER | | \$6 |
| | | | | | | Total | \$10,153 | \$407,796 |

REMARKS

| | | | |
|---|--|------|------------------|
| General Comments: | Contractor Representative: KEVIN DAVIS | | |
| Hole completed at 862.0 metres in white granite basement. | | | |
| | | | |
| | | | |
| | | | |
| WELL NAME | KELLY1 | DATE | OCTOBER 29, 2001 |
| REPORT NO | 22 | | |

| | | | | | | |
|-------------------------------------|-----------|------------------------|----------------|----------------|---------------|------------------|
| Prospect | WELL NAME | AFE NO | REPORT NO | DAYS FROM SPUD | DAYS VS. PLAN | DATE |
| ST JAMES SECTION PEP161 | KELLY 1 | AFE-001 | 23 | 22 | | OCTOBER 30, 2001 |
| PRESENT OPERATION @ 0630 hrs | | | DEPTH (Metres) | AFE TD | PROGRESS | PLUG BACK |
| Waiting on Wireline Loggers | | | 862.0 TD | 840.0 m | m | |
| LAST CASING | FIT (ppg) | CONTRACTOR - RIG | DAILY COST | CUMM COST | AFE AMOUNT | RIG SUPERVISOR |
| 5.5" | 213.1 | Drillcorp UDR 3000 rig | A\$ 9,710 | A\$ 416,781 | A\$ 555,000 | Ian Johnstone |

DRILLING BITS, PARAMETERS

| BIT NO. | SIZE | MFR SER NO | TYPE IADC | DEPTH IN | Metres | HOURS | AV ROP (m/hr) | NOZZLE(S) | RPM WOB (lb) | CPM (A\$) | TEETH | | | | REMARKS | | | |
|---------|----------|------------|-----------|----------|--------|-------|---------------|-----------|--------------|-----------|------------|---|---|---|---------|---|---|---|
| | | | | | | | | | | | I | O | D | L | B | G | O | R |
| 8 | PQ3 core | D&B 039292 | H9 | 758.6 | 103.4 | 53.00 | 1.95 | none | 700 4,000 | \$11.51 | "95% worn" | | | | | | | |

MUD PROPERTIES, MATERIALS ADDED, COSTS

| MUD WT (ppg) | RHEOLOGY | | | | WATER LOSS | | | MUD CHECK | | | | MUD TYPE | MUD COST | | |
|-------------------|----------|-----------|-----|------|------------|----------------|------|-----------|----------|--------|----------|------------|----------|------------|-----------|
| | VIS | PV | YP | GELS | API | CAKE | HTHP | TIME | DEPTH | SOURCE | FL DEG F | | DAILY \$ | CUMM \$ | |
| 9.2 | 36 | | | | | | | | | | | PHPA | A\$ | A\$ 15,970 | |
| VOLUME ANALYSIS % | | | | | | DISSOLVED IONS | | | | | | ALKALINITY | | | MBT (ppb) |
| OIL | EX LIME | OIL/WATER | LGS | HGS | SAND | Ca++ | Cl- | ES | SALT WT% | NO3- | SO3- | pH | PM | Pf | |

HYDRAULICS

| BIT NO | LPM | | | | LINER | FLOW (lpm) | PRESS (psi) | A VEL (m/min) | | | C VEL | | | JET VEL | LOSSES AT BIT | | IMPACT FORCE | HSI | SPR DATA | | |
|--------|-----|---|---|---|-------|------------|-------------|---------------|----|----|-------|----|----|---------|---------------|-----|--------------|-----|----------|----|-----|
| | 1 | 2 | 3 | 4 | | | | DP | DC | DC | DP | DC | DC | | (psi) | (%) | | | 50 | 85 | 100 |
| | | | | | | | | | | | | | | | | | | | | | |

DRILLING INFORMATION

| STRING WEIGHT (lb) | | | TORQUE | | | GAS (units) | | | | | ROP's (ft/hr) | | |
|--------------------|------|----------|--------------------------|---------|-----|-------------|------|-----|-------|-----|---------------|-----|--|
| UP | DOWN | ROTATING | ON BTM | OFF BTM | BGG | CONN | TRIP | MAX | DEPTH | MAX | MIN | AVG | |
| Formation - Core | | | White granite from 855m. | | | | | | | | | | |

OPERATIONS SEQUENCE

| TIME | TO | HRS | |
|------|------|-------|------------------------------|
| 0630 | 0630 | 24.00 | Waiting on wire-line Loggers |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | 24.0 | |

909397 068

| DESCRIPTION | OD (in) | ID (in) | LENGTH (m) |
|-------------|---------|---------|--------------|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| BHA | | HRS. | TOTAL LENGTH |
| Jars | None | HRS. | SERIAL # |

| DEPTH | DEVIATION | AZIMUTH | TVD | V SEC | DLS |
|-------|-----------|---------|--------|-------|------|
| 556 | 12.00 | 226 | 550.9 | 63.1 | 1.29 |
| 655 | 12.25 | 226 | 647.7 | 83.6 | 0.25 |
| 775 | 14.00 | 225 | 764.7 | 110.3 | 1.31 |
| 850 | 14.10 | 226 | 837.48 | 128.3 | 0.51 |

PERSONNEL ON LOCATION

| COMPANY | NO. | COMPANY | NO. |
|-------------------|-----|---------------|-----|
| DRILLCORP | 4 | | |
| KNIGHT INDUSTRIES | 1 | | |
| Geologist - AUST | 1 | | |
| Geologist - USA | | | |
| WELL ENGINEER | 1 | | |
| MUD ENGINEER | | | |
| CORE LOGGER | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | TOTAL ON LOC. | 7 |

LAST DRILLS

| | |
|-----------|----------|
| PIT LEVEL | |
| BOP TEST | 13/10/01 |
| HYD SULF | |
| FIRE | |
| SAFETY | |
| BOP DRILL | 20/10/01 |

WEATHER

| | |
|-------------|--------|
| VISIBILITY | fine |
| RAIN | none |
| TEMP - 6 AM | 8 |
| TEMP - NOON | 26 |
| WIND | breezv |

FUEL (LITRES) WATER

| | |
|-----------------|--|
| CAMP WATER REC. | |
| DIESEL RIG | |
| DIESEL USED | |
| DIESEL RECEIVED | |
| CAMP DIESEL | |
| CAMP USED | |

DRILL PIPE - DC ON LOCATION

| SIZE | JTS | SIZE | JTS |
|------|-----|------|-----|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

LAST CASING

| CASING SIZE | TOTAL JTS | LENGTH | WEIGHT | GRADE | THREAD | RANGE | SHOE AT | FLOAT AT | MSC AT | |
|-------------|-----------|--------|----------|-------|--------|-------|----------------|----------|---------|--|
| 5.5" | 71 | 213.4 | 17 lb/ft | L80 | PW | 3.0m | 213.1 | 207.1 | | |
| REMARKS: | | | | | | | TOP OF CEMENT | | SURFACE | |
| | | | | | | | PLUG BUMPED TO | | 400 psi | |

DAILY COST BREAKDOWN

| ITEM | Today's | CUM | ITEM | Today's | CUM | ITEM | Today's | CUM |
|------------------------------|---------|-----------|--------------------------------|---------|----------|-----------------------------|---------|-----------|
| Land Owner Compensation | | \$2,000 | Intermediate Casing | | | Contract Labour Power tongs | | |
| Well Report | | \$5,000 | Core Trays | | \$5,433 | Knight's Survey Team | | \$100 |
| Work over prep-cost | | \$5,300 | Liner (4.50") \$91.67/m. | | | Directional Drilling | | |
| Site Construction | | \$25,000 | Casing Preparation | | | Rig Supervisor | \$550 | \$13,200 |
| Conductor | | \$528 | Casing Services At Rig | | | Open Hole Logging | | |
| Site Maintenance & Supplies | | \$484 | 2 7/8" Production Tubing | | | CBL-VDL-Perforating | | |
| Mobilisation | | \$32,000 | Tubing Preparation | | | Welder | | |
| Demobilisation | | | Tubing Running Services | | | Solids Control Equipment | | |
| Water Hauling | | \$100 | Down Hole Completion Eqpt | | | Rental Equipment | \$50 | \$1,200 |
| Waste Disposal | | | Wellhead | | \$1,000 | Lost and Damaged Equipment | | |
| Transport (DrillCorp Mud) | | \$5,720 | Wellhead - Completion | | | Accommodation | \$60 | \$2,505 |
| Cranes | | \$2,000 | Surface Cement and Additives | | \$481 | Timewriting | | |
| Rig Day Rate | \$8,150 | \$203,750 | Intermed. Cement & Additives | | | Rehabilitation of Site | | |
| Rig Move Rate | | | Prod. Csg Cement and Additives | | | Communications | \$100 | \$2,300 |
| Mud | | \$15,970 | Floating equip. | | \$885 | Well Insurance | | \$7,775 |
| Completion Fluids | | | Trucking liquid mud | | \$300 | Public Liability Insurance. | | \$638 |
| Bits -BIT #8 | | \$16,590 | Geologists | \$400 | \$17,050 | Computer Services | | \$320 |
| Fuel 12,825 litres @ \$.0.85 | | \$10,901 | Core Logging | \$400 | \$6,800 | Pit Liners | | \$560 |
| Surface Casing | | \$30,885 | Mud Engineer | | | DRILL WATER | | \$6 |
| | | | | Total | | \$9,710 | | \$416,781 |

REMARKS

| | | | | | |
|---|--------|----------------------------|------------------|-------------|----|
| General Comments: | | Contractor Representative: | | KEVIN DAVIS | |
| Hole completed at 862.0 metres in white granite basement. | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| WELL NAME | KELLY1 | DATE | OCTOBER 30, 2001 | REPORT NO | 23 |

| DESCRIPTION | | OD (in) | ID (in) | LENGTH (m) |
|-------------|------|---------|--------------|------------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| BHA | | HRS. | TOTAL LENGTH | |
| Jars | None | HRS. | SERIAL # | |

| DEPTH | DEVIATION | AZIMUTH | TVD | V SEC | DLS |
|-------|-----------|---------|--------|-------|------|
| 556 | 12.00 | 226 | 550.9 | 63.1 | 1.29 |
| 655 | 12.25 | 226 | 647.7 | 83.6 | 0.25 |
| 775 | 14.00 | 225 | 764.7 | 110.3 | 1.31 |
| 850 | 14.10 | 226 | 837.48 | 128.3 | 0.51 |

PERSONNEL ON LOCATION

| COMPANY | NO. | COMPANY | NO. |
|-------------------|-----|---------|-----|
| DRILLCORP | 4 | | |
| KNIGHT INDUSTRIES | 1 | | |
| Geologist - AUST | 1 | | |
| Geologist - USA | | | |
| WELL ENGINEER | 1 | | |
| MUD ENGINEER | | | |
| CORE LOGGER | | | |
| | | | |
| | | | |
| | | | |
| TOTAL ON LOC. | | | 7 |

LAST DRILLS

| PIT LEVEL | |
|-----------|----------|
| BOP TEST | 13/10/01 |
| HYD SULF | |
| FIRE | |
| SAFETY | |
| BOP DRILL | 20/10/01 |

WEATHER

| VISIBILITY | |
|-------------|--------|
| | fine |
| RAIN | none |
| TEMP - 6 AM | 8 |
| TEMP - NOON | 26 |
| WIND | breezy |

FUEL (LITRES) WATER

| | |
|-----------------|--|
| CAMP WATER REC. | |
| DIESEL RIG | |
| DIESEL USED | |
| DIESEL RECEIVED | |
| CAMP DIESEL | |
| CAMP USED | |

DRILL PIPE - DC ON LOCATION

| SIZE | JTS | SIZE | JTS |
|------|-----|------|-----|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

LAST CASING

| CASING SIZE | TOTAL JTS | LENGTH | WEIGHT | GRADE | THREAD | RANGE | SHOE AT | FLOAT AT | MSC AT |
|-------------|-----------|--------|----------|-------|--------|-------|---------------------------------|--------------------|--------|
| 5.5" | 71 | 213.4 | 17 lb/ft | L80 | PW | 3.0m | 213.1 | 207.1 | |
| REMARKS: | | | | | | | TOP OF CEMENT PLUG BUMPED TO | SURFACE 400 psi | |

DAILY COST BREAKDOWN

| ITEM | Today's | CUM | ITEM | Today's | CUM | ITEM | Today's | CUM |
|------------------------------|---------|-----------|--------------------------------|---------|----------|-----------------------------|---------|-----------|
| Land Owner Compensation | | \$2,000 | Intermediate Casing | | | Contract Labour Power tongs | | |
| Well Report | | \$5,000 | Core Trays | | \$5,433 | Knight's Survey Team | | \$100 |
| Work over prep-cost | | \$5,300 | Liner (4.50") \$91.67/m. | | | Directional Drilling | | |
| Site Construction | | \$25,000 | Casing Preparation | | | Rig Supervisor | \$550 | \$13,750 |
| Conductor | | \$528 | Casing Services At Rig | | | Open Hole Logging | | |
| Site Maintenance & Supplies | | \$484 | 2 7/8" Production Tubing | | | CBL-VDL-Perforating | | |
| Mobilisation | | \$32,000 | Tubing Preparation | | | Welder | | |
| Demobilisation | | | Tubing Running Services | | | Solids Control Equipment | | |
| Water Hauling | | \$100 | Down Hole Completion Eqpt | | | Rental Equipment | \$50 | \$1,250 |
| Waste Disposal | | | Wellhead | | \$1,000 | Lost and Damaged Equipment | | |
| Transport (DrillCorp Mud) | | \$5,720 | Wellhead - Completion | | | Accommodation | \$60 | \$2,565 |
| Cranes | | \$2,000 | Surface Cement and Additives | | \$481 | Timewriting | | |
| Rig Day Rate | \$4,075 | \$207,825 | Intermed. Cement & Additives | | | Rehabilitation of Site | | |
| Rig Move Rate | | | Prod. Csg Cement and Additives | | | Communications | \$100 | \$2,400 |
| Mud | | \$15,970 | Floating equip. | | \$885 | Well Insurance | | \$7,775 |
| Completion Fluids | | | Trucking liquid mud | | \$300 | Public Liability Insurance. | | \$638 |
| Bits -BIT #8 | | \$16,590 | Geologists | \$400 | \$17,450 | Computer Services | | \$320 |
| Fuel 12,825 litres @ \$.0.85 | | \$10,901 | Core Logging | \$400 | \$7,200 | Pit Liners | | \$560 |
| Surface Casing | | \$30,885 | Mud Engineer | | | DRILL WATER | | \$6 |
| | | | | | | Total | \$5,635 | \$422,416 |

