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): October 19, 2009 (October 14, 2009)

Magellan Petroleum Corporation
(Exact Name of Registrant as Specified in Its Charter)

Delaware	
(State or Other Jurisdiction of Incorporation)	
1-5507	**06-0842255**
(Commission File Number)	**(IRS Employer Identification No.)**
10 Columbus Boulevard, Hartford, CT	**06106**
(Address of Principal Executive Offices)	**(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)

Item 1.01 Entry into a Material Definitive Agreement

Acquisition of Majority Interest in Nautilus Poplar LLC

On October 14, 2009, Magellan Petroleum Corporation (the "Company") entered into a Purchase and Sale Agreement (the "Nautilus Purchase Agreement"), dated October 14, 2009, with White Bear LLC, a Montana limited liability company ("White Bear") and YEP I, SICAV-FIS, a Luxembourg entity ("the YEP I Fund", and collectively with White Bear, the "Sellers") and simultaneously closed the transactions described therein on October 14, 2009 (the "Closing Date").

Under the Nautilus Purchase Agreement, the Company has acquired from the Sellers an 83.5% controlling ownership interest in Nautilus Poplar, LLC, a Montana limited liability company ("Nautilus Poplar") (such acquisition, referred to herein as the "Nautilus Transaction"). In addition, Nautilus Poplar has two other minority owners, Nautilus Technical Group, LLC ("Nautilus Tech"), with a 10.00% ownership interest and Eastern Rider, LLC ("Eastern Rider"), with a 6.54% ownership interest.

Nautilus Poplar holds a 68.75% undivided working interest in the East Poplar unit and varied interests ranging from 60-75% in the Northwest Poplar oil field located in Roosevelt County, Montana (the "Property"), which fields were first discovered in the early 1950s and have unrecovered oil reserves. In addition, the other minority owners of the Property are Nautilus Tech (with a 4.94% interest), Hunter Energy LLC (with a 25.05% interest) and Phoenix Oil & Gas LLC (with a 1.25% interest).

The Company paid gross $10.9 million for the controlling interest in Nautilus Poplar, comprised of a cash payment totaling approximately $7.3 million and the issuance of 1.7 million new shares of Company's common stock, par value $.01 per share (the "Common Stock"), valued by the parties at $2,380,000 (or $1.40 per share), with an adjustment for $1.2 million of net debt (as adjusted, the "Purchase Price"). All shares of Common Stock sold pursuant to the Nautilus Transaction will be registered in the name of the YEP I Fund and have not been registered under the Securities Act of 1933, as amended (the "Securities Act"). See Item 3.02 below.

The Nautilus Purchase Agreement provides that the Company anticipates causing Nautilus Poplar to drill not less than five new wells on the Property within the next four years and also contains customary representations and warranties regarding Nautilus Poplar, the Property and its oil and gas operations, which are in certain cases modified by "materiality" and "knowledge" qualifiers. Each of the Sellers has agreed to indemnify the Company in the event of a misrepresentation, breach or inaccuracy of its representations, warranties, covenants or agreements, up to the amount of the Purchase Price, for a period of 18 months after the Closing Date. Nikolay V. Bogachev, a principal of each of the Sellers and a director of the Company, has personally guaranteed the indemnification obligations of each of the Sellers under the Nautilus Purchase Agreement.

The above summary of the Nautilus Purchase Agreement is qualified in its entirety by reference to the full text of the Nautilus Purchase Agreement dated October 14, 2009, which is attached hereto as Exhibit 2.1 and is hereby incorporated by reference.

Nautilus Poplar LLC Amended and Restated Operating Agreement

On October 14, 2009, White Bear, YEP I Fund, Nautilus Tech and Eastern Rider entered into an amendment and restatement of the Operating Agreement of Nautilus Poplar authorizing the transfer of the membership interests of White Bear and YEP I Fund to the Company. As a majority owner of the membership interests in and newly appointed manager of Nautilus Poplar, the Company will be in the position to control the operations of Nautilus Poplar.

