
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 8-K**

**CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported): December 15, 2008 (December 11, 2008)

Magellan Petroleum Corporation

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

1-5507

(Commission File Number)

06-0842255

(IRS Employer Identification No.)

10 Columbus Boulevard, Hartford, CT

(Address of Principal Executive Offices)

06106

(Zip Code)

860-293-2006

(Registrant's Telephone Number, Including Area Code)

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers

Appointment of President and Chief Executive Officer

On December 11, 2008, the Board of Directors (the “Board”) of Magellan Petroleum Corporation (the “Company”) appointed William H. Hastings as the Company’s new President and Chief Executive Officer to serve an initial term of five (5) years. Under the terms of his employment, Mr. Hastings will receive an initial annual cash salary of \$300,000 and additional equity incentive compensation described below. He also will be entitled to certain employee and severance benefits.

The material terms of Mr. Hastings employment are set forth in a term sheet dated December 11, 2008 approved by the Board and Mr. Hastings. A copy of the term sheet is attached hereto as Exhibit 10.1 and is hereby incorporated by reference. The Company and Mr. Hastings intend to enter into a definitive employment agreement incorporating the terms of employment described on the Term Sheet as soon as practicable, which definitive agreement will be filed as an exhibit to a subsequent current report on Form 8-K.

In conjunction with Mr. Hastings’ appointment as the Company’s new President and Chief Executive Officer, Daniel J. Samela has resigned as the Company’s Acting President and Chief Executive Officer, effective December 11, 2008. Mr. Samela will continue to serve the Company as its Chief Financial Officer, Chief Accounting Officer and Treasurer under the terms of his Amended and Restated Employment Agreement with the Company, dated as of September 28, 2008, which remains in full force and effect.

Resignation of Director

On December 11, 2008, Timothy L. Largay resigned as a member of the Company’s Board, as an Assistant Secretary of the Company, and as a member of the Board of Directors of Magellan Petroleum Australia Limited, the Company’s wholly-owned subsidiary (“MPAL”). Mr. Largay has served on the Company’s Board since 1996 and on the MPAL Board since 2001.

At the time of his resignations, Mr. Largay was not a member of any committees of the Company’s Board or of the MPAL Board. Mr. Largay’s resignations were not due to a disagreement with the Company or MPAL or any officer or director of the Company or MPAL on any matter relating to the Company’s or MPAL’s operations, policies or practices. A copy of Mr. Largay’s resignation letter to Mr. Walter McCann, Chairman of the Board, and Mr. Robert Mollah, Chairman of the Board of MPAL, is attached hereto as Exhibit 99.1 and is hereby incorporated by reference.

Election of New Director

On December 11, 2008, the Company’s Board of Directors also unanimously elected William H. Hastings to immediately fill the vacancy on the Company’s Board created by Mr. Largay’s resignation. Mr. Hastings will not be paid directors’ fees by the Company. In addition, as President/CEO, he will not be considered an “independent” director under the listing

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standards of the Nasdaq Stock Market, Inc. Accordingly, he will not serve on any committees of the Board.

Mr. Hastings, 53, most recently served as President of Nova Atlantic Group LLC, which focuses on development of “stranded” natural gas reserves. He previously spent twenty-six years working for Marathon Oil, an international energy company based in Houston, Texas. At Marathon, he served in various executive capacities in Houston and in London where he was responsible for new business development and asset growth initiatives. Mr. Hastings is a 1977 graduate of Purdue University, with a B.S. in Industrial Management and also received an M.B.A. in managerial finance in 1980 from Indiana University. He resides in Falmouth, Maine.

The Board has also determined to nominate Mr. Hastings for a three year term of office as a Company director, commencing at the 2008 annual meeting of shareholders and expiring at the 2011 annual meeting of shareholders. The Board will announce the record date and meeting date for the 2008 annual meeting in the near future.

Concurrently, Mr. Hastings has also been recommended for election as a member of the Board of Directors of MPAL, which election is expected in the near future.

