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29<sup>th</sup> September 2003

Attention: Mr. Mark Paton  
Cc:

## **Proposal for RST and Posi Set Thru-Tubing Bridge Plug Iona # 1 & 2**

Dear Mark,

Thank you for the opportunity to quote on Wireline logging services for Upstream Petroleum and TXU. The Mechanical Plug Back Tool (MPBT) and posi-set plugs have been used to great effect to shut off lower water producing or depleted zones in a cost effective rig less operation. We are pleased to make the offer detailed below:

Scope: Iona # 1. Determine the Gas water contact by running the Reservoir Saturation Tool. Logging interval 1350mKB to 1270mKB. Obtain a static gradient survey measuring temperature & Pressure with stations every 500m from 1350mKB to surface. Minimum ID 2.1"

Iona # 2. Determine the Gas water contact by running the Reservoir Saturation Tool. Logging interval 1450mKB to 1250mKB. Obtain a static gradient survey measuring temperature & Pressure with stations every 500m from 1450mKB to surface. Minimum ID 2.205". Set posiset bridge plug at 1351mKB in 7" 26lb/ft casing. Dump approx 10 litres cement on plug.

Well Details: Iona # 1 & 2, Port Campbell, Victoria  
Casing 7" 26 lb/ft,

**Prices and Rates:**

Service	Price Per Run in Hole (AUD)	Notes
Mobilization / Demobilization	\$9,000	Flat charge based on 4000 km round trip Roma / Wellsite / Roma.
Crew Charges	\$1,700 / day	6 free days
Rig Up Charge	\$2,000	Per continuous sequence of operations
RST – Depth and Survey per well	10,400	Depth Charge <= 1475 mKB Survey Charge <= 305 m
Temperature	3,150	Continuous gradient log from PBTD
Strain Gauge Pressure	3,150	Continuous gradient log from PBTD
Temperature Pressure Station point	2,480	<= 10 stations
MPBT – Mechanical Plug Back Tool	\$21,000 / FT	Depth Charge
Posi-set – Thru Tubing Bridge plug	\$15,500 / Plug	Supply and setting charge
DB-TT – Thru Tubing Dump Bailer (Cement plug)	\$2,400 \$900 / Kit	Depth Charge Cement Kit / Setting
Pressure control Equipment	\$1,800 316 / run	Set up charge Operation charge 0-1000 psi (5 runs)

**Estimated Total Logging Costs:**

Based on our understanding of the scope of work, the total logging cost for Iona #1 is estimated as:

Mobilization / Demobilization	4,500
Crew Charges <sup>(1)</sup>	0
Tool Rentals <sup>(1)</sup>	0
Rig Up Charge	2,000
RST – Depth and Survey per well	10,400
10 station pressure temperature	2,480
Pressure control Equipment	2,116
<b>Estimated Total Logging Cost</b>	<b>AUD 21,496</b>

- (1) Based on 6 days Roma – Roma for Equipment and Crew, 1 Rig up per well. 10 pressure/temp stations and less than 1000psi WHP. Total of 1-pressure charge on Iona #1.

Based on our understanding of the scope of work, the total logging cost for Iona #2 is estimated as:

Mobilization / Demobilization	4,500
Crew Charges <sup>(1)</sup>	0
Tool Rentals <sup>(1)</sup>	0
Rig Up Charge	2,000
RST – Depth and Survey per well	10,400
10 station pressure temperature	2,480
MPBT – Mechanical Plug Back Tool - Posi-set – Thru Tubing Bridge plug	36,500
DB-TT – Thru Tubing Dump Bailer	9,900
Pressure control Equipment	3,380
<b>Estimated Total Plug Setting Cost</b>	<b>AUD 69,160</b>

<sup>(1)</sup> Based on 6 days Roma – Roma for Equipment and Crew, 1 Rig up. 10 pressure/temp stations and 3 dump bailer runs and less than 1000psi WHP. Total of 5 pressure charges.

We hope that you will find this proposal of interest and look forward to being able to do business with TXU. Our Data and Consulting team in Perth have recently completed data analysis on the field so have an insight to what we expect to encounter. They are available to provide interpretation for the upcoming program. I would be happy to address any questions relating to this work that you may have.

Yours sincerely,

Jock Munro

***Notes on services and prices:***

1. 6 free crew days. Additional crew days at AUD 1700 / crew / day. A crew consists of one engineer and 2 operators. Crew days are calculated ex Roma.
2. Mob / Demob would be charged at the flat rate indicated.
3. MPBT and Plug Mobilization. At present, the MPBT is not available on callout ex Roma. Consequently, it may be necessary to mobilize a tool from one of our other operational bases in Australia; In the case a plug is not available in Australia a 3 week lead time would be required to import from the U.S. Transportation costs would be recharged at documented cost + 10%. All reasonable efforts would be made to minimize or eliminate this cost if at all possible.
4. Call-Out Rentals - MPBT. A minimum charge equivalent to 15 days rental will apply when the MPBT is mobilized. Should the operating charges for the MPBT exceed the respective rental charge, **only the operating charge will apply**. Beyond 15 days, an additional daily charge equal to 3.34% of the monthly rental charge of \$4,500 would apply.  
The time period used to calculate the Call-Out equipment rental and demurrage charge begins at the time when the Call-Out equipment leaves the Schlumberger base of origin and ends when the Call-Out equipment is returned to the Schlumberger base of origin.
5. Terms and conditions as per Section A of our APG-2000-L pricelist.
6. Additional services outside the proposed scope are available from our current land pricelist APG-2000-L.
7. Third Party Charges to be recharged at documented cost plus 10% handling: Accommodation and meals for crews in transit. Crane Hire charges. Airfares for MPBT Specialist and hire car for the project duration.
8. Services to be provided by TXU free of charge: Accommodation and meals and first aid facilities at the wellsite.
9. All services and equipment are subject to availability, we will endeavor to time in with the coil unit to minimise additional expenses to TXU.
10. Any additional third party charges would be recharged at documented cost + 10% handling.
11. Prices are expressed in AUD, exclusive of GST.
12. This offer is valid until 30 November 2003 or when the work is awarded whichever the earlier.