REMARKS

| | | | | | |
|---|----------------------------|-------------|------------------|-----------|----|
| General Comments: | Contractor Representative: | KEVIN DAVIS | | | |
| Night shift crew departed site 2pm 29th October, 2001 | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| WELL NAME | KELLY1 | DATE | OCTOBER 31, 2001 | REPORT NO | 24 |

Victoria Petroleum Inc Daily Drilling Report - KELLY #1

909397 071

| Prospect | WELL NAME | AFE NO | REPORT NO | DAYS FROM SPUD | DAYS VS. PLAN | DATE | |
|---|-----------|-----------|------------------|------------------------|---------------|------------------|----------------|
| ST JAMES SECTION PEP161 | KELLY 1 | AFE-001 | 25 | 24 | | NOVEMBER 1, 2001 | |
| PRESENT OPERATION @ 0630 hrs Thursday 1/11/01 | | | DEPTH (Metres) | AFE TD | PROGRESS | PLUG BACK | |
| XXX | | | 862.0 TD | 840.0 m | nil | | |
| LAST CASING | | FIT (ppg) | CONTRACTOR - RIG | DAILY COST | CUMM COST | AFE AMOUNT | RIG SUPERVISOR |
| 5.5" | | 213.1 | 18.6+ | Drillcorp UDR 3000 rig | A\$ 10,401 | A\$ 432,817 | A\$ 555,000 |

DRILLING BITS, PARAMETERS

| BIT NO. | SIZE | MFR | TYPE | DEPTH IN | Metres | HOURS | AV ROP (m/hr) | NOZZLE(S) | RPM WOB (lb) | CPM (A\$) | TEETH | | | | REMARKS | | | | |
|---------|------|--------|------|----------|--------|-------|---------------|-----------|--------------|-----------|-------|---|---|---|---------|---|---|---|--|
| | | SER NO | IADC | | | | | | | | I | O | D | L | B | G | O | R | |
| | | | | | | | | | | | | | | | | | | | |

MUD PROPERTIES, MATERIALS ADDED, COSTS

| MUD WT (ppg) | RHEOLOGY | | | | WATER LOSS | | | MUD CHECK | | | | MUD TYPE | MUD COST | | | |
|-------------------|----------|-----------|-----|----------------|------------|------|-----|-----------|----------|------------|----------|----------|----------|-----------|----|--|
| | VIS | PV | YP | GELS | API | CAKE | HHP | TIME | DEPTH | SOURCE | FL DEG F | PHPA | DAILY \$ | CUMM \$ | | |
| | | | | | | | | | | | | | A\$ | 15,970 | | |
| VOLUME ANALYSIS % | | | | DISSOLVED IONS | | | | | | ALKALINITY | | | | MBT (ppb) | | |
| OIL | EX LIME | OIL/WATER | LGS | HGS | SAND | Ca++ | Cl- | ES | SALT WT% | NO3- | SO3- | pH | PM | Pf | Mf | |

HYDRAULICS

| BIT NO | LPM | | | | LINER | FLOW (lpm) | PRESS (psi) | A VEL (m/min) | | | C VEL | | | JET VEL | LOSSES AT BIT | | IMPACT FORCE | HSI | SPR DATA | | |
|--------|-----|---|---|---|-------|------------|-------------|---------------|----|----|-------|----|----|---------|---------------|-----|--------------|-----|----------|----|-----|
| | 1 | 2 | 3 | 4 | | | | DP | DC | DC | DP | DC | DC | | (psi) | (%) | | | 50 | 85 | 100 |
| | | | | | | | | | | | | | | | | | | | | | |

DRILLING INFORMATION

| STRING WEIGHT (lb) | | | TORQUE | | | GAS (units) | | | | | ROP's (ft/hr) | | | | |
|--------------------|------|----------|--------|---------|-----|-------------|------|-----|-------|-----|---------------|-----|--|--|--|
| UP | DOWN | ROTATING | ON BTM | OFF BTM | BGG | CONN | TRIP | MAX | DEPTH | MAX | MIN | AVG | | | |
| Formation - Core | | | | | | | | | | | | | | | |

OPERATIONS SEQUENCE

| TIME | TO | HRS | |
|------|------|------|--------------------------------|
| 0630 | 0900 | 2.50 | Run in hole for clean out trip |
| 0900 | 1000 | 1.00 | Circulate bottoms up. |
| 1000 | 1230 | 2.50 | Trip out |
| 1230 | 1300 | 0.50 | Rig up wireline loggers. |
| 1300 | 1830 | 5.50 | Log hole |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | 12.0 | |

| DESCRIPTION | | OD (in) | ID (in) | LENGTH (m) |
|-------------|------|---------|--------------|------------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| BHA | | HRS. | TOTAL LENGTH | |
| Jars | None | HRS. | SERIAL # | |

| DEPTH | DEVIATION | AZIMUTH | TVD | V SEC | DLS |
|-------|-----------|---------|--------|-------|------|
| 556 | 12.00 | 226 | 550.9 | 63.1 | 1.29 |
| 655 | 12.25 | 226 | 647.7 | 83.6 | 0.25 |
| 775 | 14.00 | 225 | 764.7 | 110.3 | 1.31 |
| 850 | 14.10 | 226 | 837.48 | 128.3 | 0.51 |

PERSONNEL ON LOCATION

| COMPANY | NO. | COMPANY | NO. |
|-------------------|-----|---------------|-----|
| DRILLCORP | 4 | | |
| KNIGHT INDUSTRIES | 1 | | |
| Geologist - AUST | 1 | | |
| Geologist - USA | | | |
| WELL ENGINEER | 1 | | |
| MUD ENGINEER | | | |
| CORE LOGGER | | | |
| | | | |
| | | | |
| | | | |
| | | TOTAL ON LOC. | 7 |

LAST DRILLS

| PIT LEVEL | |
|-----------|----------|
| BOP TEST | 13/10/01 |
| HYD SULF | |
| FIRE | |
| SAFETY | |
| BOP DRILL | 20/10/01 |

WEATHER

| VISIBILITY | |
|-------------|--------|
| RAIN | none |
| TEMP - 6 AM | 8 |
| TEMP - NOON | 26 |
| WIND | breezy |

FUEL (LITRES) WATER

| CAMP WATER REC. | |
|-----------------|--|
| DIESEL RIG | |
| DIESEL USED | |
| DIESEL RECEIVED | |
| CAMP DIESEL | |
| CAMP USED | |

DRILL PIPE - DC ON LOCATION

| SIZE | JTS | SIZE | JTS |
|------|-----|------|-----|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

LAST CASING

| CASING SIZE | TOTAL JTS | LENGTH | WEIGHT | GRADE | THREAD | RANGE | SHOE AT | FLOAT AT | MSC AT |
|-------------|-----------|--------|----------|-------|--------|-------|----------------|----------|--------|
| 5.5" | 71 | 213.4 | 17 lb/ft | L80 | PW | 3.0m | 213.1 | 207.1 | |
| REMARKS: | | | | | | | TOP OF CEMENT | SURFACE | |
| | | | | | | | PLUG BUMPED TO | 400 psi | |

DAILY COST BREAKDOWN

| ITEM | Today's | CUM | ITEM | Today's | CUM | ITEM | Today's | CUM |
|------------------------------|---------|-----------|------------------------------|---------|----------|-----------------------------|----------|-----------|
| Land Owner Compensation | | \$2,000 | Intermediate Casing | | | Space Analysis - Amdell | | |
| Well Report | | \$5,000 | Core Trays | | \$5,433 | Knight's Survey Team | | \$100 |
| Work over prep-cost | | \$5,300 | Liner (4.50") \$91.67/m. | | | Directional Drilling | | |
| Site Construction | | \$25,000 | Casing Preparation | | | Rig Supervisor | \$550 | \$14,300 |
| Conductor | | \$528 | Casing Services At Rig | | | Open Hole Logging | | |
| Site Maintenance & Supplies | | \$484 | 2 7/8" Production Tubing | | | CBL-VDL-Perforating | | |
| Mobilisation | | \$32,000 | Tubing Preparation | | | Welder | | |
| Demobilisation | | | Tubing Running Services | | | Solids Control Equipment | | |
| Water Hauling | | \$100 | Down Hole Completion Eqpt | | | Rental Equipment | \$50 | \$1,300 |
| Waste Disposal | | | Wellhead | | \$1,000 | Lost and Damaged Equipment | | |
| Transport (DrillCorp Mud) | | \$5,720 | Wellhead - Completion | | | Accomodation | \$140 | \$2,705 |
| Cranes | | \$2,000 | Surface Cement and Additives | | \$481 | Timewriting | | |
| Rig Day Rate | \$4,075 | \$211,900 | Intermed. Cement & Additives | | | Rehabilitation of Site | | |
| Rig Move Rate | | | P & A Cement | \$442 | \$442 | Communications | \$100 | \$2,500 |
| Mud | | \$15,970 | Floating equip. | | \$885 | Well Insurance | | \$7,775 |
| Completion Fluids | | | Trucking liquid mud | | \$300 | Public Liability Insurance. | | \$638 |
| Bits -BIT #8 | | \$16,590 | Geologists | \$4,916 | \$22,366 | Computer Services | | \$320 |
| Fuel 12,825 litres @ \$.0.85 | | \$10,901 | Core Logging | \$128 | \$7,328 | Pit Liners | | \$560 |
| Surface Casing | | \$30,885 | Pontifex Petrology Tests | | | DRILL WATER | | \$6 |
| Total | | | | | | | \$10,401 | \$432,817 |

REMARKS

| | | | |
|-------------------|--------|--|------------------|
| General Comments: | | Contractor Representative: KEVIN DAVIS | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| WELL NAME | KELLY1 | DATE | NOVEMBER 1, 2001 |
| | | REPORT NO | 25 |

Victoria Petroleum Inc Daily Drilling Report - KELLY #1

909397 073

| | | | | | | |
|------------------------------|-----------|-----------|------------------------|----------------|---------------|------------------|
| Prospect | WELL NAME | AFE NO | REPORT NO | DAYS FROM SPUD | DAYS VS. PLAN | DATE |
| ST JAMES SECTION PEP161 | KELLY 1 | AFE-001 | 26 | 25 | | NOVEMBER 2, 2001 |
| PRESENT OPERATION @ 0630 hrs | | | | DEPTH (Metres) | AFE TD | PROGRESS |
| XXX | | | | 862.0 TD | 840.0 m | nil |
| LAST CASING | | FIT (ppg) | CONTRACTOR - RIG | DAILY COST | CUMM COST | AFE AMOUNT |
| 5.5" 213.1 | | 18.6+ | Drillcorp UDR 3000 rig | A\$ 19,335 | A\$ 452,152 | A\$ 555,000 |
| | | | | | | RIG SUPERVISOR |

DRILLING BITS, PARAMETERS

| BIT NO. | SIZE | MFR SER NO | TYPE IADC | DEPTH IN | Metres | HOURS | AV ROP (m/hr) | NOZZLE(S) | RPM WOB (lb) | CPM (A\$) | TEETH | | | | REMARKS | | | | |
|---------|------|------------|-----------|----------|--------|-------|---------------|-----------|--------------|-----------|-------|---|---|---|---------|---|---|---|--|
| | | | | | | | | | | | I | O | D | L | B | G | O | R | |
| | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | |

MUD PROPERTIES, MATERIALS ADDED, COSTS

| MUD WT (ppg) | RHEOLOGY | | | | WATER LOSS | | | MUD CHECK | | | | MUD TYPE | MUD COST | | |
|-------------------|----------|-----------|-----|------|------------|----------------|------|-----------|----------|--------|------------|----------|----------|------------|-----------|
| | VIS | PV | YP | GELS | API | CAKE | HTHP | TIME | DEPTH | SOURCE | FL DEG F | | DAILY \$ | CUMM \$ | |
| | | | | | | | | | | | | PHPA | A\$ | A\$ 15,970 | |
| VOLUME ANALYSIS % | | | | | | DISSOLVED IONS | | | | | ALKALINITY | | | | MBT (ppb) |
| OIL | EX LIME | OIL/WATER | LGS | HGS | SAND | Ca++ | Cl- | ES | SALT WT% | NO3- | SO3- | pH | PM | Pf | |

HYDRAULICS

| BIT NO | LPM | | | | LINER | FLOW (lpm) | PRESS (psi) | A VEL (m/min) | | | C VEL | | | JET VEL | LOSSES AT BIT | | IMPACT FORCE | HSI | SPR DATA | | | | | | | |
|--------|-----|---|---|---|-------|------------|-------------|---------------|----|----|-------|----|----|---------|---------------|-----|--------------|-----|----------|----|-----|--|--|--|--|--|
| | 1 | 2 | 3 | 4 | | | | DP | DC | DC | DP | DC | DC | | (psi) | (%) | | | 50 | 85 | 100 | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | |

DRILLING INFORMATION

| STRING WEIGHT (lb) | | | TORQUE | | | GAS (units) | | | | ROP's (ft/hr) | | |
|-------------------------|------|----------|--------|---------|-----|-------------|------|-----|-------|---------------|-----|-----|
| UP | DOWN | ROTATING | ON BTM | OFF BTM | BGG | CONN | TRIP | MAX | DEPTH | MAX | MIN | AVG |
| | | | | | | | | | | | | |
| Formation - Core | | | | | | | | | | | | |