The Amended and Restated Operating Agreement of Nautilus Poplar, dated October 14, 2009, is attached hereto as Exhibit 10.1 and is hereby incorporated by reference.

First Amendment to Registration Rights Agreement

On July 9, 2009, the Company and Young Energy Prize S.A., a Luxembourg corporation ("YEP") entered into a Registration Rights Agreement pursuant to which the Company granted to YEP certain registration rights with respect to 8,695,652 shares of the Company's Common Stock sold to YEP on July 9, 2009 pursuant to closing of the Securities Purchase Agreement (the "Purchase Agreement"), dated February 9, 2009, between the Company and YEP (the "YEP Shares"). The Registration Rights Agreement also covers 4,347,826 additional shares of Common Stock issuable by the Company (the "Warrant Shares") under the Warrant Agreement, dated July 9, 2009 (the "YEP Warrant Shares") delivered to YEP in connection with the purchase and sale of the YEP Shares.

Under the Registration Rights Agreement, the Company agreed to: (a) pay all expenses associated with the registration of the YEP Shares and the YEP Warrant Shares, including the fees and expenses of counsel to YEP; and (b) indemnify YEP, and its officers, directors, members, investor, employees and agents, each other person, if any, who controls YEP within the meaning of the Securities Act, against any losses, claims, damages, or liabilities, joint or several, to which they may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages, or liabilities arise out of or are based upon specified violations or failures to comply with applicable federal and state securities laws, rules and regulations.

On October 14, 2009, the Company, YEP and the YEP I Fund entered into a First Amendment to the Registration Rights Agreement (the "First Amendment"). Under the First Amendment, the YEP I Fund has been added as a party to the Registration Rights Agreement and the Shares sold to the YEP I Fund in the Nautilus Transaction have been included in the definition of "registrable securities" under the Registration Rights Agreement.

The original July 9, 2009 Registration Rights Agreement was previously attached as Exhibit 10.2 to the Company's current report on Form 8-K, filed on July 14, 2009. The above summary of the the First Amendment is qualified in its entirety by reference to the full text of the First Amendment dated October 14, 2009, a copy of which is attached hereto as Exhibit 10.2 and is hereby incorporated by reference.

Letter Agreement

On October 14, 2009, the Company entered into a letter agreement with the other members of Nautilus Poplar and Nikolay V. Bogachev, a principal of the Sellers (the "Letter Agreement"), pursuant to which the Company agreed to: (i) secure the release of Mr. Bogachev from his guaranty of Nautilus Poplar's debt obligations to Jonah Bank; (ii) meet with the other members to discuss the drilling program for the Property; and (iii) to propose an amendment to the Operating Agreement for Nautilus Poplar to provide co-sale rights to the minority members of Nautilus Poplar as well as the right of the Company to "drag-along" such minority members in connection with a sale. The Letter Agreement also commits the Company to participate in a meeting of the members of Nautilus Poplar within 45 days after the Closing Date.

The above summary of the Letter Agreement is qualified in its entirety by reference to the full text of the Letter Agreement dated October 14, 2009, which is attached hereto as Exhibit 10.3 and is hereby incorporated by reference.

Item 2.01 Completion of Acquisition or Disposition of Assets

Completion of Acquisition

As described in Item 1.01 above, on October 14, 2009, the Company completed its purchase from the YEP I Fund and White Bear of an 83.5% controlling interest in Nautilus Poplar. The disclosures regarding the Nautilus Transaction set forth above under the heading Item 1.01 are hereby incorporated herein by reference.

Financial Statements

The Company will file with the Securities and Exchange Commission (the "SEC") the historical financial statements of Nautilus Poplar required to be filed pursuant to Rule 3-05 of Regulation S-X under the Securities Act within 71 days of the date on which this current report on Form 8-K was required to be filed with the SEC.

