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Announcement to ASX**Weekly Drilling Report
Muthero-3**

Magellan Petroleum Australia Limited announces that at 06:00 hrs (CST) today the Muthero-3 appraisal well was rigging up for DST 3 over the basal Birkhead Formation interval 1351-1357 metres. Muthero-3 reached Total Depth of 1430 metres on 18 December 2005. Oil shows were recorded in the Birkhead Formation (primary objective) and the Murta Member (secondary objective).

As previously reported, DST 2 over the upper Birkhead interval 1316-1327 metres flowed oil on final flow at 1030 BOPD through a ½ inch choke at 25 psi. DST 1 over the same interval as DST 2 was a mis-run due to mechanical failure.

Muthero-3 is the second well in the current three well drilling program in the Nockatunga area. The rig will move to the Currambar-1 exploration well location in the adjacent exploration permit ATP 267P, following the case and suspend operations at Muthero-3.

Muthero-3 details:

Petroleum Title:	Petroleum Lease 51
Location:	Onshore Cooper Eromanga Basin
Co-ordinates:	Latitude: 27° 42' 44.49" East Longitude: 142° 36' 45.92"
Drilling Rig:	Ensign 20
Objective:	Birkhead Formation and Murta Member
Total Depth	1430 metres
Current operation:	rigging up for DST 3 over the interval 1351-1357 metres
Progress for week:	1187 metres

Participants in the Muthero-3 well are:

Magellan Petroleum (Eastern) Pty Ltd (A wholly owned subsidiary of Magellan Petroleum Australia Limited)	40.936%
Santos Group (Operator)	59.064%

Magellan will not issue its routine weekly operational information to the Australian Stock Exchange next Thursday, 29 December 2005, but will revert to the normal practice of providing operational information on Thursdays during the Nockatunga drilling program from 5 January 2006. Should any significant drilling information become available during the period between 22 December 2005 and 5 January 2006, a specific release will be made.

For further information, please contact Bruce McInnes 3224 1600