OPERATIONS SEQUENCE

| TIME | TO | HRS | |
|------|------|-------|-----------------------------------|
| 0630 | 1800 | 11.50 | Suvery Loggers Surveying Wellhole |
| 1800 | 1830 | 0.50 | R.I.H HWT Fro Cementing |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | 12.0 | |

| | | | | | | | | | | |
|-------------------------------------|--|-----------|------------------------|---------|------------|----------------|---------------|------------------|----------------|-----------|
| Prospect | | WELL NAME | | AFE NO | REPORT NO | DAYS FROM SPUD | DAYS VS. PLAN | DATE | | |
| ST JAMES SECTION PEP161 | | KELLY 1 | | AFE-001 | 27 | 26 | | NOVEMBER 3, 2001 | | |
| PRESENT OPERATION @ 0630 hrs | | | | | | DEPTH (Metres) | | AFE TD | PROGRESS | PLUG BACK |
| XXX | | | | | | 862.0 TD | | 840.0 m | nil | |
| LAST CASING | | FIT (ppg) | CONTRACTOR - RIG | | DAILY COST | CUMM COST | AFE AMOUNT | | RIG SUPERVISOR | |
| 5.5" | | 213.1 | Drillcorp UDR 3000 rig | | A\$ 5,125 | A\$ 457,277 | A\$ 555,000 | | | |

DRILLING BITS, PARAMETERS

| BIT NO. | SIZE | MFR | TYPE | DEPTH IN | Metres | HOURS | AV ROP (m/hr) | NOZZLE(S) | RPM | CPM (A\$) | TEETH | | | | REMARKS | | | | | | | | | | | |
|---------|------|--------|------|----------|--------|-------|---------------|-----------|-----|-----------|-------|---|---|---|---------|---|---|---|--|--|--|--|--|--|--|--|
| | | SER NO | IADC | | | | | | | | I | O | D | L | B | G | O | R | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | |

MUD PROPERTIES, MATERIALS ADDED, COSTS

| MUD WT (ppg) | RHEOLOGY | | | | WATER LOSS | | | MUD CHECK | | | | MUD TYPE | MUD COST | | | | | |
|-------------------|----------|-----------|----|------|------------|------|----------------|-----------|-------|----------|----------|------------|----------|------------|-----------|----|--|--|
| | VIS | PV | YP | GELS | API | CAKE | HTHP | TIME | DEPTH | SOURCE | FL DEG F | | DAILY \$ | CUMM \$ | | | | |
| | | | | | | | | | | | | PHPA | A\$ 400 | A\$ 16,370 | | | | |
| VOLUME ANALYSIS % | | | | | | | DISSOLVED IONS | | | | | ALKALINITY | | | MBT (ppb) | | | |
| OIL | EX LIME | OIL/WATER | | LGS | HGS | SAND | Ca++ | Cl- | ES | SALT WT% | NO3- | SO3- | pH | PM | Pf | Mf | | |
| | | | | | | | | | | | | | | | | | | |

HYDRAULICS

| BIT NO | LPM | | | | LINER | FLOW (lpm) | PRESS (psi) | A VEL (m/min) | | | C VEL | | | JET VEL | LOSSES AT BIT | | IMPACT FORCE | HSI | SPR DATA | | | | | | |
|--------|-----|---|---|---|-------|------------|-------------|---------------|----|----|-------|----|----|---------|---------------|-----|--------------|-----|----------|----|-----|--|--|--|--|
| | 1 | 2 | 3 | 4 | | | | DP | DC | DC | DP | DC | DC | | (psi) | (%) | | | 50 | 85 | 100 | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | |

DRILLING INFORMATION

| STRING WEIGHT (lb) | | | TORQUE | | | GAS (units) | | | | | ROP's (ft/hr) | | | | |
|--------------------|------|----------|--------|---------|-----|-------------|------|-----|-------|-----|---------------|-----|--|--|--|
| UP | DOWN | ROTATING | ON BTM | OFF BTM | BGG | CONN | TRIP | MAX | DEPTH | MAX | MIN | AVG | | | |
| Formation - Core | | | | | | | | | | | | | | | |

OPERATIONS SEQUENCE

| TIME | TO | HRS | |
|------|------|------|---|
| 0630 | 0830 | 2.00 | R.I.H HWT Rods to 622 meters |
| 0830 | 1000 | 1.50 | Mix Cement plug @ 622 meters and displace with Mud (35 meters of Hole Volume) |
| 1000 | 1230 | 2.50 | P.O.O.H Back to 223 meters and pump V.R Plug,Cement and displace with Mud |
| 1230 | 1400 | 1.50 | P.O.O.H to Surface |
| 1400 | 1600 | 2.00 | Wait on Cement |
| 1600 | 1630 | 0.50 | Pressure Test cement plug |
| 1630 | 1830 | 2.00 | Rig down B.O.P |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | 12.0 | |

| DESCRIPTION | OD (in) | ID (in) | LENGTH (m) |
|-------------|---------|---------|--------------|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| BHA | | HRS. | TOTAL LENGTH |
| Jars | None | HRS. | SERIAL # |

| DEPTH | DEVIATION | AZIMUTH | TVD | V SEC | DLS |
|-------|-----------|---------|--------|-------|------|
| 556 | 12.00 | 226 | 550.9 | 63.1 | 1.29 |
| 655 | 12.25 | 226 | 647.7 | 83.6 | 0.25 |
| 775 | 14.00 | 225 | 764.7 | 110.3 | 1.31 |
| 850 | 14.10 | 226 | 837.48 | 128.3 | 0.51 |

PERSONNEL ON LOCATION

| COMPANY | NO. | COMPANY | NO. |
|-------------------|-----|---------------|-----|
| DRILLCORP | 4 | | |
| KNIGHT INDUSTRIES | 1 | | |
| Geologist - AUST | | | |
| Geologist - USA | | | |
| WELL ENGINEER | | | |
| MUD ENGINEER | | | |
| CORE LOGGER | | | |
| Survey Loggers | | | |
| | | | |
| | | | |
| | | TOTAL ON LOC. | 5 |

LAST DRILLS

| | |
|-----------|----------|
| PIT LEVEL | |
| BOP TEST | 13/10/01 |
| HYD SULF | |
| FIRE | |
| SAFETY | |
| BOP DRILL | 20/10/01 |

WEATHER

| | |
|-------------|--------|
| VISIBILITY | fine |
| RAIN | none |
| TEMP - 6 AM | 8 |
| TEMP - NOON | 26 |
| WIND | breezv |

FUEL (LITRES) WATER

| | |
|-----------------|--|
| CAMP WATER REC. | |
| DIESEL RIG | |
| DIESEL USED | |
| DIESEL RECEIVED | |
| CAMP DIESEL | |
| CAMP USED | |

DRILL PIPE - DC ON LOCATION

| SIZE | JTS | SIZE | JTS |
|------|-----|------|-----|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

LAST CASING

| CASING SIZE | TOTAL JTS | LENGTH | WEIGHT | GRADE | THREAD | RANGE | SHOE AT | FLOAT AT | MSC AT |
|-------------|-----------|--------|----------|-------|--------|-------|----------------|----------|--------|
| 5.5" | 71 | 213.4 | 17 lb/ft | L80 | PW | 3.0m | 213.1 | 207.1 | |
| REMARKS: | | | | | | | TOP OF CEMENT | SURFACE | |
| | | | | | | | PLUG BUMPED TO | 400 psi | |

DAILY COST BREAKDOWN

| ITEM | Today's | CUM | ITEM | Today's | CUM | ITEM | Today's | CUM |
|------------------------------|---------|-----------|------------------------------|---------|----------|-----------------------------|-----------|----------|
| Land Owner Compensation | | \$2,000 | Intermediate Casing | | | Space Analysis - Arndell | | |
| Well Report | | \$5,000 | Core Trays | | \$5,433 | Knight's Survey Team | | \$100 |
| Work over prep-cost | | \$5,300 | Liner (4.50") \$91.67/m. | | | Directional Drilling | | |
| Site Construction | | \$25,000 | Casing Preparation | | | Rig Supervisor | | \$14,300 |
| Conductor | | \$528 | Casing Services At Rig | | | Open Hole Logging | | \$15,000 |
| Site Maintenance & Supplies | | \$484 | 2 7/8" Production Tubing | | | CBL-VDL-Perforating | | |
| Mobilisation | | \$32,000 | Tubing Preparation | | | Welder | | |
| Demobilisation | | | Tubing Running Services | | | Solids Control Equipment | | |
| Water Hauling | | \$100 | Down Hole Completion Eqpt | | | Rental Equipment | \$50 | \$1,400 |
| Waste Disposal | | | Wellhead | | \$1,000 | Lost and Damaged Equipment | | |
| Transport (DrillCorp Mud) | | \$5,720 | Wellhead - Completion | | | Accomodation | | \$2,815 |
| Cranes | | \$2,000 | Surface Cement and Additives | | \$481 | HP Deskjet 840 C | | |
| Rig Day Rate | \$4,075 | \$220,050 | Intermed. Cement & Additives | | | Rehabilitation of Site | | |
| Rig Move Rate | | | P & A Cement | \$500 | \$942 | Communications | \$100 | \$2,700 |
| Mud | \$400 | \$16,370 | Floating equip. | | \$885 | Well Insurance | | \$7,775 |
| Completion Fluids | | | Trucking liquid mud | | \$300 | Public Liability Insurance. | | \$638 |
| Bits -BIT #8 | | \$16,590 | Geologists | | \$22,366 | Computer Services | | \$320 |
| Fuel 12,825 litres @ \$.0.85 | | \$10,901 | Core Logging | | \$7,328 | PIT Liners | | \$560 |
| Surface Casing | | \$30,885 | Pontifex Petrology Tests | | | DRILL WATER | | \$6 |
| Total | | | | | | \$5,125 | \$457,277 | |

REMARKS

| | | | | | |
|-------------------|----------------------------|-------------|------------------|-----------|----|
| General Comments: | Contractor Representative: | KEVIN DAVIS | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| WELL NAME | KELLY1 | DATE | NOVEMBER 3, 2001 | REPORT NO | 27 |

| | | | | | | | | |
|------------------------------|--|-----------|------------------------|----------------|----------------|---------------|------------------|--|
| Prospect | | WELL NAME | AFE NO | REPORT NO | DAYS FROM SPUD | DAYS VS. PLAN | DATE | |
| ST JAMES SECTION PEP161 | | KELLY 1 | AFE-001 | 28 | 27 | | NOVEMBER 4, 2001 | |
| PRESENT OPERATION @ 0630 hrs | | | | DEPTH (Metres) | AFE TD | PROGRESS | PLUG BACK | |
| XXX | | | | 862.0 TD | 840.0 m | nil | | |
| LAST CASING | | FIT (ppg) | CONTRACTOR - RIG | DAILY COST | CUMM COST | AFE AMOUNT | RIG SUPERVISOR | |
| 5.5" 213.1 | | 18.6+ | Drillcorp UDR 3000 rig | A\$ 4,285 | A\$ 461,562 | A\$ 555,000 | | |

DRILLING BITS, PARAMETERS

| BIT NO. | SIZE | MFR | TYPE | DEPTH IN | Metres | HOURS | AV ROP (m/hr) | NOZZLE(S) | RPM WOB (lb) | CPM (A\$) | TEETH | | | | REMARKS | | | | |
|---------|------|--------|------|----------|--------|-------|---------------|-----------|--------------|-----------|-------|---|---|---|---------|---|---|---|--|
| | | SER NO | IADC | | | | | | | | I | O | D | L | B | G | O | R | |
| | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | |

MUD PROPERTIES, MATERIALS ADDED, COSTS

| MUD WT (ppg) | | RHEOLOGY | | | WATER LOSS | | | MUD CHECK | | | | MUD TYPE | MUD COST | | | |
|-------------------|---------|-----------|-----|-----|------------|----------------|------|-----------|----------|-------|--------|------------|----------|----------|---------|-----------|
| | | VIS | PV | YP | GELS | API | CAKE | HHP | TIME | DEPTH | SOURCE | | FL DEG F | DAILY \$ | CUMM \$ | |
| | | | | | | | | | | | | | PHPA | A\$ | A\$ | |
| VOLUME ANALYSIS % | | | | | | DISSOLVED IONS | | | | | | ALKALINITY | | | | MBT (ppb) |
| OIL | EX LIME | OIL/WATER | LGS | HGS | SAND | Ca++ | Cl- | ES | SALT WT% | NO3- | SO3- | pH | PM | PI | MI | |

HYDRAULICS

| BIT NO | LPM | | | | LINER | FLOW (lpm) | PRESS (psi) | A VEL (m/min) | | | C VEL | | | JET VEL | LOSSES AT BIT | | IMPACT FORCE | HSI | SPR DATA | | |
|--------|-----|---|---|---|-------|------------|-------------|---------------|----|----|-------|----|----|---------|---------------|-----|--------------|-----|----------|----|-----|
| | 1 | 2 | 3 | 4 | | | | DP | DC | DC | DP | DC | DC | | (psi) | (%) | | | 50 | 85 | 100 |
| | | | | | | | | | | | | | | | | | | | | | |

DRILLING INFORMATION

| STRING WEIGHT (lb) | | | TORQUE | | | GAS (units) | | | | | ROP's (ft/hr) | | |
|--------------------|------|----------|--------|---------|-----|-------------|------|-----|-------|-----|---------------|-----|--|
| UP | DOWN | ROTATING | ON BTM | OFF BTM | BGG | CONN | TRIP | MAX | DEPTH | MAX | MIN | AVG | |
| | | | | | | | | | | | | | |

Formation - Core

OPERATIONS SEQUENCE

| TIME | TO | HRS | |
|------|------|-------|--------------------|
| 0630 | 1830 | 12.00 | Rig down equipment |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | 12.0 | |

| DESCRIPTION | OD (in) | ID (in) | LENGTH (m) |
|-------------|---------|---------|--------------|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| BHA | HRS. | | TOTAL LENGTH |
| Jars | None | HRS. | SERIAL # |

| DEPTH | DEVIATION | AZIMUTH | TVD | V SEC | DLS |
|-------|-----------|---------|--------|-------|------|
| 556 | 12.00 | 226 | 550.9 | 63.1 | 1.29 |
| 655 | 12.25 | 226 | 647.7 | 83.6 | 0.25 |
| 775 | 14.00 | 225 | 764.7 | 110.3 | 1.31 |
| 850 | 14.10 | 226 | 837.48 | 128.3 | 0.51 |

PERSONNEL ON LOCATION

| COMPANY | NO. | COMPANY | NO. |
|-------------------|-----|---------|-----|
| DRILLCORP | 3 | | |
| KNIGHT INDUSTRIES | | | |
| Geologist - AUST | | | |
| Geologist - USA | | | |
| WELL ENGINEER | | | |
| MUD ENGINEER | | | |
| CORE LOGGER | | | |
| Survey Loggers | | | |
| TOTAL ON LOC. | | | 3 |

