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ANNOUNCEMENT TO ASX

Weekly Drilling Report Cabbots-1 – Cooper Basin SA

The Cabbots-1 exploration well spudded in PEL 107 at 0900 hrs (CST) on 5 December 2006. At 06:00 hrs (CST) on 6 December, the well was at a depth of 521 metres and drilling ahead in surface hole to a TD of 850 metres.

The Cabbots-1 exploration well is located in PEL 107 (see attached map). The well is planned to a Total Depth of 2,440 metres with the primary objective being oil in the Patchawarra Formation with secondary targets in the Tirrawarra Sandstone and the Poolowanna Formation. The Cabbots Prospect is a lower Patchawarra on-lap oil play, with a four way dip closure.

Magellan is participating in the well under a farmin arrangement with Great Artesian Oil and Gas and will earn a 30 percent interest in any commercial discovery. On completion of the funding of this well, Magellan will become a 20 percent participating interest holder in the PEL 107 joint venture and permit.

Cabbots-1 Details:

Petroleum Title:	PEL 107, South Australia
Location:	Approximately 7 km east, southeast of the Tantanna and Taloola oil fields
Coordinates:	Latitude: 28° 11' 22.14" South Longitude: 139° 40' 37.42" East (GDA 94)
JV Operator:	Beach Petroleum Ltd
Drilling Rig:	Century Rig 3
Proposed Total Depth:	2,440 metres RT
Objectives:	Primary – Patchawarra Formation Secondary – Poolowanna Formation, Tirrawarra Sandstone
Operations for period:	Cabbots-1 spudded at 09:00 hrs (CST) on 5 December 2006 and at 06:00 hrs on 6 December (CST) was at a depth of 521 metres RT.
Progress for Period:	521 metres.

Participants in Cabbots-1 are:

Magellan Petroleum Corporation	30.0 percent *
Beach Petroleum Limited (Operator)	40.0 percent
Great Artesian Oil and Gas Limited	30.0 percent

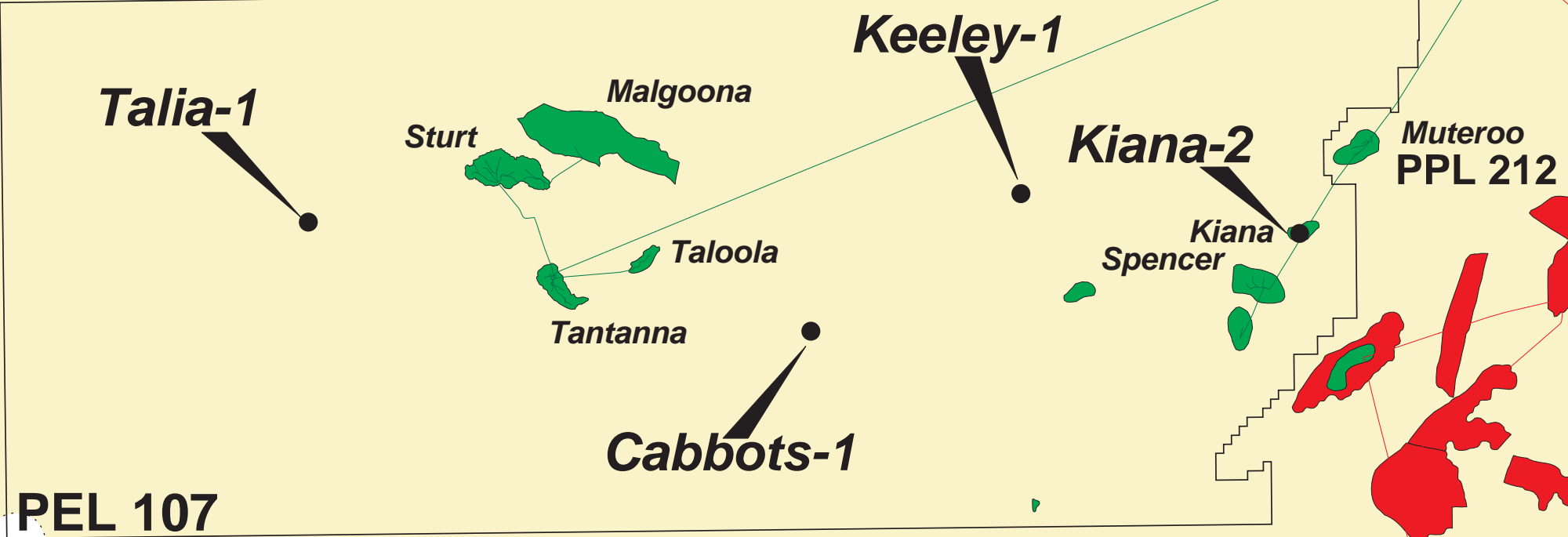
(* subject to a farmin arrangement with Great Artesian)

Magellan will issue routine weekly drilling reports during its 2006 Cooper Basin drilling program.

Forward Looking Statements

Statements in this release which are not historical in nature are intended to be, and are hereby identified as, forward-looking statements for purposes of the United States Private Securities Litigation Reform Act of 1995. These statements about Magellan may relate to its businesses and prospects, revenues, expenses, operating cash flows, and other matters that involve a number of uncertainties that may cause actual results to differ materially from expectations. Among these risks and uncertainties are the extent of the recoverable reserves at those properties and the risk that any wells drilled may fail to encounter hydrocarbons in commercially recoverable quantities. Any forward-looking information provided in this release should be considered with these factors in mind. Magellan assumes no obligation to update any forward-looking statements contained in this release, whether as a result of new information, future events or otherwise.

For further information, please contact Dr. Gwynn Davies, General Manager, Magellan Petroleum Australia Limited on telephone (07) 3224 1600.



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