

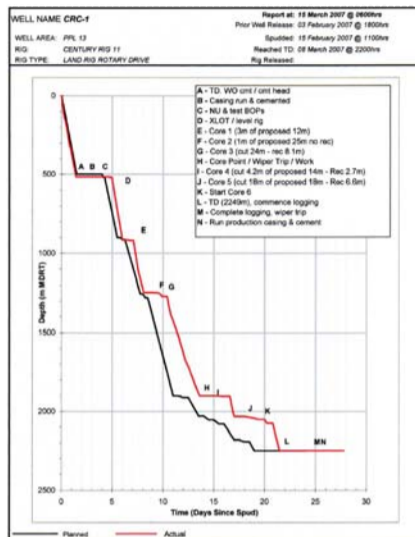
Otway Project - construction 2



CRC-I drilling

Drilling of the new injection well to inject CO₂ into the depleted gas field, the Waarre C Formation, began on 15 February 2007 and was completed within budget on 15 March 2007. Located 309m southeast from the Naylor-I well, it is a vertical monobore well and was drilled to a depth of 2249m into the Eumeralla Formation. Five cores were acquired with a total length of 42.9 m. Other samples collected include fluid, mud gas and cuttings.

No incidents were reported during drilling procedures. The drilling operations of the CRC-I injection well were conducted under the exploration license of the Victorian Petroleum Act



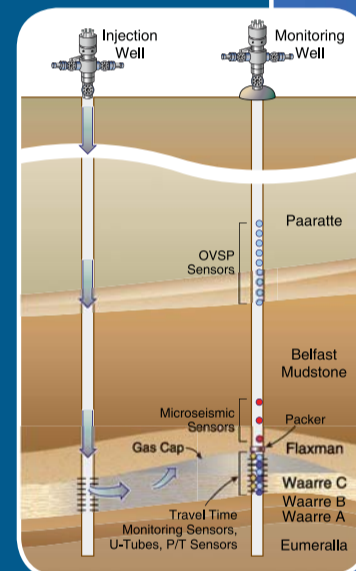
Naylor-I completion

3.965 BCF of natural gas was produced from Waarre C and A units (mainly Waarre C) through the Naylor-I well, which was patched and suspended in early 2004, then converted by CO₂CRC into an observation well for geophysical and geochemical monitoring of CO₂ from the CRC-I injection well.

An integrated bottom-hole geochemical and geophysical assembly was lowered into the Naylor-I well in a “workover completion” operation from 25 September – 7 October 2007. The 130 foot long assembly was installed with a rigid truss and lifted with a 70 tonne crane. Eleven reels fed cables through special sheaves which were manually tied to ¾" sucker rods. Well control was maintained throughout by topping the well up with 2% KCl brine.

The integrated bottom-hole assembly (pictured top-right) is an integrated system for:

- geochemical fluid sampling to detect presence of CO₂ and monitor injected tracers via three sets of U tubes;
- continuous pressure and temperature measurements with the P/T gauges;
- continuous monitoring for microseismic events with an array of triaxial geophones;
- discrete High Resolution Travel Time Resolution (HRTT) measurements across the gas water contact (GWC), and
- Vertical Seismic Profiling (VSP) imaging from an array of geophones/hydrophones



From top: integrated bottom-hole assembly; completion team; sucker rods; assembly lowered into shear ram.