LAST DRILLS

| | |
|-----------|----------|
| PIT LEVEL | |
| BOP TEST | 13/10/01 |
| HYD SULF | |
| FIRE | |
| SAFETY | |
| BOP DRILL | 20/10/01 |

WEATHER

| | |
|-------------|--------|
| VISIBILITY | fine |
| RAIN | none |
| TEMP - 6 AM | 8 |
| TEMP - NOON | 26 |
| WIND | breezv |

FUEL (LITRES) WATER

| | |
|-----------------|--|
| CAMP WATER REC. | |
| DIESEL RIG | |
| DIESEL USED | |
| DIESEL RECEIVED | |
| CAMP DIESEL | |
| CAMP USED | |

DRILL PIPE - DC ON LOCATION

| SIZE | JTS | SIZE | JTS |
|------|-----|------|-----|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

LAST CASING

| CASING SIZE | TOTAL JTS | LENGTH | WEIGHT | GRADE | THREAD | RANGE | SHOE AT | FLOAT AT | MSC AT |
|-------------|-----------|--------|----------|-------|--------|-------|----------------|----------|--------|
| 5.5" | 71 | 213.4 | 17 lb/ft | L80 | PW | 3.0m | 213.1 | 207.1 | |
| REMARKS: | | | | | | | TOP OF CEMENT | SURFACE | |
| | | | | | | | PLUG BUMPED TO | 400 psi | |

DAILY COST BREAKDOWN

| ITEM | Today's | CUM | ITEM | Today's | CUM | ITEM | Today's | CUM |
|-----------------------------|---------|-----------|------------------------------|---------|----------|-----------------------------|---------|-----------|
| Land Owner Compensation | | \$2,000 | Intermediate Casing | | | Space Analysis - Arndell | | |
| Well Report | | \$5,000 | Core Trays | | \$5,433 | Knight's Survey Team | | \$100 |
| Work over prep-cost | | \$5,300 | Liner (4.50") \$91.67/m. | | | Directional Drilling | | |
| Site Construction | | \$25,000 | Casing Preparation | | | Rig Supervisor | | \$14,300 |
| Conductor | | \$528 | Casing Services At Rig | | | Open Hole Logging | | \$15,000 |
| Site Maintenance & Supplies | | \$484 | 2 7/8" Production Tubing | | | CBL-VDL-Perforating | | |
| Mobilisation | | \$32,000 | Tubing Preparation | | | Welder | | |
| Demobilisation | | | Tubing Running Services | | | Solids Control Equipment | | |
| Water Hauling | | \$100 | Down Hole Completion Eqpt | | | Rental Equipment | | \$1,400 |
| Waste Disposal | | | Wellhead | | \$1,000 | Lost and Damaged Equipment | | |
| Transport (DrillCorp Mud) | | \$5,720 | Wellhead - Completion | | | Accommodation | | \$2,815 |
| Cranes | | \$2,000 | Surface Cement and Additives | | \$481 | HP Deskjet 840 C | \$210 | \$210 |
| Rig Day Rate | \$4,075 | \$224,125 | Intermed. Cement & Additives | | | Rehabilitation of Site | | |
| Rig Move Rate | | | P & A Cement | | \$942 | Communications | | \$2,700 |
| Mud | | \$16,370 | Floating equip. | | \$885 | Well Insurance | | \$7,775 |
| Completion Fluids | | | Trucking liquid mud | | \$300 | Public Liability Insurance. | | \$638 |
| Bits -BIT #8 | | \$16,590 | Geologists | | \$22,366 | Computer Services | | \$320 |
| Fuel 12,825 litres @ \$.085 | | \$10,901 | Core Logging | | \$7,328 | Pit Liners | | \$560 |
| Surface Casing | | \$30,885 | Pontifex Petrology Tests | | | DRILL WATER | | \$8 |
| Total | | | | | | | \$4,285 | \$461,562 |

REMARKS

| General Comments: | | Contractor Representative: KEVIN DAVIS | | | | | |
|-------------------|--------|--|--|------|------------------|-----------|----|
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| WELL NAME | KELLY1 | | | DATE | NOVEMBER 4, 2001 | REPORT NO | 28 |

Final Report

| Prospect | WELL NAME | AFE NO | REPORT NO | DAYS FROM SPUD | DAYS VS. PLAN | DATE | | | |
|------------------------------|-----------|------------------|------------------------|----------------|----------------|------------------|----------|-----------|--|
| ST JAMES SECTION PEP161 | KELLY 1 | AFE-001 | 29 | 28 | | NOVEMBER 5, 2001 | | | |
| PRESENT OPERATION @ 0630 hrs | | | to 1700hrs | | DEPTH (Metres) | AFE TD | PROGRESS | PLUG BACK | |
| XXX | | | | | 862.0 TD | 840.0 m | nil | | |
| LAST CASING | FIT (ppg) | CONTRACTOR - RIG | DAILY COST | CUMM COST | AFE AMOUNT | RIG SUPERVISOR | | | |
| 5.5" | 213.1 | 18.6+ | Drillcorp UDR 3000 rig | A\$ 17,696 | A\$ 479,257 | A\$ 555,000 | | | |

DRILLING BITS, PARAMETERS

| BIT NO. | SIZE | MFR | TYPE | DEPTH IN | Metres | HOURS | AV ROP (m/hr) | NOZZLE(S) | RPM WOB (lb) | CPM (A\$) | TEETH | | | | REMARKS | | | | |
|---------|------|--------|------|----------|--------|-------|---------------|-----------|--------------|-----------|-------|---|---|---|---------|---|---|---|--|
| | | SER NO | IADC | | | | | | | | I | O | D | L | B | G | O | R | |
| | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | |

MUD PROPERTIES, MATERIALS ADDED, COSTS

| MUD WT (ppg) | RHEOLOGY | | | | WATER LOSS | | | MUD CHECK | | | | MUD TYPE | MUD COST | | | |
|-------------------|----------|-----------|-----|------|------------|------|----------------|-----------|----------|--------|----------|------------|----------|---------|-----|-------|
| | VIS | PV | YP | GELS | API | CAKE | HHP | TIME | DEPTH | SOURCE | FL DEG F | PHPA | DAILY \$ | CUMM \$ | | |
| | | | | | | | | | | | | | A\$ | A\$ | | |
| VOLUME ANALYSIS % | | | | | | | DISSOLVED IONS | | | | | ALKALINITY | | | MBT | |
| OIL | EX LIME | OIL/WATER | LGS | HGS | SAND | Ca++ | Cl- | ES | SALT WT% | NO3- | SO3- | pH | PH | Pf | Mf | (ppb) |

HYDRAULICS

| BIT NO | LPM | | | | LINER | FLOW (lpm) | PRESS (psi) | A VEL (m/min) | | | C VEL | | | JET VEL | LOSSES AT BIT | | IMPACT FORCE | HSI | SPR DATA | | |
|--------|-----|---|---|---|-------|------------|-------------|---------------|----|----|-------|----|----|---------|---------------|-----|--------------|-----|----------|----|-----|
| | 1 | 2 | 3 | 4 | | | | DP | DC | DC | DP | DC | DC | | (psi) | (%) | | | 50 | 85 | 100 |
| | | | | | | | | | | | | | | | | | | | | | |

DRILLING INFORMATION

| STRING WEIGHT (lb) | | | | TORQUE | | | | GAS (units) | | | | ROP's (ft/hr) | | | |
|--------------------|------|----------|--|--------|---------|-----|------|-------------|-----|-------|-----|---------------|-----|--|--|
| UP | DOWN | ROTATING | | ON BTM | OFF BTM | BGG | CONN | TRIP | MAX | DEPTH | MAX | MIN | AVG | | |
| Formation - Core | | | | | | | | | | | | | | | |

OPERATIONS SEQUENCE

| TIME | TO | HRS | |
|------|------|---------|--|
| 0630 | 1700 | 1130.00 | Wash Rig Down and all associated eqpmnt |
| | | | Finsh packing and shift all equipment to a nearby farm |
| | | | Rig released at 1700hrs |
| | | | Note The Landowner, Mr Jim Kelly has contracted to rehabilitate the site to his own ,the Operators and the DNRE's sa |
| | | | This is the final Drilling Report |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | 1130.0 | |

| DESCRIPTION | OD (in) | ID (in) | LENGTH (m) |
|-------------|---------|--------------|------------|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| BHA | HRS. | TOTAL LENGTH | |
| Jars | None | HRS. | SERIAL # |

| DEPTH | DEVIATION | AZIMUTH | TVD | V SEC | DLS |
|-------|-----------|---------|--------|-------|------|
| 556 | 12.00 | 226 | 550.9 | 63.1 | 1.29 |
| 655 | 12.25 | 226 | 647.7 | 83.6 | 0.25 |
| 775 | 14.00 | 225 | 764.7 | 110.3 | 1.31 |
| 850 | 14.10 | 226 | 837.48 | 128.3 | 0.51 |

PERSONNEL ON LOCATION

| COMPANY | NO. | COMPANY | NO. |
|-------------------|-----|---------|-----|
| DRILLCORP | 3 | | |
| KNIGHT INDUSTRIES | 1 | | |
| Geologist - AUST | | | |
| Geologist - USA | | | |
| WELL ENGINEER | | | |
| MUD ENGINEER | | | |
| CORE LOGGER | | | |
| Survey Loggers | | | |
| | | | |
| | | | |
| TOTAL ON LOC. | | | 4 |

LAST DRILLS

| | |
|-----------|----------|
| PIT LEVEL | |
| BOP TEST | 13/10/01 |
| HYD SULF | |
| FIRE | |
| SAFETY | |
| BOP DRILL | 20/10/01 |

WEATHER

| | |
|-------------|--------|
| VISIBILITY | fine |
| RAIN | none |
| TEMP - 6 AM | 8 |
| TEMP - NOON | 30 |
| WIND | breezv |

FUEL (LITRES) WATER

| | |
|-----------------|--|
| CAMP WATER REC. | |
| DIESEL RIG | |
| DIESEL USED | |
| DIESEL RECEIVED | |
| CAMP DIESEL | |
| CAMP USED | |

DRILL PIPE - DC ON LOCATION

| SIZE | JTS | SIZE | JTS |
|------|-----|------|-----|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

LAST CASING

| CASING SIZE | TOTAL JTS | LENGTH | WEIGHT | GRADE | THREAD | RANGE | SHOE AT | FLOAT AT | MSC AT |
|-------------|-----------|--------|----------|-------|--------|-------|---------------------------------|--------------------|--------|
| 5.5" | 71 | 213.4 | 17 lb/ft | L80 | PW | 3.0m | 213.1 | 207.1 | |
| REMARKS: | | | | | | | TOP OF CEMENT PLUG BUMPED TO | SURFACE 400 psi | |

DAILY COST BREAKDOWN

| ITEM | Today's | CUM | ITEM | Today's | CUM | ITEM | Today's | CUM |
|-----------------------------|---------|-----------|------------------------------|---------|----------|-----------------------------|----------|-----------|
| Land Owner Compensation | | \$2,000 | Intermediate Casing | | | Space Analysis - Amdell | \$222 | \$222 |
| Well Report | | \$5,000 | Core Trays | | \$5,433 | Knight's Survey Team | \$2,500 | \$2,600 |
| Work over prep-cost | | \$5,300 | Liner (4.50") \$91.67/m. | | | Directional Drilling | | |
| Site Construction | | \$25,000 | Casing Preparation | | | Rig Supervisor | | \$14,300 |
| Conductor | | \$528 | Casing Services At Rig | | | Open Hole Logging | 2448.2 | \$17,448 |
| Site Maintenance & Supplies | | \$484 | 2 7/8" Production Tubing | | | CBL-VDL-Perforating | | |
| Mobilisation | | \$32,000 | Tubing Preparation | | | Welder | | |
| Demobilisation | | | Tubing Running Services | | | Solids Control Equipment | | |
| Water Hauling | | \$100 | Down Hole Completion Eqpt | | | Rental Equipment | | \$1,400 |
| Waste Disposal | \$1,000 | \$1,000 | Wellhead | | \$1,000 | Lost and Damaged Equipment | | |
| Transport (DrillCorp Mud) | | \$5,720 | Wellhead - Completion | | | Accommodation | | \$2,815 |
| Cranes | | \$2,000 | Surface Cement and Additives | | \$481 | HP Deskjet 840 C | | \$210 |
| Rig Day Rate | \$4,075 | \$228,200 | Intermed. Cement & Additives | | | Rehabilitation of Site | \$7,000 | \$7,000 |
| Rig Move Rate | | | P & A Cement | | \$942 | Communications | | \$2,700 |
| Mud | | \$16,370 | Floating equip. | | \$885 | Well Insurance | | \$7,775 |
| Completion Fluids | | | Trucking liquid mud | | \$300 | Public Liability Insurance. | | \$638 |
| Bits -BIT #8 | | \$16,590 | Geologists | | \$22,366 | Computer Services | | \$320 |
| Fuel 12,825 litres @ \$.085 | | \$10,901 | Core Logging | | \$7,328 | Pit Liners | | \$560 |
| Surface Casing | | \$30,885 | Pontifex Petrology Tests | \$308 | \$308 | DRILL WATER | \$142 | \$148 |
| | | | | | | Total | \$17,696 | \$479,257 |

REMARKS

| | | | | | |
|-------------------|---|------|------------------|-----------|----|
| General Comments: | Contractor Representative: Rick Armstrong | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| WELL NAME | KELLY1 | DATE | NOVEMBER 5, 2001 | REPORT NO | 29 |