Interests of Company Directors in the Nautilus Transaction

Nikolay V. Bogachev, a director of the Company since July 9, 2009, is also the President and Chief Executive Officer of YEP as well as an equity owner of each of YEP, the YEP I Fund and White Bear. According to its amended Schedule 13D filed on July 31, 2009, YEP is the record holder of 9,264,637 shares of the Company's Common Stock and holds a warrant to acquire an additional 4,347,826 shares of Common Stock. YEP, YEP I Fund and White Bear are affiliated entities as they are under the common control of Mr. Bogachev.

J. Thomas Wilson, a director of the Company, is the majority member of Eastern Rider, one of the minority members of Nautilus Poplar (holder of a 6.5448% membership interest) and, in addition, is a minority member of Nautilus Tech, the other minority member of Nautilus Poplar (holder of a 10% membership interest). Mr. Wilson is also an officer of YEP and White Bear.

Due to the conflicting interests of Messrs. Bogachev and Wilson resulting from their positions with or financial interest in the Sellers, the Company's Board of Directors ("Board") appointed a Special Transaction Committee ("Committee") to provide an independent forum for the consideration of the Nautilus Transaction. The Committee was comprised of Board members having no interest, financial or otherwise, in the Nautilus Transaction. The Committee retained an independent consultant to assist in the assessment of the Nautilus Transaction and reviewed such other information that it deemed necessary to conduct an evaluation of the transaction. At the October 6, 2009 Committee meeting, the Committee approved, and recommended that the Board approve, the Nautilus Transaction. On October 10, 2009, the Board, including a majority of the Directors having no interest, financial or otherwise, in the Nautilus Transaction, approved the transaction.

Item 3.02. Unregistered Sales of Equity Securities

The disclosure regarding the completion of the Nautilus Transaction set forth under Item 1.01 above is hereby incorporated herein by reference.

The shares sold to the YEP I Fund in the private placement pursuant to the Nautilus Purchase Agreement (the "Shares") have not been registered under the Securities Act or state securities laws, and may not be resold in the United States in the absence of an effective registration statement filed with the SEC or an available exemption from the applicable federal and state registration requirements.

In the Nautilus Purchase Agreement, the YEP I Fund represented to the Company that: (a) it is an accredited investor, as such term is defined in Rule 501 of Regulation D promulgated under the Securities Act; (b) it acquired the Shares as principal for its own account for investment purposes only and not with a view to or for distributing or reselling the Shares or any part thereof, and (c) it is knowledgeable, sophisticated, and experienced in making, and qualified to make, decisions with respect to investments in securities representing an investment decision similar to that involved in the purchase of the Shares.

With respect to the sale of shares of Common Stock sold to the YEP I Fund, the Company replied upon the exemption from the registration requirements of the Securities Act provided by Regulation S promulgated under the Securities Act.

Item 8.01 Other Events

Company Press Release

On October 16, 2009, the Company issued a press release announcing the completion of the Nautilus Transaction. A copy of the Company's October 16, 2009 press release is filed herewith as Exhibit 99.1 and is hereby incorporated by reference.

Item 9.01 Financial Statements and Exhibits

(a) Financial statements of businesses acquired.

The financial statements of Nautilus Poplar required by Item 9.01(a) of Form 8-K will be filed by amendment or otherwise within 71 calendar days after October 20, 2009, the date by which this Current Report was required to be filed pursuant to General Instruction B.1. of Form 8-K.

(d) Exhibits.

Exhibit No.	Description
2.1	Purchase and Sale Agreement between and among the Company, White Bear and the YEP I Fund, dated as of October 14, 2009.
10.1	Amended and Restated Operating Agreement of Nautilus Poplar, between and among White Bear, the YEP I Fund, Nautilus Tech and Eastern Rider, dated as of October 14, 2009.
10.2	First Amendment to Registration Rights Agreement, between and among the Company, YEP and the YEP I Fund, dated as of October 14, 2009.
10.3	Letter Agreement between and among the Company, Eastern Rider, Nikolay V. Bogachev and Nautilus Tech, dated October 14, 2009.
99.1	Company press release, dated October 16, 2009.

