



# MAGELLAN PETROLEUM CORPORATION

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The Manager

## **ACTIVITIES REPORT FOR THE QUARTER ENDED 30 JUNE 2008**

This report is submitted by Magellan Petroleum Corporation (ASX Code MGN) (Magellan) in compliance with the Australian Stock Exchange Listing Rule 5.2, and covers the quarter **1 April to 30 June 2008**.

This report is based upon, and accurately reflects, information compiled by a person who is a practising geologist, who holds a Bachelor of Science Degree in Geology, who has had a minimum of five years experience in the practice of geology and who is a full time employee in the Magellan group of companies.

## **OIL & GAS SALES**

### **Natural Gas**

The Company's share of natural gas sales during the quarter ended 30 June 2008 decreased by 3 percent from the June 2007 quarter, as detailed below:

Field (Magellan Share)	Million Cubic Feet		Terajoules	Variance
	Total	Daily		
Mereenie	1,200	13	1,404	< - 1%
Palm Valley	378	4	430	-11%
<b>Total Gas</b>	<b>1,578</b>	<b>17</b>	<b>1,834</b>	<b>-3%</b>

## Crude Oil and Condensate

The Company's share of crude oil and condensate sales during the quarter ended 30 June 2008 increased slightly from the June 2007 quarter, as detailed below:

Fields (Magellan Share)	Barrels		Kilolitres	Variance
	Total	Daily		
Mereenie	25,218	277	4,007	-12%
Nockatunga	25,572	281	4,063	+14%
Kiana	1,638	6	260	+22%
Aldinga	579	18	92	+123%
<b>Total Crude Oil and Condensate</b>	<b>53,007</b>	<b>582</b>	<b>8,422</b>	<b>&lt; + 1%</b>

## PRODUCTION AND DEVELOPMENT ACTIVITIES

### AUSTRALIAN PRODUCTION

#### **Palm Valley Gas Field (PL 3) – Amadeus Basin NT (52.023% Interest)**

The Palm Valley gas field which is operated by Magellan produced an average of approximately 8.0 million cubic feet per day (MMcf/D) of natural gas for sale during the June quarter. The Palm Valley Joint Venture's objective is to maximise gas production from the existing facilities while maintaining a safe and efficient operation, conducted in accordance with good oil field practice.

#### **Mereenie Oil and Gas Field (PL 4 & 5) – Amadeus Basin NT (35% Interest)**

The Mereenie oil and gas field which is operated by Santos Ltd produced an average of approximately 38 MMcf/D of natural gas and 825 barrels of oil and condensate per day for sale during the June quarter. No major projects were undertaken on the Mereenie field during the quarter.

#### **Nockatunga Oil Fields (PLs 33, 50 & 51, ATP 276P) – Cooper Basin Qld (40.936% Interest)**

The Nockatunga oil fields which are operated by Santos Ltd produced an average of approximately 750 barrels of oil per day (BOPD) for sale during the June quarter.

The Maxwell 5 appraisal well which was drilled in October 2007 on the Maxwell oil field in PL 50 was tied into the field facilities and brought online in April 2008. The well produces oil from the Murta Member. Following the success of the Dilker North-1 well which was drilled in 2007, the Murta Formation in the previously shut-in Dilker 2 well in PL 51 was re-perforated and successfully fracture stimulated. A flowline was installed, which ties the well into the Muthero field facilities. The well was successfully brought back on production in May 2008.

**Kiana Oil Field (PPL 212) – Cooper Basin SA (30% Interest)**

Production from the Kiana-1 well averaged 52 BOPD during the June quarter. The well is currently producing only from the upper Patchawarra Formation zone.

**Aldinga Oil Field (PPL 210) – Cooper Basin SA (50% Interest)**

Production from the Aldinga-1 well is continuing at around 12 BOPD. There are no current plans to develop the field further.

**CANADIAN PRODUCTION****Kotaneelee Gas Field, YT (2.67% interest)**

Magellan has a 2.67% carried interest in the Kotaneelee gas field in the Yukon Territory of Canada. Devon Canada Corporation is operator of this partially developed field which is connected to a major pipeline system.

**EXPLORATION ACTIVITIES****AUSTRALIAN EXPLORATION**

Exploration evaluation of PEL 94 (Magellan 35% interest), PEL 95 (Magellan 50% interest), PEL 107 (Magellan 30% interest) and PEL 110 (Magellan 37.5% interest) is ongoing.