APPENDIX 2

BIT RECORD/DEVIATION SURVEYS

| CORE RUN | | | | PULL & REPLACE TUBE | | | | | |
|----------|--------|-------|--------|---------------------|-----------------|------------|------------|-------------|--|
| DEPTH | | TIME | | Start Pull | Latched back in | Minutes to | Minutes to | Coring rate | |
| Start | Finish | Start | Finish | Time | Time | Core | Pull | m/hr | |
| 553 | 556 | 8:19 | 9:10 | 9:10 | 10:00 | 0:51 | 0:50 | 3.53 | |
| 556 | 559 | 10:20 | 11:12 | 11:12 | 11:43 | 0:52 | 0:31 | 3.46 | |
| 559 | 562 | 11:43 | 12:28 | 12:28 | 13:02 | 0:45 | 0:34 | 4.00 | |
| 562 | 565 | 13:02 | 13:50 | 13:50 | 14:22 | 0:48 | 0:32 | 3.75 | |
| 565 | 568 | 14:22 | 15:05 | 15:05 | 15:40 | 0:43 | 0:35 | 4.19 | |
| 568 | 571 | 13:40 | 16:20 | 16:20 | 17:05 | 2:40 | 0:45 | 4.00 | |
| 571 | 574 | 17:05 | 17:45 | 17:45 | 18:45 | 0:40 | 1:00 | 4.50 | |
| 574 | 577 | 18:45 | 19:35 | 19:35 | 20:15 | 0:50 | 0:40 | 3.60 | |
| 577 | 580 | 20:30 | 21:20 | 21:20 | 22:51 | 0:50 | 1:31 | 3.60 | |
| 580 | 583 | 22:15 | 23:05 | 23:05 | 23:55 | 0:50 | 0:50 | 3.60 | |
| 583 | 586 | 23:55 | 0:45 | 0:45 | 1:25 | 0:50 | 0:50 | 3.60 | |
| 586 | 589 | 1:30 | 2:20 | 2:20 | 3:05 | 0:50 | 0:45 | 3.60 | |
| 589 | 592 | 3:05 | 3:55 | 3:55 | 4:35 | 0:50 | 0:40 | 3.60 | |
| 592 | 595 | 4:35 | 5:20 | 5:20 | 6:05 | 0:45 | 0:45 | 4.00 | |
| 595 | 598 | 6:20 | 7:15 | 7:15 | 7:51 | 0:55 | 0:36 | 3.27 | |
| 598 | 601 | 7:51 | 8:35 | 8:35 | 9:08 | 0:44 | 0:33 | 4.09 | |
| 601 | 604 | 9:08 | 9:56 | 9:56 | 10:30 | 0:48 | 0:34 | 3.75 | |
| 604 | 607 | 10:30 | 11:20 | 11:20 | 12:25 | 0:50 | 1:05 | 3.60 | |
| 607 | 610 | 12:25 | 13:05 | 13:05 | 13:45 | 0:40 | 0:40 | 4.50 | |
| 610 | 613 | 13:45 | 14:27 | 14:27 | 15:08 | 0:42 | 0:41 | 4.29 | |
| 613 | 616 | 15:08 | 15:46 | 15:46 | 16:26 | 0:38 | 0:40 | 4.74 | |
| 616 | 619 | 16:26 | 17:10 | 17:10 | 17:20 | 0:44 | 0:10 | 4.09 | |
| 619 | 622 | 18:45 | 19:30 | 19:30 | 20:10 | 0:45 | 0:40 | 4.00 | |
| 622 | 625 | 20:14 | 20:55 | 21:10 | 21:45 | 0:41 | 0:35 | 4.39 | |
| 625 | 628 | 21:45 | 22:30 | 22:38 | 23:16 | 0:45 | 0:38 | 4.00 | |
| 628 | 631 | 23:18 | 0:00 | 00:05 | 00:46 | 0:42 | 0:41 | 4.29 | |
| 631 | 634 | 0:46 | 1:30 | 01:35 | 02:14 | 0:44 | 0:39 | 4.09 | |
| 634 | 637 | 2:14 | 3:00 | 03:08 | 03:45 | 0:46 | 0:37 | 3.91 | |
| 637 | 640 | 3:46 | 4:30 | 04:35 | 05:15 | 0:44 | 0:40 | 4.09 | |
| 640 | 643 | 5:15 | 6:05 | 06:10 | 06:46 | 0:50 | 0:36 | 3.60 | |
| 643 | 646 | 6:40 | 7:26 | 07:26 | 08:10 | 0:46 | 0:44 | 3.91 | |
| 646 | 649 | 8:10 | 8:56 | 08:56 | 09:42 | 0:46 | 0:46 | 3.91 | |
| 649 | 652 | 9:42 | 10:22 | 10:32 | 11:16 | 0:40 | 0:44 | 4.09 | |
| 652 | 655 | 11:16 | 11:56 | 12:06 | 12:46 | 0:40 | 0:40 | 4.09 | |
| 655 | 657.1 | 13:56 | 14:46 | 14:56 | 21:30 | 0:50 | 6:34 | 2.52 | |
| 657.1 | 660.1 | 21:30 | 22:30 | 22:35 | 23:10 | 1:00 | 0:35 | 3.00 | |
| 660.1 | 663.2 | 23:10 | 23:55 | 00:05 | 00:40 | 0:45 | 0:35 | 4.13 | |
| 663.2 | 666.3 | 0:40 | 1:20 | 04:00 | 04:37 | 0:40 | 0:37 | 4.65 | |
| 666.3 | 669.4 | 4:37 | 5:20 | 05:30 | 06:10 | 0:43 | 0:40 | 4.33 | |
| 669.4 | 672.5 | 6:10 | 6:46 | 06:56 | 07:26 | 0:36 | 0:30 | 5.17 | |
| 672.5 | 675.6 | 7:26 | 8:06 | 08:16 | 08:46 | 0:40 | 0:30 | 4.65 | |
| 675.6 | 678.7 | 8:46 | 9:20 | 09:30 | 10:14 | 0:34 | 0:44 | 5.47 | |
| 678.7 | 681.8 | 10:14 | 10:50 | 10:58 | 11:34 | 0:36 | 0:36 | 5.17 | |
| 681.8 | 684.9 | 11:34 | 12:12 | 12:15 | 12:52 | 0:38 | 0:37 | 4.89 | |
| 684.9 | 688.0 | 12:52 | 13:30 | 13:38 | 14:18 | 0:38 | 0:40 | 4.89 | |
| 688.0 | 691.0 | 14:18 | 14:54 | 15:00 | 15:45 | 0:36 | 0:45 | 5.00 | |
| 691.0 | 694.0 | 16:35 | 17:08 | 17:16 | 17:40 | 0:33 | 0:24 | 5.45 | |
| 694.0 | 697.0 | 17:50 | 18:35 | 19:15 | 19:35 | 0:45 | 0:20 | 4.00 | |
| 697.0 | 700.0 | 19:35 | 20:20 | 20:25 | 21:05 | 0:45 | 0:40 | 4.00 | |
| 700.0 | 702.6 | 21:05 | 21:45 | 21:45 | 22:25 | 0:40 | 0:40 | 3.90 | |
| 702.6 | 705.7 | 22:25 | 23:05 | 23:10 | 23:50 | 0:40 | 0:40 | 4.65 | |
| 705.7 | 708.8 | 23:50 | 00:35 | 00:35 | 01:15 | 0:45 | 0:40 | 4.13 | |
| 708.8 | 711.9 | 01:15 | 02:00 | 02:00 | 02:35 | 0:45 | 0:35 | 4.13 | |
| 711.9 | 715.0 | 02:35 | 03:20 | 03:20 | 04:05 | 0:45 | 0:45 | 4.13 | |
| 715.0 | 718.0 | 04:05 | 04:55 | 04:55 | 05:35 | 0:50 | 0:40 | 3.60 | |

| Start | Finish Depth | | | | | | | m/hr |
|-------|-----------------|-------|-------|-------|-------|------|------|------|
| 718.0 | 721.0 | 05:35 | 06:25 | 06:25 | 07:24 | 0:50 | 0:59 | 3.60 |
| 721.0 | 724.0 | 07:24 | 08:08 | 08:10 | 08:54 | 0:44 | 0:44 | 4.09 |
| 724.0 | 727.1 | 08:56 | 09:32 | 09:35 | 10:20 | 0:36 | 0:45 | 5.17 |
| 727.1 | 730.0 | 10:20 | 10:58 | 10:59 | 11:46 | 0:38 | 0:47 | 4.58 |
| 730.0 | 733.0 | 11:46 | 12:30 | 12:32 | 13:16 | 0:44 | 0:44 | 4.09 |
| 733.0 | 735.5 | 13:16 | 14:00 | 14:02 | 14:44 | 0:44 | 0:42 | 3.41 |
| 735.5 | 738.6 | 14:44 | 15:28 | 15:28 | 16:13 | 0:44 | 0:45 | 4.23 |
| 738.6 | 741.0 | 16:13 | 16:56 | 16:56 | 17:46 | 0:43 | 0:50 | 3.35 |
| 741.0 | 743.9 | 17:46 | 18:35 | 18:50 | 19:40 | 0:49 | 0:50 | 3.55 |
| 743.9 | 747.0 | 19:40 | 20:40 | 20:40 | 21:25 | 1:00 | 0:45 | 3.10 |
| 747.0 | 749.3 | 21:25 | 22:05 | 22:05 | 22:55 | 0:40 | 0:50 | 3.45 |
| 749.3 | 752.4 | 22:55 | 23:50 | 23:50 | 00:40 | 0:55 | 0:50 | 3.38 |
| 752.4 | 755.5 | 00:40 | 01:30 | 01:30 | 02:20 | 0:50 | 0:50 | 3.72 |
| 755.5 | 758.6 | 02:20 | 03:05 | 03:05 | 03:55 | 0:45 | 0:50 | 4.13 |
| 758.6 | 761.7 | 09:28 | 10:10 | 10:10 | 10:54 | 0:42 | 0:44 | 4.43 |
| 761.7 | 764.7 | 10:54 | 11:32 | 11:32 | 12:10 | 0:38 | 0:38 | 4.74 |
| 764.7 | 767.7 | 12:10 | 12:46 | 12:52 | 14:08 | 0:36 | 1:16 | 5.00 |
| 767.7 | 770.7 | 14:08 | 14:40 | 14:42 | 15:32 | 0:32 | 0:50 | 5.63 |
| 770.7 | 773.7 | 15:34 | 16:04 | 16:06 | 16:50 | 0:30 | 0:44 | 6.00 |
| 773.7 | 776.8 | 16:50 | 17:23 | 17:25 | 18:00 | 0:33 | 0:35 | 5.64 |
| 776.8 | 779.9 | 19:55 | 20:30 | 20:30 | 21:25 | 0:35 | 0:55 | 5.31 |
| 779.9 | 783.0 | 21:25 | 22:10 | 22:10 | 23:05 | 0:45 | 0:55 | 4.13 |
| 783.0 | 786.0 | 23:05 | 23:40 | 23:40 | 00:20 | 0:35 | 0:40 | 5.14 |
| 786.0 | 789.0 | 00:40 | 01:15 | 01:30 | 02:15 | 0:35 | 0:45 | 5.14 |
| 789.0 | 792.0 | 02:15 | 02:50 | 02:50 | 03:50 | 0:35 | 1:00 | 5.14 |
| 792.0 | 795.0 | 03:50 | 04:30 | 04:30 | 05:15 | 0:40 | 0:45 | 4.50 |
| 795.0 | 798.0 | 05:15 | 05:50 | 05:50 | 06:32 | 0:35 | 0:42 | 5.14 |
| 798.0 | 801.0 | 06:36 | 07:08 | 07:10 | 08:06 | 0:32 | 0:56 | 5.63 |
| 801.0 | 804.0 | 08:08 | 08:38 | 08:39 | 09:24 | 0:30 | 0:45 | 6.00 |
| 804.0 | 806.2 | 09:24 | 09:52 | 10:22 | 10:42 | 0:28 | 0:20 | 4.71 |
| 806.2 | 809.2 | 10:42 | 11:34 | 11:36 | 12:26 | 0:52 | 0:50 | 3.46 |
| 809.2 | 812.2 | 12:26 | 13:12 | 13:12 | 14:02 | 0:46 | 0:50 | 3.91 |
| 812.2 | 815.2 | 14:02 | 14:44 | 14:40 | 15:32 | 0:42 | 0:52 | 4.29 |
| 815.2 | 818.3 | 15:32 | 16:10 | 16:10 | 17:00 | 0:38 | 0:50 | 4.89 |
| 818.3 | 821.3 | 17:00 | 17:38 | 17:40 | 18:45 | 0:38 | 1:05 | 4.74 |
| 821.3 | 824.4 | 18:45 | 19:28 | 19:30 | 20:45 | 0:43 | 1:15 | 4.33 |
| 824.4 | 827.4 | 20:20 | 21:00 | 21:00 | 21:48 | 0:40 | 0:48 | 4.50 |
| 827.4 | 830.4 | 21:48 | 22:28 | 22:30 | 23:45 | 0:40 | 1:15 | 4.50 |
| 830.4 | 833.4 | 23:15 | 23:42 | 23:40 | 00:45 | 0:27 | 1:05 | 6.67 |
| 833.4 | 836.4 | 00:45 | 01:25 | 01:25 | 02:15 | 0:40 | 0:50 | 4.50 |
| 836.4 | 839.5 | 02:10 | 02:45 | 02:45 | 04:35 | 0:35 | 1:50 | 5.31 |
| 839.5 | 842.5 | 04:35 | 05:10 | 05:10 | 05:55 | 0:35 | 0:45 | 5.14 |
| 842.5 | 845.5 | 05:55 | 06:35 | 06:35 | 07:16 | 0:40 | 0:41 | 4.50 |
| 845.5 | 848.6 | 07:16 | 07:54 | 07:58 | 08:48 | 0:38 | 0:50 | 4.89 |
| 848.6 | 851.7 | 08:48 | 09:22 | 09:22 | 11:04 | 0:34 | 1:42 | 5.47 |
| 851.7 | 854.8 | 11:04 | 11:37 | 12:00 | 12:30 | 0:33 | 0:30 | 5.64 |
| 854.8 | 856.5 | 12:30 | 13:00 | 13:05 | 14:05 | 0:30 | 1:00 | 3.40 |
| 856.5 | 859.0 | 14:05 | 15:10 | 15:10 | 15:48 | 1:05 | 0:38 | 2.31 |
| 859.0 | 862.0 | 15:48 | 17:10 | 17:10 | 17:50 | 1:22 | 0:40 | 2.20 |