The Company confirms, as required by regulations under the Securities Exchange Act of 1934, that (1) there is no family relationship between Mr. Hastings and any director or executive officer of the Company, (2) there was no arrangement or understanding between Mr. Hastings and any other person pursuant to which he was elected as a director, and (3) there is no transaction between Mr. Hastings and the Company that would require disclosure under Item 404(a) of Regulation S-K.

Award of Non-Qualified Stock Options

On December 11, 2008, the Company’s Board awarded Mr. Hastings 3.1 million non-qualified stock options under the Company’s 1998 Stock Option Plan, as amended to date (the “Plan”) in two tranches, at an exercise price equal to \$1.20 per share. The Company and Mr. Hastings intend to enter into definitive option award agreements incorporating the terms of these option awards as soon as practicable, which definitive award agreements will be filed as exhibits to a subsequent current report on Form 8-K.

As described in the Term Sheet, the vesting of Mr. Hastings’ stock options shall be as follows:

- 1) stock options covering 2.1 million shares will vest in three equal annual installments, commencing twelve months after the effective date of Mr. Hastings’ employment with the Company (December 11, 2009, December 11, 2010 and December 11, 2011).
- 2) stock options covering an additional 1 million shares will vest upon the

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attainment of either of the following mutually acceptable performance goals: (i) upon monetizing the uncontracted gas reserves held by MPAL at the Amadeus Basin fields at a price (or trade value) acceptable to the Board of Directors of the Company, or (ii) upon the trading price of the Company's common stock being greater than \$1.50 per share for a period of sixty consecutive days.

Mr. Hastings' option awards are expressly conditioned upon, and will only take effect, if the Company's shareholders approve an amendment and restatement of the Plan at the Company's 2008 annual meeting of shareholders to be held in the near future, which approval is required under the terms of the Plan and the listing requirements of the Nasdaq Stock Market, Inc. The Company's proxy statement with respect to the 2008 annual meeting will describe the material features of the amended and restated Plan. In addition, a copy of the amended and restated Plan will be attached to the Company's proxy statement as an appendix thereto.

Item 8.01 Other Events

Company Press Release

On December 15, 2008, the Company issued a press release announcing Mr. Hastings' appointment of its new President and CEO and the director changes discussed under item 5.02 above. A copy of the Company's press release is filed herewith as Exhibit 99.2 and is hereby incorporated by reference.

Modification of Outstanding Options

On December 11, 2008, the Compensation Committee of the Board authorized an amendment to the existing 2005 option award agreements for Walter McCann, Donald Basso, Timothy Largay and Ronald Pettirossi to conform the agreements to the 2008 option award agreement for Robert Mollah. Under each amendment, each currently outstanding vested option to acquire 100,000 shares of the Company's common stock (at their original exercise price of \$1.60 per share) will permit each director to exercise his options at any time during the remaining term of the option (until November 2015) even if a director ceases to serve on the Board prior to such time, subject to a one-year provision in the event of the earlier death of the option holder. A copy of the form of amendment to each option award agreement is attached hereto as Exhibit 10.2 and is hereby incorporated by reference.

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Item 9.01 Financial Statements and Exhibits

(c) Exhibits

10.1 Term Sheet between the Company and William H. Hastings, dated December 11, 2008.

10.2 Form of Amendment to Stock Option Agreement for directors.

99.1 Letter of Timothy L. Largay, dated December 11, 2008 to Walter McCann, Chairman of the Board and Robert Mollah, Chairman of the Board of MPAL.

99.2 Company press release dated December 15, 2008.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

MAGELLAN PETROLEUM CORPORATION

By: /s/ Daniel J. Samela

Name: Daniel J. Samela

Title: Chief Financial Officer, Chief
Accounting Officer and Treasurer

Dated: December 15, 2008

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
10.1	Term Sheet between the Company and William H. Hastings, dated December 11, 2008.
10.2	Form of Amendment to Stock Option Agreement for directors.
99.1	Letter of Timothy L. Largay, dated December 11, 2008 to Walter McCann, Chairman of the Board of Directors and Robert Mollah, Chairman of the Board of MPAL.
99.2	Company press release dated December 15, 2008.