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: October 19, 2009

EXHIBIT INDEX

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99.1	Company press release, dated October 16, 2009.

Exhibit 2.1

PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (this **"Agreement"**) is dated October 14, 2009, by and among White Bear LLC, a Montana limited liability company (**"WB"**), YEP I, SICAV-FIS, a Luxembourg entity (**"Fund"** and, together with WB, the **"Sellers"**), and Magellan Petroleum Corporation, a Delaware corporation (the **"Purchaser"**).

WHEREAS, WB immediately prior to Closing will own a 58.3086 percent membership interest in Nautilus Poplar, LLC, a Montana limited liability company (**"NP"**), which owns and operates oil drilling, production and exploration rights and assets located in Roosevelt County, Montana, in and on the Northwest Poplar Field and East Poplar Unit (the **"Business"**);

WHEREAS, Fund immediately prior to Closing will own a 25.1466 percent membership interest in NP; and

WHEREAS, subject to the terms and conditions set forth in this Agreement, the Sellers desire to sell, and the Purchaser desires to purchase, a 83.4552 percent membership interest in NP.

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants contained in this Agreement, and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the Sellers and the Purchaser agree as follows:

ARTICLE 1.
DEFINITIONS

1.1. Definitions. In addition to the terms defined elsewhere in this Agreement, for all purposes of this Agreement, the following terms shall have the meanings indicated in this Section 1.1:

"Action" means any action, suit, inquiry, notice of violation, proceeding or investigation pending or threatened in writing against or affecting a Person, or any of such Person's properties, before or by any court, arbitrator, governmental or administrative agency, regulatory authority (federal, state, county, local, tribal or foreign), stock market, stock exchange, or trading facility.

"Adjustment Amount" means an amount calculated and shown on Schedule 1.1.

"Affiliate" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 144 promulgated by the Commission.

"Amended and Restated NP Operating Agreement" means the Amended and Restated Operating Agreement of NP, in the form of Exhibit C hereto.

"Assignment" means the Assignment of Membership Interest from the Sellers to the Purchaser, dated as of the Closing Date, in the form of Exhibit A hereto.

"Bogachev Indemnity" means (i) a guaranty of the indemnification obligations of the Sellers under Section 4.4 of this Agreement, and (ii) a guaranty of the completion of an audit of the Financial Statements of NP, each in the form of the agreements attached as Exhibit D hereto.

"Business Day" means any day except Saturday, Sunday, and any day which is a federal legal holiday or a day on which banking institutions in the State of Montana are authorized or required by law or other governmental action to close.

"Closing" means the closing of the purchase and sale of the Purchased Interest pursuant to Article 2.

"Closing Date" means the Business Day on which all of the conditions set forth in Sections 5.1 and 5.2 hereof are satisfied, or such other date as the parties may agree.

"Commission" means the U.S. Securities and Exchange Commission.

"Eastern" means Eastern Rider, LLC, a Colorado limited liability company.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Financial Statements" has the meaning set forth in Section 3.1(g).

"Knowledge" means, with respect to NP, the Sellers or the Purchaser, the actual knowledge of the officers, managers or members, as the case may be, of such entities, without any obligation of such persons to conduct an investigation with respect to such matters.

"Lien" means any lien, charge, encumbrance, security interest, right of first refusal, or other restriction of any kind, except for the encumbrance in favor of Jonah Bank to secure an undrawn promissory note in the amount of $335,000 given by NP to secure possible draws on letters of credit in such amount issued by Jonah Bank with respect to the operations of NP.