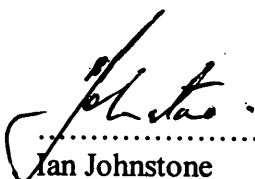
APPENDIX 3

P AND A PROGRAMME

Abandonment ProgrammeKelly-1

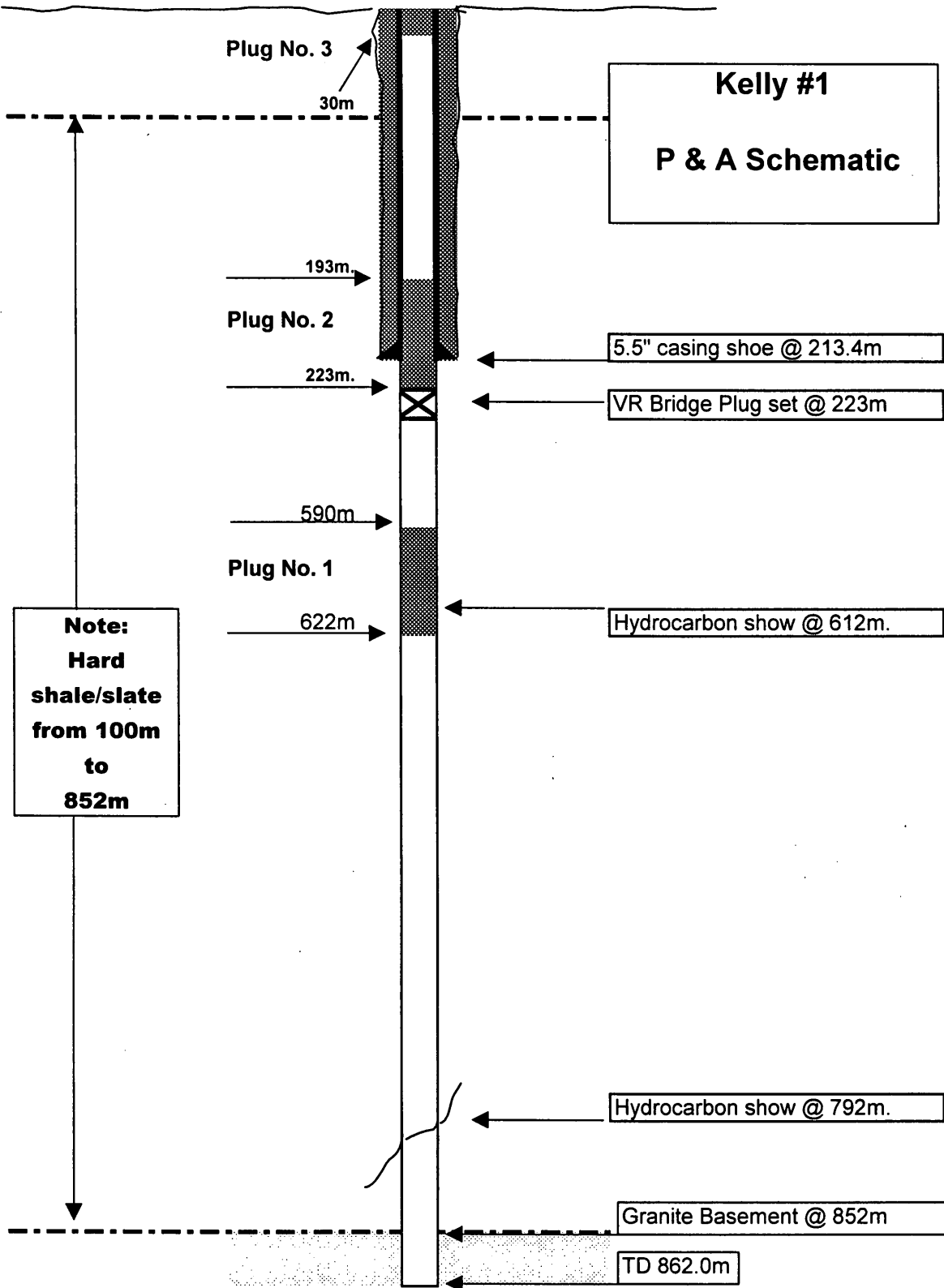
Operator: Victoria Petroleum Inc.
 Basin: Murray Basin
 Permit: PEP 161
 Location: Latitude 36° 16.36' S Longitude 145° 53.08' E
 Depth: 862.0 metres
 Surface Casing: PW 5.5" o/d. x 5.5" i/d.
 Set at 213.4 m.
 Hole Depth: 862 m.
 Hole Size: 5" (12.7 litres/metre)

1. RIH with drill rods to 622 metres & circulate.
2. Mix 26 x 40kg bags of Class A Portland cement with 572 litres water (22 litres/bag) to make slurry volume 880 litres at SG 1.79 (14.9 ppg)
3. Plug No. 1: 622 m.- 590 m. Pump 440 litres slurry & displace with 4696 litres mud.
4. Pull up above plug to at least 550 m. & circulate out any excess cement.
5. POH to 223m. (10 metres below casing shoe) & circulate.
6. Pump VR plug & set in open hole below drill rods.
7. Pull back 0.5m above plug, close pipe rams & pressure test to check that plug is sealing off.
8. Pump Plug #2 from 223m to 193m with 440 litres cement slurry, as above.
9. POH to +/- 180 metres and circulate out any excess cement.
10. WOC a minimum of 8 hours (check surface samples)
11. RIH & tag cement.
12. Report tagged depth.
13. POH laying down drill pipe.
14. Nipple down BOP's & remove well-head flange.
15. Pump cement into top 10m of surface casing.
16. Weld on steel cover plate, with steel post extending approx. 1.5m above ground level
17. Attach plate showing well name, TD, spud date & rig release date.
18. Release Rig.



 Ian Johnstone
 Drilling Supervisor
 Drillassist Pty Ltd

Victoria Petroleum Inc
(Knight Industries Pty Ltd)



APPENDIX 4

CUTTINGS AND CORE DESCRIPTIONS

KELLY-1 CUTTINGS DESCRIPTIONS

| | |
|----------|---|
| 0-40.0m | ALLUVIAL DEPOSITS: unconsolidated alluvial sediments, loose particles of clear to translucent white, fine to medium – grained quartz sand with minor very pale grey, sub-angular to sub-rounded, moderately sorted grains, and occasional brownish mica flakes with a fine reddish clay matrix. |
| 40-50m | A/A , becoming more sandy, decreasing clay matrix |
| 50-60m | A/A |
| 60-70m | A/A |
| 70-86m | A/A |
| 86-100m | SHALE, dk gy to black, platy, abundant very thin crusts of pyrite on laminae, carbonaceous, gritty. |
| 100-110m | SHALE A/A increasingly siliceous |
| 110-120m | A/A |
| 120-130m | A/A |
| 140-150m | A/A |
| 150-160m | SHALE A/A med gy to black, siliceous with minor SANDSTONE, med gy v f gr, v hard |
| 160-170m | SHALE A/A and minor SST A/A |
| 170-180m | SHALE, banded, dk gy to black, siliceous; minor SST, med gy, v f g , very hard |
| 180-190m | SHALE, black, very hard, fissile, common pyrite crusts |
| 190-200m | SANDSTONE, lt gy to med gy, v v f gr ,pervasive pyrite |
| 200-213m | SHALE, A/A very black, very hard, fissile, common pyrite |

KELLY-1 CORE DESCRIPTIONS

| | |
|---------------|---|
| 213.1-215.8m | SHALE, black, siliceous, v. hard, fissile, abundant thin crusts pyrite, occ. quartz veinlets, fine parallel bedding? planes dipping approx. 50 degrees to core axis |
| 215.8-218.4m | SHALE a/a |
| 218.4-220.0m | SHALE a/a |
| 220.0-224.4m | SHALE a/a, becoming paler grey |
| 222.4-224.3m | SHALE a/a |
| 224.3-227.3m | SHALE a/a lt grey |
| 227.3-230.4m | SHALE a/a mineralised lens at 228.5m |
| 230.4-233.5m | SHALE a/a dark grey, frequent pyritic mineralisation |
| 233.5-236.5m | SHALE a/a |
| 236.5-239.5m | SHALE a/a |
| 239.5-242.5m | SHALE a/a becoming harder, fine secondary quartz veining cutting across core at random angles; occasional secondary calcite lenses, white, opaque, amorphous. |
| 242.5-245.5m | SHALE a/a |
| 245.5-248.5m | SHALE a/a gy-pale gy; at 247.5-248.0m: quartz shatter zone emplaced parallel to bedding plane |
| 248.5-251.5m | SHALE a/a pale grey, becoming more massive, harder |
| 251.5-254.5m | SHALE a/a pale to dark grey |
| 254.5-257.5m | SHALE a/a med. grey, fractured, with common pyrite crusts along shear planes oblique to bedding |
| 257.5-260.5m | SHALE a/a grey becoming paler, massive, fractured, common pyrite along "carbonised" shear planes(soft, black streak) |
| 260.5-263.3mm | SHALE a/a dark grey, massive, fractured, pyritic, carbonaceous along fracture planes |
| 263.3-266.5m | SHALE a/a dark grey, a/a |
| 266.5-268.3m | SHALE a/a dark grey to black, pyritic, carbonaceous a/a, mylonised shear planes, common quartz infill along fractures |
| 268.3-271.0m | SHALE a/a |

| | |
|--------------|--|
| 271.0-272.0m | SHALE a/a |
| 272.1-275.2m | SHALE a/a |
| 275.2-275.7m | SHALE a/a |
| 275.7-276.0m | SHALE a/a |
| 276.0-276.2m | SHALE a/a |
| 276.2-279.2m | Mixed alternating bands of MUDSTONE, dk gy, v.f. gr, hard, siliceous, and SANDSTONE pale grey, v.f gr. quartzose; banding ranging from parallel to bedding planes to slumped facies. At 276.9-277.9m : zone of massive mineralisation, crystalline pyrite, chalcopyrite, etc crystals along fracture plane. |
| 279.2-282.3m | MIXED FACIES a/a of MUDST dk gy/ lt gy bands parallel to bedding planes, lt gy SST bands approx 2 cm thick between thicker MUDST dk gy, bands; occ calcite infill throughout core |
| 282.3-285.4m | MIXED FACIES a/a mostly MUDST bands becoming dk gy to black, massive, less banding parallel to bedding, minor quartz infill |
| 285.4-288.4m | MUDSTONE a/a dk gy massive, brittle, minor SST, lt gy; minor quartz infill |
| 288.4-291.4m | MIXED FACIES a/a at 289-291m : increased SST banding , lt gy |
| 291.4-294.4m | A/A lt-med gy, occasional quartz and pyrite infill |
| 294.4-297.4m | A/A |
| 297.4-300.4m | A/A becoming paler gy, abundant, calcite, pyrite |
| 300.4-303.4m | A/A rare calcite, pyrite infill, decrease banding ; solution cavity at 301.4m |
| 303.4-306.4m | MIXED FACIES A/A |
| 306.4-309.4m | A/A |
| 309.4-312.4m | A/A |
| 312.4-315.4m | A/A increased calcite infill |
| 315.4-318.4m | MIXED FACIES A/A, becoming pale gy; slump feature/?bioturbation at 317.5m |

| | |
|--------------|--|
| 318.4-321.4m | MIXED FACIES, regular parallel banding of MUDST and SST, lt gy |
| 321.4-327.5m | A/A |
| 327.5-330.5m | MIXED FACIES, becoming paler gy and, bedding planes less distinct and frequent banding, quartz infill, slumping / ?bioturbation at base |
| 330.5-333.6m | A/A, cherty throughout, increased regularity of parallel banding of MUDST, dk gy-black and SST, lt gy (10-20mm thick) at 331.75m: thin cherty layer, black, hd. massive |
| 333.6-336.7m | A/A, cherty in part, lt gy dk gy bands parallel to bedding 10-40mm spacing, some quartz infill |
| 336.7-339.7m | A/A , cherty, dk gy -black, massive, minor parallel banding (less frequent SST);quartz infill |
| 339.7-342.8m | A/A becoming paler gy overall |
| 342.8-345.9m | MIXED FACIES, alternating parallel bands of MUDST, dk gy and SST, lt gy, laminae about 5mm thick, dip about 50 degrees; cherty, minor slumping, minor quartz and calcite infill |
| 345.9-352.0m | A/A |
| 352.0-354.0m | A/A increased proportion of MUDST, black, band thickness; less frequent SST laminae (about 15mm thick) |
| 354.0-357.0m | A/A increased quartz infill (~356.5m) , minor pyrite along fracture breaks |
| 357.9-360.0m | MIXED FACIES, becoming paler gy overall, regular bands of SST, pale gy and MUdT, dk gy about 10cm apart at 359.5-359.5m massive quartz infill interspersed in a slumped feature. |
| 360.0-362.3m | MIXED FACIES, MUDST and SST a/a slumped, chaotic bedding ? bioturbated, ? storm event; at 362.3-363.0m : massive mineralised zone, pyrite, chalcopyrite, etc |
| 362.3-363.3m | A/A ; mineralised from 362.3-363.0m |
| 363.3-368.3m | MIXED FACIES a/a, slumped features throughout |

| | |
|--------------|---|
| 368.3-371.4m | A/A becoming paler gy below 370.5m; common calcite, pyrite along fractures |
| 371.5-374.5m | A/A lt gy to dk gy, decreasing MUDST in dark gy parallel bands |
| 374.5-377.5m | A/A increasing MUDST, darker grey and minor parallel bands SST, lt gy, cherty, occ. pyrite |
| 377.5-380.5m | A/A lt gy, increasing bands SST, frequent quartz infill; at 379.5-38-.5m - slumped interval of mixed facies |
| 380.5-383.7m | MIXED FACIES, a/a slumped interval to 381.5m, then regular parallel bands (~10-20 cm width of mixed MUDST, dk gy and SST, lt gy, common quartz infill; hard, cherty throughout. |
| 383.7-386.8m | MIXED FACIES a/a increase in quartz infill |
| 386.8-389.8m | MIXED FACIES a/a, increase in MUDST becoming dk gy below 388.0m |
| 389.9-392.8m | A/A, minor quartz infill |
| 392.8-395.9m | A/A |
| 395.9-399.0m | A/A |
| 399.0-402.0m | A/A slumping at base |
| 402.0-405.1m | A/A |
| 405.1-408.2m | A/A |
| 408.2-411.3m | A/A increase in minor SST bands, lt gy~ 20 cm wide |
| 411.3-414.3m | A/A increase in MUDST bands, dk gy |
| 414.3-417.5m | A/A, below 414.5m; change to SST lt gy, mod soft, platy in part |
| 417.5-420.6m | SST/SILTSTONE, vfg, lt gy, siliceous, minor secondary quartz infill, hard, dark "spotting" in places, ? possible metamorphic effect |
| 420.6-423.0m | SST/SILTSTONE a/a, lt gy, siliceous |
| 423.6-427.0m | 420.6- 425.0m. SST/SILTSTONE a/a; below 425.0m; MIXED FACIES with dominant MUDST, black, hard, brittle siliceous, minor thin parallel SST bands, lt gy a/a |
| 427.0-429.1m | MIXED FACIES a/a minor quartz infill along fractures |