TERM SHEET

**Summarizing Terms and Conditions of Employment for
William H. Hastings to serve as CEO, President and Director of
Magellan Petroleum Corporation**

December 11, 2008

This Term Sheet sets forth the principal terms and conditions under which William H. Hastings (“WHH”) would serve as the President, Chief Executive Officer and a Director of Magellan Petroleum Corporation (the “Company”). Although this Term Sheet summarizes the principal terms and conditions under which WHH would serve in such positions, it is not intended to constitute a complete statement of such terms and conditions or a legally binding agreement between the parties. The specific terms and conditions governing the employment of WHH will be set forth in a mutually acceptable, definitive Employment Agreement entered into between the parties (a “Definitive Agreement”) as soon as practicable after the date hereof.

- *WHH title/responsibilities:* Chief Executive Officer, President and Director of Magellan Petroleum Corporation (MPC). In addition, the Board of MPC will recommend that WHH be elected a Director of Magellan Petroleum Australia Limited (MPAL). These roles are full-time commitments. Accordingly, WHH will devote substantially all of his business time and attention to the business and affairs of MPC and MPAL.
 - *Base Salary:* US\$300,000 per year, subject to yearly increase of the greater of 4% or compounded monthly CPI from the prior year. Said sum to be wired to the WHH account monthly.
 - *Term:* Five (5) years.
 - *Annual Bonus:* None, although in the ordinary course of business, the Company’s Compensation Committee may consider and pay bonuses commensurate with WHH’s and the Company’s performance.
 - *Severance:* If at any time prior to the end of the 5-year term, the Company terminates WHH’s employment without Cause or WHH resigns for Good Reason, WHH would be entitled to continue to receive his then-current base salary for the rest of the 5-year term, with a minimum severance period of two years.
 - *Location:* WHH will be permitted to work remotely from Portland, Maine, with a view toward moving the Company’s main office and official headquarters to Portland by March 1, 2009.
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- *Stock Options:* WHH will be entitled to receive an initial grant of non-qualified stock options, which shall be subject to shareholder approval, covering 3.1 million shares of the common stock of the Company at an exercise price equal to \$1.20 per share, the vesting of which shall be as follows:
 - Options covering 2.1 million shares will vest in three equal annual installments, commencing twelve months after the effective date of WHH's employment with the Company.
 - Options covering an additional 1 million shares will vest upon the attainment of either of the following mutually acceptable performance goals: (i) upon monetizing tail gas at a price (or trade value) acceptable to the Board of Directors of the Company, or (ii) upon the trading price of the Company's common stock being greater than \$1.50 per share for a period of sixty consecutive days.

The options would provide for a cashless exercise using a third party to execute the transaction pursuant to corporate counsel guidance. The vesting of the options would accelerate upon: (i) a change of control of the Company, (ii) upon the termination of WHH's employment by the Company without Cause, or (iii) upon WHH's resignation from the Company for Good Reason. In the event that shareholder approval of the foregoing options is not obtained, WHH's base salary would be adjusted to bring it to the median of a peer group identified and selected by MPC's compensation consultant.

Raising capital will be a primary goal of WHH's responsibilities as the CEO of MPC. In the event that MPC consummates a significant capital raising transaction, WHH would be entitled to receive additional options with a strike price equal to the price at which such additional capital is issued.

- *Non-Compete:* WHH would be bound by a customary non-compete agreement during his employment with the Company and for two years after termination of his employment for any reason whether voluntarily or involuntarily and whether with or without Cause or Good Reason. The applicable jurisdiction for the non-compete would be everywhere the Company holds material mineral assets or otherwise is actively engaged in the business or has definitive plans to do so within the following 12 months.
- *Leased Automobile:* The Company would lease an auto for WHH's use.