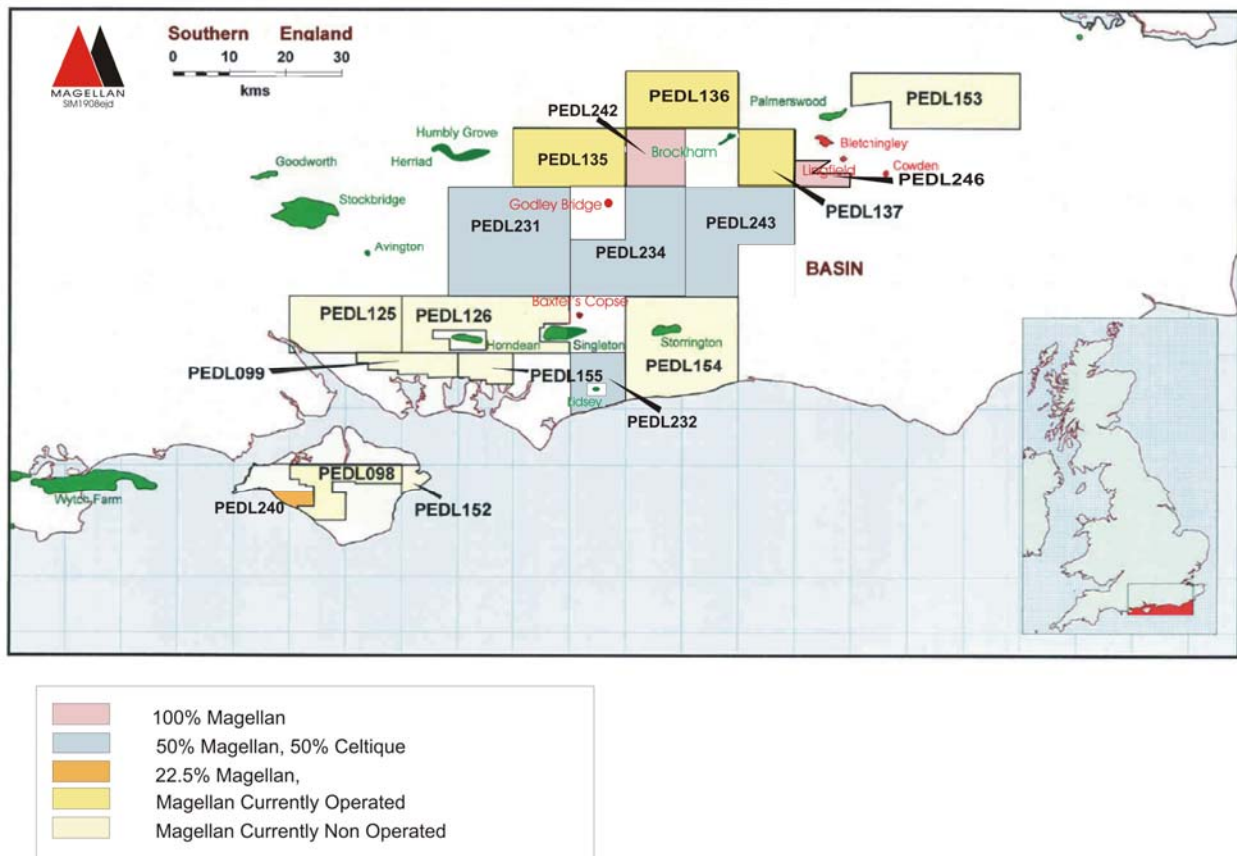
In ATP 613P in the Maryborough Basin of Queensland, evaluation of the coal seam gas potential of the seams in the Burrum Coal Measures in the Burrum Syncline Farmin area (Magellan 10%) is continuing.

**UNITED KINGDOM EXPLORATION**

The company was successful in its bidding for Petroleum Exploration and Development Licenses (PEDLs) under the 13th UK Landward Licensing Round. Magellan and its joint venturers have accepted offers for seven PEDLs in the Weald and Wessex Basins of southern England, six of which will be operated by Magellan. The following table sets out the various participants in the PEDLs.

<b>Provisional PEDL No.</b>	<b>Operator</b>	<b>Participants</b>
231	<b>Magellan</b> (50%)	Celtique Energie (50%)
232	<b>Magellan</b> (50%)	Celtique Energie (50%)
234	<b>Magellan</b> (50%)	Celtique Energie (50%)
240	Northern Petroleum (62.5%)	<b>Magellan</b> (22.5%) Encore oil (7.5%) Montrose Industries (5%) Oil and Gas Investments (2.5%)
242	<b>Magellan</b> (100%)	
243	<b>Magellan</b> (50%)	Celtique Energie (50%)
246	<b>Magellan</b> (100%)	

The location of the seven PEDLs which will be granted effective from 1 July 2008 are shown on the map below.



Elsewhere in the Weald Basin, Magellan (40% interest) will participate in the Markwells Wood-1 exploration well in PEDL 126 later in 2008. Northern Petroleum, operator of the PEDL 126 Joint Venture, received planning approval in May to drill the well from a site to the north of Forestside in West Sussex. Site construction for Markwells Wood-1 is anticipated to commence early in the fourth quarter of 2008, with drilling to take place shortly thereafter.

The Markwells Wood-1 well will target a prospect that is interpreted to be an eastward extension of the currently producing Horndean oil field. Analysis of data from, and between, the Horndean and Singleton oil fields which lie some 15 km apart indicates they are in essence the same interconnected oil accumulation. Markwells Wood is the first of two locations within the licence where structures have been mapped above the interpreted common oil-water contact.

Magellan holds interests (ranging from 22.5% to 50%) in seven other exploration licences in the Weald-Wessex Basin (PEDLs 098, 099, 125, 152, 153, 154 and 155), which are also operated by Northern Petroleum. Elsewhere in the Weald Basin, PEDLs 135, 136 and 137 are held and operated by Magellan with a 100% interest. Well sites have been selected and applications for local council planning consents for the drilling of two prospects in PEDL 135 and PEDL 137 in 2009 are in preparation.

**EXPENDITURES**

Expenditures incurred on exploration, appraisal and development activities during the June 2008 quarter, totalled US\$740,000. All figures are unaudited.

**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 pricing and production levels from the properties in which Magellan has interests, the extent of the recoverable reserves at those properties and the future outcome of the negotiations for gas sales contracts for the remaining uncontracted reserves at both the Mereenie and Palm Valley gas fields in the Amadeus Basin. In addition, Magellan has a large number of exploration permits and faces 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.

Yours faithfully,

A handwritten signature in cursive script, appearing to read 'T.G. Davies', written in black ink.

**T.G. Davies.**