"Material Adverse Effect" means any of (i) a material and adverse effect on the legality, validity, or enforceability of any Transaction Document, (ii) a material and adverse effect on the results of operations, assets, business, or condition (financial or otherwise) of a Person, other than any such effect resulting from or relating to a decline in the price of oil and gas or (iii) a material and adverse impairment to a Person's ability to perform on a timely basis its obligations under any Transaction Document.

"NP Operating Agreement" means that certain Operating Agreement of Nautilus Poplar, LLC, dated effective as of January 1, 2007, as amended.

"Oil and Gas Interests" means all oil, gas or other mineral properties, rights and estates of every kind and nature, including, without limitation, the oil and gas leasehold interests, royalty interests, mineral interests, production payments, net profits interests and surface interests.

"Person" means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof), or other entity of any kind.

"Purchase Price" means the aggregate purchase price for the Purchased Interest purchased by the Purchaser pursuant to this Agreement.

"Purchased Interest" has the meaning set forth in Section 2.1.

"Purchaser Common Stock" means the common stock of the Purchaser, par value $.01 per share, and any securities into which such common stock may hereafter be reclassified.

"Purchaser Deliverables" has the meaning set forth in Section 2.4(b).

"Registration Rights Agreement" means the First Amendment to Registration Rights Agreement, in the form of Exhibit B hereto, dated as of the Closing Date, among the Purchaser, Young Energy Prize S.A. (**"YEP"**), and Fund, which amends the existing Registration Rights Agreement dated as of July 9, 2009 between the Purchaser and YEP to, inter alia, add Fund as a party thereto and to include as "Registrable Securities" thereunder the shares of the Purchaser Common Stock to be issued to Fund pursuant to this Agreement.

"Registration Statement" means a registration statement meeting the requirements set forth in the Registration Rights Agreement and covering the resale by the Sellers of the shares of the Purchaser Common Stock to be issued hereunder.

"Rule 144" means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"SEC Reports" has the meaning set forth in Section 3.2(f).

"Securities" means the Purchased Interest and/or the shares of the Purchaser Common Stock to be issued hereunder.

"Securities Act" means the Securities Act of 1933, as amended.

"Seller Deliverables" has the meaning set forth in Section 2.4(a).

"Seller Party" has the meaning set forth in Section 4.4(a).

"Tech" means Nautilus Technical Group, LLC, a Colorado limited liability company.

"Trading Day" means a day on which the Purchaser Common Stock is traded on a Trading Market.

"Trading Market" means whichever of the New York Stock Exchange, the American Stock Exchange, the NASDAQ National Market, the NASDAQ Capital Market, or the OTC Bulletin Board on which the Purchaser Common Stock is listed or quoted for trading on the date in question.

"Transaction Documents" means this Agreement, the Assignment, the Registration Rights Agreement and any other documents or agreements executed in connection with the transactions contemplated hereunder.

ARTICLE 2.
PURCHASE AND SALE

2.1. Purchase and Sale of Membership Interest. Subject to the terms and conditions set forth in this Agreement, at the Closing the Sellers shall sell to the Purchaser and the Purchaser shall purchase from the Sellers, in the aggregate, a 83.4552 percent membership interest in NP (the "Purchased Interest") for a Purchase Price in an amount equal to $10,901,336 less the Adjustment Amount. The Purchased Interest and the Purchase Price shall be allocated between the Sellers in proportion to their respective membership interests in NP.

2.2. Payment of Purchase Price. The Purchase Price shall be payable to the Sellers at Closing as follows:

(a) The Purchaser shall issue to Fund 1,700,000 shares of the Purchaser Common Stock (or such lesser amount necessary to keep such amount from not equaling the 5 percent threshold contemplated by Section 5635(a)(2) of the NASDAQ listing standards), which shall be valued at $1.40 per share; and

(b) The balance of the Purchase Price shall be paid by the Purchaser in immediately available funds, by wire transfer to an account or accounts designated in writing by the Sellers for such purpose.