- *Business Expenses:* The Company would reimburse WHH for his reasonable travel and other business expenses incurred in connection with his service as CEO, President and Director of the Company.
- *Advisory Expenses:* The Company will reimburse WHH, on an as-incurred basis, for his out-of-pocket expenses reasonably incurred by WHH in connection with considering, negotiating and documenting his employment and compensation arrangements, including the fees of legal counsel and tax advisors.
- *Vacation:* WHH would be entitled to 4 weeks of vacation per year.
- *Director Liability:* The Company would enter into a customary Indemnity Agreement with WHH, whereby the Company would agree to indemnify WHH to the fullest extent allowed by law for any claims related to WHH's service to the Company as CEO, President and/or Director, and the Company would agree to acquire and maintain appropriate D&O liability insurance with tail coverage.

**FIRST AMENDMENT TO
MAGELLAN PETROLEUM CORPORATION
NONQUALIFIED STOCK OPTION**

Whereas, Magellan Petroleum Corporation, a Delaware corporation (the “Company”), and the undersigned individual (the “Participant”), have previously entered into an option award agreement dated as of November 28, 2005 (the “Option Agreement”) which evidenced a stock option award (the “Option”) made by the Company to the Optionee under the Company’s 1998 Stock Option Plan (the “Plan”);

Whereas, the Company and the Participant wish to amend the terms of the Option as set forth herein;

Now, Therefore, in consideration of the terms and conditions of this Amendment and pursuant to the terms of the Plan, the parties hereby agree as follows:

1. Section 2(a) of the Option Award Agreement is hereby deleted in its entirety and the following is substituted therefore:

- (a) **Expiration Date.** Notwithstanding anything in the Plan to the contrary, the Options evidenced hereby shall expire on the earlier of the date specified in Section 3 of the Agreement or the first anniversary of the death of the Participant in accordance with the Plan.

2. Except as expressly modified by this First Amendment, all terms and provisions contained in the Option Agreement shall remain in full force and effect.

* * * * *

In Witness Whereof, the Company has caused this instrument to be executed by its duly authorized officer.

Agreed to:

MAGELLAN PETROLEUM CORPORATION

Optionee: [name of director]

By: _____

Name:

Title:

Date: December ___, 2008

December 11, 2008

VIA FACSIMILE
AND FIRST CLASS MAIL

Mr. Walter McCann
Chairman of the Board of Directors
Magellan Petroleum Corporation
10 Columbus Boulevard
Hartford, Connecticut 06106

Mr. Robert J. Mollah
Chairman of the Board of Directors
Magellan Petroleum Australia Limited
10th Floor, 145 Eagle St, Brisbane,
Queensland, Australia 4000
GPO Box 2766, Brisbane 4001

Re: *Resignation from the Board of Directors of Magellan Petroleum Corporation and Magellan Petroleum Australia Limited*

Dear Walter and Robert:

I hereby resign as a member of the Board of Directors and as Assistant Secretary of Magellan Petroleum Corporation and as a director of Magellan Petroleum Australia Limited, effective December 11, 2008.

Very truly yours,
/s/ Timothy L. Largay
Timothy L. Largay



**MAGELLAN APPOINTS NEW PRESIDENT
AND CHIEF EXECUTIVE OFFICER AND
ANNOUNCES BOARD CHANGES**

HARTFORD, Conn., December 15, 2008 — Magellan Petroleum Corporation (NASDAQ: MPET) (ASX: MGN) (the “Company” or “Magellan”) announced the appointment of William H. Hastings as its new President and Chief Executive Officer (CEO) and related changes to its Board of Directors. Daniel J. Samela has resigned as Acting President and CEO but will remain with the Company and continue to serve as Magellan’s Chief Financial Officer (CFO), Chief Accounting Officer and Treasurer.

New President and Chief Executive Officer

“Magellan’s Board is very pleased to have Bill Hastings assume the positions of President and CEO. Bill brings more than twenty-seven years of proven experience in the successful development of oil and natural gas reserves and also in the management of commercial gas operations, both in the U.S. and overseas, for Marathon Oil Company and other energy concerns.” stated Walter McCann, Magellan’s Chairman of the Board.