909397. 094

| | |
|--------------|---|
| 429.1-432.0m | A/A, minor quartz infill |
| 432.0-434.5m | A/A, minor slumping, minor quartz and mineralized lenses |
| 434.5-436.3m | A/A massive quartz veins throughout, minor calcite, entire core fractured, no bedding visible |
| 436.3-439.0m | A/A common quartz veins, some green alteration minerals (?chlorite) |
| 439.0-442.0m | MIXED FACIES, dominant MUDST, dk gy -black,hard a/a |
| 442.0-445.0m | A/A |
| 445.0-448.0m | MUDST, a/a common quartz, pyrite infill, solution cavities along entire core; below 447.0m, MIXED FACIES, dominant MUDST bands, dk gy, siliceous and minor v thin SST bands ly gy ~2mm thick |
| 448.0-451.0m | MIXED FACIES a/a |
| 451.0-454.0m | A/A becoming paler gy |
| 454.0-457.0m | A/A lt gy -m gy |
| 457.0-461.5m | A/A increased in number of parallel MUDST bands, dk gy |
| 461.5-464.5m | A/A, at 463.0-464.5m :slumped section ? channel fill |
| 464.7-467.8m | A/A |
| 467.8-470.8m | A/A brittle fracture; at 469.5m bedding becoming disturbed |
| 470.8-473.9m | A/A ; at 469.5-470.3m disturbed section /slumped feature |
| 473.9-477.0m | A/A occasional quartz infill |
| 477-480.0m | A/A MIXED FACIES, dominantly MUDST a/a no bedding apparent, minor quartz and pyrite infill |
| 480.0-483.0m | MUDST, a/a, dk gy, v.hard, dense, uniform, no distinct bedding apparent |
| 483.0-486.2m | A/A; minor slumping at 484.5m ; minor quartz, occasional pyrite infill |
| 486.2-489.3m | MIXED FACIES, MUDST a/a and minor SST a/a lt gy, channel fill/ slumped features, minor quartz |
| 489.3-501.5m | MIXED FACIES A/A |
| 501.5-504.5m | A/A |
| 504.5-506.2m | A/A quartz infill at 505.0m |
| 506.2-509.2m | A/A dk gy massive, dense |

| | |
|--------------|--|
| 509.3-512.3m | A/A |
| 512.3-515.4m | A/A |
| 515.4-518.4m | A/A becoming less slumped/ chaotic in nature, bedding becoming more regular; return to alternating parallel bands of MUDST and SST a/a; quartz infill; at 517-518m : br-reddish (? iron oxide) insitu crystalline replacement along contacts of some quartz bands along bedding planes, possibly hydrothermal alteration effect. |
| 518.4-521.5m | A/A bedding becoming more regular with dipping alternating bands a/a |
| 521.5-524.6m | A/A |
| 524.6-527.7m | A/A regular parallel interbeds of MUDST, gy bl and SST lt gy; dipping at about 70 degeed; minor disturbed bedding |
| 527.7-529.5m | A/A dominantly MUDST bands, a/a, minor slumping, minor quartz and pyrite infill |
| 529.5-530.8m | A/A regular banding, dipping at about 45degeed |
| 530.8-533.9m | A/A |
| 533.9-537.9m | A/A |
| 537.9-540.0m | A/A occasional slumped zone, occasional br.reddish crystalline replacement along quartz infill |
| 540.0-543.0m | A/A regular parallel banding |
| 543.0-547.0m | A/A to 543.5m: Below 543.5m ; MIXED FACIES, change to slumped channel fill/ lithology a/a. Dip varies between 70 – 90 degrees |
| 547.0-550.0m | A/A |
| 550.0-553.0m | A/A |
| 553.0-556.0m | A/A minor calcite pyrite along fractures |
| 556.0-559.0m | A/A |
| 559.0-562.0m | A/A bedding less disturbed, changing gradually to rhythmic parallel style a/a at base; dip ~ 70 degrees |
| 562.0-565.0m | MIXED FACIES, mainly SILST, lt gy siliceous, at 565.0m change to minor MUDST, dk gy-bl, massive; dip ~70 degrees |

909397 096

| | |
|----------------|--|
| 565.0-568.0m | MIXED FACIES, A/A alternating parallel and disturbed bedding throughout core |
| 568.0-571.0m | A/A, rhythmic parallel bedding; minor quartz bands and reddish -brown (? ferric) crystallisation |
| 571.0-574.0m | Dominantly MUDST a/a, dk gy, minor calcite, pyrite |
| 574.0-577.0m | Dominantly MUDST a/a minor parallel bands of SILTST, lt gy, minor calcite along fractures |
| 577.0-580.0m | A/A, dip varies 70-90 degrees |
| 580.0-583.0m | MIXED FACIES a/a rhythmic banding of MUDST and SILST throughout |
| 583.0 -586.0m | Dominantly MUDST a/a dk gy , massive, rare bedding/laminae |
| 586.0-589.0m | 586-588m: SILTS, lt gy, siliceous, massive no bedding apparent 567-589m:MUDST, bk gy a/a |
| 589.0-592.0m | MUDST a/a pyrite along fractures |
| 592.0-594.5m | SILST, v f gr, lt gy, massive, ? low grade metamorphic mottling/spotting throughout, mineralised along fractures at 593.5-594.5m: MIXED FACIES, MUDST and SILTST, channel /slump feature |
| 594.5-594.55m | CLAY INTERBED, Clay matrix, gy-white, soft, v f gr with loose clasts of quartz, clear, ang- sub-ang, med-crs gr ,and shale, dk gy. |
| 594.5-598.0m | MIXED FACIES, a/a channel /slump feature, becoming banded towards base of core; dip~70-80 degrees |
| 598.0-601.0m | MIXED FACIES, dominantly rhythmic MUDST bands with minor SILST, lt gy |
| 601.0-604.0m | 601.0-602.0: A/A 602.0-604.0m, MIXED FACIES, channel/slump feature |
| 604.0-607.0m | A/A changing to alternating rhythmic banding at base of core |
| 607.0-610.0m | A/A dominantly MUDST, minor SILST, alternating rhythmic banding, fractured throughout |
| 610.0 - 613.0m | A/A , fractured throughout, strong petroliferous odour; occ. calcite veining |

| | |
|------------------|---|
| 613.0-616.0m | A/A, definite alternating banding of MUDST, dk gy and SILST, lt gy to 614.6m: 614.6-616.0m: MIXED FACIES, channel /slump feature |
| 616.0-618.5m | A/A, occ. quartz infill |
| 618.5-622.0m | A/A |
| 622.0-625.0m | A/A |
| 625.0-628.0m | A/A |
| 628.0-631.0m | A/A |
| 631.0-634.0m | MIXED FACIES, rhythmic parallel banding of MUDST and SILST, quartz infill across bedding at 633.9m |
| 634.0-637.0m | A/A , minor turbation at 635.5m; minor quartz infill, occ. calcite along fractures. |
| 637.0-640.0m | MIXED FACIES, a/a , channel/slump feature; quartz infill at 637.5-638.0m |
| 640.0-643.0m | A/A common quartz, pyrite; dk reddish-br (ferric) crystallisation in part. |
| 643.0-646.0m | A/A |
| 646.0-649.0m | 646-647.5m: A/A 647.5-649.0m: MIXED FACIES, parallel rhythmic banding of MUDST and SILTST a/a |
| 649.0-652.0m | A/A, rhythmic banding of dominant MUDST, dk gy and SILTST, lt gy; common pyrite |
| 652.0-655.0m | A/A occ. pyrite |
| 655.0-657.0m | MIXED FACIES: channel /slump feature of dominantly MUDST, dk gy, fractured in part, minor SILST, lt gy |
| 657.0-660.0m | A/A |
| 660.0-663.0m | A/A changing to parallel rhythmic banding at ~661.5m |
| 663.0-666.3m | A/A, changing to channel/slump feature at 665.5m |
| 666.3-669.4m | A/A channel/slump bedding at 668.5m: changing to parallel rhythmic banding a/a |
| 669.4-672.5m | A/A |
| at 670.4-670.5m: | minor clay interbed : clay matrix, whitish, v f gr, soft, with clasts of quartz, clear, f-m gr, angular; |

| | |
|----------------|--|
| | at 670.5m: fine layer of fractured shale/ mudstone with minor clay along fractures |
| | at 670.6m; MIXED FACIES A/A parallel banding, common small fractures, common calcite along breaks |
| 672.5-675.6m | MIXED FACIES, parallel banding a/a, common quartz, pink tone to crystallization |
| 675.6-678.7m | A/A |
| 678.7-681.8m | A/A , fine network of fractures throughout: occ. mineralisation |
| 681.8-684.9m | A/A, common quartz insitu re-crystallisation, pink, translucent, hard, massive |
| 684.9-688.0m | MIXED FACIES, dominantly MUDST, black, massive, occ. parallel beds of SILTST a/a; occ. quartz re-crystallisation; occ fractures; dip~60 degrees |
| 688.0-691.0m | A/A Dominantly MUDST, a/a faint bedding , small hairline fractures throughout, minor quartz veins, calcite veins across "bedding" |
| 691.0-694.0m | A/A |
| 694.0-697.0m | A/A, common quartz infill |
| 697.0-700.0m | 697-699.5m : Same as above 699.5-700.0m: MIXED FACIES , alternating parallel banding of MUDST dk gy-bl and SILST, med gy |
| 700.0-702.6m | A/A , very fractured towards base of core, hard, cherty |
| 702.6-705.7m | A/A , less fractured at 703.0-705.7m: MIXED FACIES, channel/slump feature |
| 705.7-708.8m | 705.7-707.5m: MIXED FACIES a/a 707.5-708.8m: SILST, lt-med gy, v f gr, siliceous, fine dark feathery texture -? metamorphic overprint of fine, feathery, darker bands; calcite infill at ~708.55m |
| 708.8-711.9m | SILST A/A |
| : 711.9-715.0m | MIXED FACIES , a/a channel/slump feature, bedding becoming more disturbed towards bottom of core |
| 715.0-718.0m | A/A, common quartz with pink translucent toning (? hydrothermal alteration) |

| | |
|---------------|--|
| 718.0-721.0m | A/A |
| 721.0-724.0m | A/A , Dominantly MUDST, a/a dk gy-black, massive, v faint bedding, minor quartz |
| 724.0.-727.0m | A/A, changes to MIXED FACIES, parallel banding at ~726m; common quartz veins |
| 727.0-730.0m | MIXED FACIES, channel/disturbed bedding, dk gy, dense, quartz infill |
| 730.0-733.0m | A/A |
| 733.0-735.5m | A/A |
| 735.5-738.6m | Dominantly MUDST, dk gy-bl, v.distorted facies, occ.quartz infill |
| 738.6-741.0m | A/A , minor quartz along fractures |
| 741.0-743.9m | A/A |
| 743.9-747.0m | A/A, dk gy-, faint feathery bedding at ~60 degrees; occ fine quartz veins along fractures |
| 747.0-749.0m | A/A |
| 749.0-752.4m | A/A: 751.5-752m: MIXED FACIES, channel/ disturbed facies a/a |
| 752.4-755.5m | A/A, occ. pink quartz re-crystallisation / ? hydrothermal alteration in situ, rare pyrite mineralisation along fractures |
| 755.5-758.1m | A/A, dk gy , massive, v hard, occ quartz veins, common calcite and green carbonate mineral |
| 758.1-761.1m | A/A |
| 761.1-764.7m | A/A dk gy -black, changing to parallel banding towards base of core; occ. pyrite, calcite. |
| 773.7-776.8m | A/A, dip ~ 60 degrees |
| 776.8-779.9m | A/A, m gy- dk gy; dip ~ 50 degrees |
| 779.9-783.3m | MIXED FACIES, channel/disturbed facies, gy-dk gy, minor fracturing |
| 783.3-786.0m | A/A |
| 786.0.789.0m | A/A changing to less disturbed bedding at base of core |

909397 100

| | |
|--------------|---|
| 789.0-792.0m | A/A; at 790-791.0m: ; MIXED FACIES, mainly MUDST, dk gy-black a/a; minor parallel banding ; dip ~50 degrees; minor calcite along fractures |
| 792.0-795.0m | A/A ; at 793-795m: MIXED FACIES, parallel banding, MUDST dk gy and SILTST lt gy, dip ~60 degrees, minor calcite along fractures; fine mottled dk gy metamorphic texture overprinting on core; massive, bedding planes becoming less apparent |
| 795.0-798.0m | A/A, increasing metamorphic mottling throughout |
| 798.0-801.0m | A/A |
| 801.0-804.0m | Gradation change to HORNFELS, lt. gy – m gy, v f gr, massive, crystalline, siliceous, faint remnant overprinted texture, very tight, no porosity, minor calcite along fine fractures |
| 804.0-806.0m | HORNFELS, a/a |
| 806.0-809.0m | HORNFELS, a/a |
| 908.0-812.2m | HORNFELS a/a , gy-med gy, some fine fractures |
| 812.2-815.2m | HORNFELS a/a, m gy, common fine fractures, occ. pyrite along fine fractures; no porosity/perm |
| 815.2-818.2m | A/A |
| 818.2-821.2m | A/A |
| 821.2-824.3m | A/A, med. gy, v f gr, occ. metamorphic mottling texture ; common calcite along fractures |
| 824.3-827.4m | HORNFELS, dk gy –black, v f gr, massive, crystalline, siliceous, v hard, no fracturing |
| 827.4-830.4m | A/A, med gy, v f gr, massive, rare calcite veins |
| 830.4-833.4m | A/A med gy; at 838.0-833.4m: fractured zone with intruded quartz veining |
| 833.4-836.4m | HORNFELS, a/a, dk gy- black |
| 836.4-839.4m | A/A |
| 839.4-842.5m | A/A, m gy |

| | |
|---------------|---|
| 842.5-845.5m | A/A, dk gy, some remnant bedding textures/ fabric visible, massive, dense, conchoidal fracture ; at 845.5-848.5m; A/A becoming med gy, massive, dense, conchoidal fracture |
| 845.5-851.7m | A/A , m gy -dk gy, minor quartz and calcite veins |
| 851.7-854.5m | A/A, m gy -lt gy, no visible original fabric/texture; common quartz veining along entire core |
| 854.5-859.0m | 854.5-855.4m; HORNFELS A/A 855.4 - 859.0M; GRANITE, lt gy- lt green, coarse gr, crystalline with crystals of white feldspar, black biotite and clear mica; green chlorite |
| 859.-0-862.0m | GRANITE, A/A , lt gy, crystalline a/a less chlorite |
| 845.5-851.7m | A/A , m gy -dk gy, minor quartz and calcite veins |
| 851.7-854.5m | A/A, m gy -lt gy, no visible original fabric/texture; common quartz veining along entire core |
| 854.5-859.0m | 854.5 -855.4m; HORNFELS A/A 855.4 - 859.0M; GRANITE, lt gy- lt green, coarse gr, crystalline with crystals of white feldspar, black biotite and clear mica; green chlorite |
| 859.0-862.0m | GRANITE, A/A , lt gy, crystalline a/a less chlorite |

APPENDIX 5

CORE ANALYSIS AND PETROLOGY

BY

- PONTIFEX & ASSOCIATES
 - GEOLOGICAL SURVEY OF VICTORIA
 - AMDEL
-

MINERALOGICAL REPORT No. 8150
by Ian R. Pontifex MSc.

