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5 January 2006

Announcement to ASX**Weekly Drilling Report
Muthero-3 & Currambar-1****Muthero-3**

Magellan Petroleum Australia Limited announces that the Muthero-3 appraisal well has been cased and suspended as a future Birkhead oil producer. Muthero-3 reached a 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.

DST 3 over the interval 1351-1357 metres in the basal Birkhead Formation did not flow to surface; 7.3 barrels of oil plus some 15 barrels of oily mud were recovered.

The Ensign Rig 20 was released from the Muthero-3 well on 24 December 2005, and moved to the Currambar-1 exploration well location in the adjacent exploration permit ATP 267P.

Muthero-3 details:

Petroleum Title:	Petroleum Lease 51
Location:	Cooper-Eromanga Basin
Co-ordinates:	Latitude: 27° 42' 44.49" South Longitude: 142° 36' 45.92" East (GDA94)
Drilling Rig:	Ensign 20
Objective:	Birkhead Formation and Murta Member
Total Depth	1430 metres
Current operation:	Well suspended

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%

Currambar-1

Exploration well Currambar-1 spudded in ATP 267P in the Cooper-Eromanga Basin of southwest Queensland at 15:30 hrs on Thursday, 29 December 2005. The well reached a total depth of 1388 metres. The Currambar prospect is a robust four-way dipping anticline confirmed by the Nockatunga-Thungo 3D seismic survey. At 06:00 hrs today, the operation was running in hole with DST tools for DST 1 over the Murta Member interval 1043-1052 metres. Moderate to fair oil shows were recorded in the Murta Member with fair to poor shows in the Westbourne Formation.

Currambar-1 is the third well of the current three well drilling program in the Nockatunga area. Santos is operator of the Nockatunga joint venture.

Currambar-1 well details:

Petroleum Title: ATP 267P
Location: 3.7 km southeast of the Dilkera-2 oil well
Co-ordinates: Latitude: 27° 45' 11.28" East
Longitude: 142° 39' 55.88" South (GDA94)
Drilling Rig: Ensign 20
Objectives: Primary – Murta Member and Birkhead Formation; and
Secondary – Westbourne Formation
Total Depth: 1388 metres
Current operations: running in hole with DST tools.
Progress for week: 1388 metres

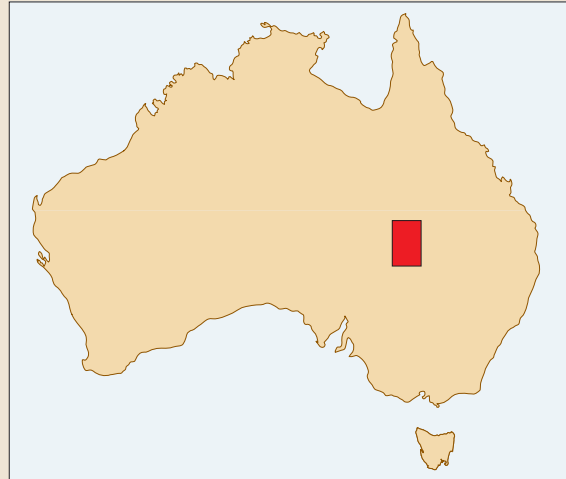
Participants in the Currambar-1 well are:

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

For further information, please contact Merv Cowie, Joint Venture Coordinator, on phone (07) 3224 1600.

COOPER / EROMANGA

BASIN



Jackson

PL 33

Muthero 3

Koora

Kihee

PL 51

Muthero

Nockatunga

Thungo

Winna 4

Winna

Dilkera

Queensland

Currambar 1

ATP 267P

3D Seismic coverage

0 10

kms

Maxwell

Maxwell South

PL 50

EROMANGA

BASIN