Mr. Hastings, 53, most recently served as President of Nova Atlantic Group LLC, which focuses on development of “stranded” natural gas reserves. He previously spent twenty-six years working for Marathon Oil, an international energy company based in Houston, Texas. At Marathon, he served in various executive capacities in Houston and in London where he was responsible for new business development and asset growth initiatives. Mr. Hastings is a 1977 graduate of Purdue University, with a B.S. in Industrial Management and also received an M.B.A. in Managerial Finance in 1980 from Indiana University. He resides in Falmouth, Maine.

“Magellan’s acquisition of a 100% interest in our Magellan Petroleum Australia (MPAL) subsidiary two years ago was a major milestone in our Company’s history. We now look to Bill to lead Magellan’s diversification and to build new business. Magellan has a strong balance sheet in a difficult operating environment. By targeting new financial and operational opportunities and efficiencies, we will begin to undertake substantive growth initiatives. We are optimistic about Magellan’s future, and fortunate to have the benefit of Bill’s extensive experience and proven leadership.” added Mr. McCann.

“I am excited about joining Magellan,” Mr. Hastings said, “it has resilience, a sound asset base, and is a solid platform for future growth to meet growing demand for energy in Australia and Asia. There is much to be done and I look forward to meeting the challenges that we face.”

The Board and Mr. Hastings have approved a term sheet setting forth the material terms of his employment by the Company. The Company will file a copy of Mr. Hastings’ Term Sheet with the SEC on a current report on Form 8-K. The Company and Mr. Hastings intend to enter into a definitive employment agreement incorporating the terms of employment described on the Term Sheet as soon as practicable.

Mr. McCann stated, “a guiding principle in our hiring decision is to ensure that Mr. Hastings’ compensation is closely aligned with our shareholders’ interests. Accordingly, his compensation focuses on an option program related to the time necessary to implement our shared strategic vision, the achievement of mutually agreed performance targets, and the need to raise significant capital. Additional capital will be needed to exploit our current assets and expand our reach into other areas of energy exploration and development.”

The Board has also agreed to move Magellan’s corporate office from Hartford, Connecticut to Portland, Maine.

Mr. McCann stated, “The Board thanks Dan Samela for his dedicated service to the Company as its acting President and CEO since 2004. We look forward to continue working with Dan as the Company’s Chief Financial Officer, Chief Accounting Officer and Treasurer.”

Changes to the Board of Directors

The Company also announced that Timothy L. Largay has resigned as a member of the Board of Directors of the Company, as an Assistant Secretary of the Company, and as a member of the Board of Directors of MPAL. Mr. Largay has served on the Company’s Board since 1996 and on the MPAL Board since 2001.

“Tim Largay has served Magellan exceptionally well as an attorney and as a Director,” said Board Chairman Walter McCann. “He has been a steady hand in difficult moments, which every company experiences. His ability to cut to the heart of complex matters has been invaluable.”

The Company’s Board of Directors unanimously elected William H. Hastings to fill the vacancy on the Company’s Board created by Mr. Largay’s resignation, effective immediately. Concurrently, Mr. Hastings has also been recommended for election as a member of the Board of Directors of MPAL, which election is expected in the near future.

The Board has also unanimously determined to nominate Mr. Hastings for a three-year term of office as a Company director, commencing at the 2008 annual meeting of shareholders and expiring at the 2011 annual meeting of shareholders. The Board will announce the record date and meeting date for the 2008 annual meeting in the near future.

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For further information, please contact:
William H. Hastings, President and CEO, (207) 776-5616
Daniel J. Samela, Chief Financial Officer, at (860) 293-2006

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 pricing and production levels from the properties in which Magellan and MPAL have interests, the extent of the recoverable reserves at those properties, 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, including the likelihood of success of other potential suppliers of gas to the current customers of Mereenie and Palm Valley production. In addition, MPAL 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.