November 13, 2001

TO : Mr Lindsay Knight
Knight Industries Pty Ltd
677 Lyne Street
LAVINGTON NSW 2641

COPY : Ms Ingrid Campbell
58 Mowbray Drive
WANTIRNA SOUTH VIC 3152

YOUR REFERENCE : Campbell memo dated 23/10/01

**MATERIAL &
IDENTIFICATION:** Two drill core samples (Kelly-1)
327.0m and 653.0m

WORK REQUESTED : Section preparation, petrographic
(mineragraphic) description and report.

SAMPLES & SECTIONS : Returned to Ingrid Campbell with this report.

DIGITAL COPY : Enclosed with hard copy of this report to Ingrid
Campbell.

PONTIFEX & ASSOCIATES PTY. LTD.

4 December 2001

KNIGHT INDUSTRIES P/L
677 LYNE STREET, ALBURY
N.S.W. 2641 AUSTRALIA
Ph: (02) 6025 1335 Fax: (02) 6025 8754

Knight Industries
677 Lyne St
LAVINGTON NSW 2641

Attention: Ingrid Campbell

REPORT LQ11047

CLIENT REFERENCE: Re Pontifex

WELL NAME/RE: Kelly 1

MATERIAL: Rock

WORK REQUIRED: TOC, Porosity, Headspace

AUTHOR'S NAME: Carmelina Valente

Please direct technical enquiries regarding this work, to the signatory below, under whose supervision the work was carried out. This report relates specifically to the sample or samples submitted for testing.



Diane Cass
Operations Manager
Petroleum Services

dc.jh

G:\Secretary\petroleum\Docs-01\11047.doc

Amdel Limited shall not be liable for loss, cost, damages or expenses incurred by the client, or any other person or company, resulting from the use of any information or interpretation given in this report. In no case shall Amdel Limited be liable for consequential damages including, but not limited to, lost profits, damages for failure to meet deadlines and lost production arising from this report. This document shall not be reproduced except in full and relates only to the items tested.

1. INTRODUCTION

Samples were received for headspace, porosity and TOC analysis on the 5 November 2001. This report is a formal presentation of results forwarded by email on 6 and 28 November 2001.

2. PROCEDURE

2.1 Headspace Analysis

Gas concentrations were determined by injection into a Agilent 6890 Series gas chromatograph equipped with a packed column. Concentrations were calculated from peak areas measured with a proprietary software package and compared with peak areas taken from standard gas mixtures of known concentration injected into the same chromatograph.

2.2 Porosity

The sample was analysed by the helium injection method.

2.3 Total Organic Carbon (TOC)

Total organic carbon was determined by digestion of a known weight (approximately 0.2g) of powdered rock in HCl to remove carbonates, followed by combustion in oxygen in the induction furnace of a Leco WR-12 Carbon Determinator and measurement of the resultant CO₂ by infrared detection.

3. RESULTS

Kelly-1 (792.2-792.5 m)

| COMPONENT | μL/L (ppm) |
|------------|------------|
| Methane | 400 |
| Ethane | 2 |
| Propane | 2 |
| N- Butanes | <1 |
| N-Pentanes | <1 |
| N-Hexanes | <1 |

| COMPONENT | Mol% |
|----------------|------|
| Carbon Dioxide | 0.24 |

The porosity for this sample was <1%.

Total organic carbon;

| DEPTH (m) | TOC (%) |
|-----------|---------|
| 801.0 | 0.14 |
| 612.5 | 0.16 |
| 315.2 | 0.26 |
| 790.0 | 0.06 |
| 612.0 | 0.06 |

Due to the low TOC results it is not recommended Rock Eval be performed.

APPENDIX 6

GAS ANALYSIS

BY

• AMDEL

1. INTRODUCTION

A sample was received for headspace analysis (C1-C6) on the 29 October 2001.

2. PROCEDURE

Gas concentrations were determined by injection into a Agilent 6890 Series gas chromatograph equipped with a packed column. Concentrations were calculated from peak areas measured with a proprietary software package and compared with peak areas taken from standard gas mixtures of known concentration injected into the same chromatograph.

3. RESULTS

Kelly-1 (612.5m)

| COMPONENT | PPM |
|------------|------|
| Methane | 1300 |
| Ethane | 5 |
| Propane | 1 |
| N- Butanes | <1 |
| N-Pentanes | <1 |
| N-Hexanes | <1 |

Results expressed in ul/L

1. INTRODUCTION

A sample was received for headspace analysis (C1-C6) on the 05 November 2001.

2. PROCEDURE

Gas concentrations were determined by injection into a Agilent 6890 Series gas chromatograph equipped with a packed column. Concentrations were calculated from peak areas measured with a proprietary software package and compared with peak areas taken from standard gas mixtures of known concentration injected into the same chromatograph.

3. RESULTS

Kelly-1 (792.2-792.5 m)

| COMPONENT | U/L (PPM) |
|------------|-----------|
| Methane | 400 |
| Ethane | 2 |
| Propane | 2 |
| N- Butanes | <1 |
| N-Pentanes | <1 |
| N-Hexanes | <1 |

| COMPONENT | Mol% |
|----------------|------|
| Carbon Dioxide | 0.24 |

APPENDIX 7

SUMMARY OF KDLS TECHNOLOGY

KNIGHT INDUSTRIES PTY.LTD. ACN..000 540 938
677 LYNE ST LAVINGTON NSW 2641 Australia tel.02 60 251335...fax.02 60 258754...mob 018389251
Email: kipl@albury.net.au Principal: Lindsay Knight

ESR GEOPHYSICAL SURVEYS (Electron Spin Resonance)
Known as KDLS - (Knight Direct Location System)
A remote-sensing geophysical system available to the oil industry

BACKGROUND

Knight Industries Pty Ltd, is a company with a long history of innovation and the development of original concepts. It commenced development of the KDLS technique in 1986. Since then, the system has been further developed and refined with particular attention to the needs of the oil and gas industry.

The KDLS system has been used and calibrated on more than 120 oil wells drilled in Australia, both onshore and offshore, including the Northwest Shelf and Bass Strait. The system has been successfully used in many surveys and calibrated for "degree of depletion", "live" or "dead" oil, "tight oil and gas" on more than 140 wells in the following States in USA: Texas, Oklahoma, Kansas, Nevada, Wyoming, Louisiana, Indiana.

It has also been successfully used (both onshore and offshore) in the U.K., New Zealand, Papua New Guinea, Philippines and the Seychelles.

OPERATING PRINCIPLES

KDLS is an Australian-designed remote sensing method that can directly detect the presence and position of targeted materials in the upper crust with direct applications to the oil and gas industry, either at the exploratory stage or later, during production and development.

KDLS uses a combination of the principles of:

- Electron Spin Resonance (ESR),
- Bio-micro magnetics and
- Hetero Nuclear Lock of like materials.

Nuclear magnetic resonance (NMR) together with bio-micro magnetics and HeteroNuclear Lock of like materials is also used for limited applications.

The system can detect and identify the composition of the individual hydrocarbons present in a reservoir.

Each hydrocarbon fraction has its own KDLS signature. KDLS has a large reference data bank which includes the known calibrated signatures for C1 to C6, C8, C10, C14, C15, C24, bitumen, diesel, leaded and unleaded fuels, uranium, thorium, potassium and 360 other minerals and materials and lithologies.

Specific design and operational details of the equipment is of a propriety nature and will be disclosed only on a need to know basis.

909397 124

KDLS GEOPHYSICAL SURVEYS

USES

The system can be adapted for use in:

ESR surveys.

A specially designed transmitting/receiving instrument with purpose built, tuned antennae which contain removable sealed identical samples of the targeted material. The special antennae provide evidence of the signal strength as well as providing vital directional information, e.g. the strike of a fault or reservoir barrier and distance to an accumulation or target.

NMR surveys

A magnetometer and computer, in addition to the above equipment

Operation

Operation of the equipment involves the operator setting the signal generator to transmit the predetermined resonant frequency of the material to be detected.

If the material is present (above normal background) in the upper part of the earth's crust (down to a detectable limit of 5000 metres) either beneath ground/sea level, the micro-energy emanating from this resonating material is detected by the KDLS receiver.

The strength of the received signal is directly related to the quantity of target material present. Transmitted micro-energy from the source can be detected over (*long or short*) distances (max. range of detection from the air is about 50 km).

The survey flight is usually carried out at 2,000 feet above ground/sea level and covers a strip 10 nautical miles wide. A detailed flight plan to suit the task is prepared in advance. Way-points of the path are stored in a GPS and the coordinates of the start and finish of each anomaly are also stored in this GPS for later down loading to a computer. The pilot flies to a prerecorded track in a GPS.

After the flight, the exact position of each anomaly is plotted by computer onto a chart.

The survey observations are analysed and the anomalies are plotted, classified according to their hydrocarbon type, size and strength of receiver signal and a ranking order of potential targets is established. Source rock locations in a region can also be included in the initial survey.

The KDLS system is portable and can be used from either fixed or rotary wing aircraft, land vehicles, boats or on foot. Two people are usually required to operate the system: one to operate the equipment and another to navigate, record and map the observations. If the survey area is particularly rugged or very small or inaccessible for some reason (e.g. near an offshore platform), a helicopter may be more suitable and cost effective.

The system is continually being upgraded as new data from ongoing fieldwork comes to hand.

KDLS SUCCESS RATE

Analysis of KDLS survey results over an 8 year development period reveals that :

- It has **100% accuracy** in correctly determining the **absence** of hydrocarbons in any location either for wells designed for development or wildcat locations.
- For wildcat anomalies detected by KDLS, the success rate to date is **about 70%** that commercial hydrocarbons will be present at a site. The evidence for this claim can be substantiated by 38 out of 48 actual case histories from Australia and overseas.
- In development or production situations, accuracy is about **90%**.

- Spilled underground fuel plumes and other contaminants can also be accurately detected and the area and depth identified.

KDLS HYDROCARBON DETECTION

MAPPING PROCEDURE

For effective coverage of large areas, an aerial survey is recommended to determine the presence and location of the hydrocarbon anomalies. By flying over the anomaly, KDLS can then determine the size (perimeter) of any anomaly, the approximate depth and the type of hydrocarbons present and whether they are live, residual, bio-degraded, etc.

During an aerial survey, three passes are made over a designated prospect or general area with the KDLS tuned to *special elements* which have been found to be common to all commercial hydrocarbon accumulations. The ratio of these elements, one to the other, is an excellent guide as to whether commercial hydrocarbons are present or not. It is recommended that the aerial survey is followed up by a land or marine survey of selected anomalies to verify and expand on the flight-based information.

Land surveys are carried out from a four-wheel drive vehicle fitted with a GPS . (Global Positioning System) and "Terra trip" computerized odometer. Detailed work is carried out on foot. Marine surveys are carried out in marine craft fitted with a GPS.

KDLS CAPABILITIES AND BENEFITS OF THE SYSTEMS

KDLS has now developed unique procedures for detailed land surveys that can:

- Map the perimeter of a hydrocarbon accumulation.
- Ascertain the subsurface depth and thickness of each hydrocarbon accumulation.
- Identify the lithologies within a prospect or in a specific fault block.
- Identify the number of reservoirs and the type of hydrocarbons present in each reservoir.
- Determine the composition of reservoirs to enable permeability estimates.
- Determine the type and thickness of seal(s) and the depth to basement.
- Determine the approximate gas/oil, water/oil and CO₂ / methane ratios.
- Determine the relative salinity of any water in or beneath a reservoir.
- Map the faults in an anomaly and determine if they are sealing or semi permeable.

PE914490

This is an enclosure indicator page.
The enclosure PE914490 is enclosed within the
container PE909397 at this location in this
document.

The enclosure PE914490 has the following characteristics:

ITEM_BARCODE = PE914490
CONTAINER_BARCODE = PE909397
NAME = Kelly-1 Composite Well Log
BASIN = MURRAY
ONSHORE? = Y
DATA_TYPE = WELL
DATA_SUB_TYPE = COMPOSITE_LOG
DESCRIPTION = Kelly-1 Composite Well Log, by
Geoscience for Knight Industries W1330,
PEP161.
REMARKS =
DATE_WRITTEN =
DATE_PROCESSED =
DATE_RECEIVED =
RECEIVED_FROM = Knight Industries Pty Ltd
WELL_NAME = Kelly-1
CONTRACTOR =
AUTHOR =
ORIGINATOR = Knight Industries Pty Ltd
TOP_DEPTH =
BOTTOM_DEPTH =
ROW_CREATED_BY = CD000_SW

(Inserted by DNRE - Vic Govt Mines Dept)