Magellan Petroleum Announces Farmin to PEL 93 in Cooper Basin SA Rainbird 1 Spuds

HARTFORD, Conn., Aug. 7 /PRNewswire-FirstCall/ -- Magellan Petroleum Corporation (Nasdaq: MPET; ASX: MGN) ("Magellan") announced that its 100% owned subsidiary, Magellan Petroleum Australia Limited ("MPAL") advises the following farmin agreement.

MPAL has entered into a farmin agreement with Stuart Petroleum, Cooper Energy and Red Sky Energy. Under the farmin agreement Magellan will have the option to participate in exploration drilling in part of the PEL 93 area during the current term of the PEL 93 license. The Company will earn a 24.5% participating interest in any commercial discovery made by the drilling and subsequent Petroleum Production License by funding 49% of the drilling costs.

Rainbird 1, the first well drilled under the PEL 93 farmin agreement, spudded in PEL 93 in the Cooper Basin of South Australia on August 7. The Rainbird prospect is located approximately 8 kilometers south southwest of the Worrior oil field, and is mapped on 2D seismic as a simple four-way dip closure.

The primary reservoir objectives in Rainbird 1 are the McKinlay Member of the Murta Formation and the Birkhead Formation, similar to those which produce oil at the nearby Worrior oil field, with secondary gas objectives in the Epsilon Formation and the Patchawarra Formation. The Rainbird 1 well which is being operated by Stuart Petroleum will take approximately 17 days to drill and evaluate, and is programmed to have a total depth of approximately 2,019 meters RT.

Rainbird 1 Details:

- Petroleum Title: PEL 93, South Australia
- Location: approximately 8 km SSW of the Worrior oil field.
- Coordinates: Latitude: 28 degrees 29' 09.45" South
  Longitude: 139 degrees 45' 56.8" East (GDA 94).
- Drilling Rig: Ensign Rig 20
- Proposed Total Depth: 2,019 meters RT
- Objectives: Primary -- the McKinlay Member of the Murta Formation and the Birkhead Formation.
  Secondary -- the Patchawarra Formation and the
Participants in Rainbird 1 are:

<table>
<thead>
<tr>
<th>Company</th>
<th>Percentage</th>
<th>Note</th>
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<tbody>
<tr>
<td>Magellan Petroleum Corporation</td>
<td>24.5%</td>
<td>*</td>
</tr>
<tr>
<td>Stuart Petroleum Limited (ASX:STU)</td>
<td>36.0%</td>
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<tr>
<td>Red Sky Energy Limited (ASX:ROG)</td>
<td>24.5%</td>
<td>*</td>
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<tr>
<td>Cooper Energy Limited (ASX:COE)</td>
<td>15.0%</td>
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(* subject to a commercial discovery)

Magellan will issue routine weekly drilling reports during the drilling of the Rainbird 1 well.

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 Private Securities Litigation Reform Act of 1995. These statements about Magellan and MPAL may relate to their 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.

SOURCE Magellan Petroleum Corporation