2.3. Closing. The Closing shall take place at the offices of Bernstein Shur, 100 Middle Street, Portland, Maine, on the Closing Date or at such other location or time as the parties may agree.

2.4. Closing Deliveries.

(a) At the Closing, the Sellers shall deliver or cause to be delivered to the Purchaser the following (the **"Seller Deliverables**"):

(i) The duly executed Assignment by the Sellers;

(ii) The duly executed signature page of the Registration Rights Agreement for the Sellers;

(iii) A certificate executed by each Seller to the effect that, except as otherwise stated in such certificate, each of such Seller's representations and warranties in this Agreement was accurate in all material respects as of the date of this Agreement and is accurate in all material respect as of the Closing Date;

(iv) The Amended and Restated NP Operating Agreement executed by each member of NP;

(v) The Bogachev Indemnity, executed by Nikolay V. Bogachev; and

(vi) Such other documents, certifications or evidence of the Sellers' authority reasonably requested by the Purchaser or its counsel, as well as such other documents or instruments contemplated by this Agreement.

(b) At the Closing, the Purchaser shall deliver or cause to be delivered to the Sellers the following (the **"Purchaser Deliverables"**):

(i) A certificate or certificates representing the shares of the Purchaser Common Stock issuable to the Sellers pursuant to Section 2.2(a), provided, however, that the Purchaser's delivery shall be subject to compliance with NASDAQ notification rules for insider issuances and such time as is necessary for AST to issue such certificate(s);

(ii) The balance of the Purchase Price in immediately available funds pursuant to Section 2.2(b);

(iii) The duly executed acceptance of the Assignment by the Purchaser;

(iv) The duly executed signature page of the Registration Rights Agreement for the Purchaser;

(v) A certificate executed by the Purchaser to the effect that, except as otherwise stated in such certificate, each of the Purchaser's representations and warranties in this Agreement was accurate in all material respects as of the date of this Agreement and is accurate in all material respects as of the Closing Date;

(vi) A duly executed counterpart signature page to the NP Operating Agreement for the Purchaser; and

(vii) Such other documents, certifications or evidence of the Purchaser's authority reasonably requested by the Sellers or their counsel, as well as such other documents or instruments contemplated by this Agreement.

ARTICLE 3.
REPRESENTATIONS AND WARRANTIES

3.1. Representations and Warranties of the Sellers. Each Seller, for itself and not the other Seller, hereby makes the following representations and warranties to the Purchaser:

(a) Organization and Qualification. The Seller and NP are duly incorporated or otherwise organized, validly existing, and each is in good standing under the laws of the jurisdiction of its incorporation or organization (as applicable), with the requisite power and authority to own and use its properties and assets and to carry on the Business as currently conducted. Neither the Seller nor NP is in violation of any of the provisions of its respective certificate or articles of incorporation, bylaws, or other organizational or charter documents, except where the violation would not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect. The Seller and NP are duly qualified to conduct their respective businesses, and each is in good standing as a foreign corporation or other entity in each jurisdiction in which the nature of the business conducted or property owned by it makes such qualification necessary, except where the failure to be so qualified or in good standing, as the case may be, could not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect.

(b) Authorization; Enforcement. The Seller has the requisite power and authority to enter into and to consummate the transactions contemplated by each of the Transaction Documents and otherwise to carry out its obligations thereunder. The execution and delivery of each of the Transaction Documents by the Seller and the consummation by it of the transactions contemplated thereby shall have been duly authorized by all necessary action on the part of the Seller and no further action shall be required by the Seller in connection therewith. Each Transaction Document has been (or upon delivery will have been) duly executed by the Seller, and each Transaction Document, when delivered in accordance with the terms hereof, will constitute the valid and binding obligation of the Seller enforceable against the Seller in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, liquidation, or similar laws relating to, or affecting generally the enforcement of, creditors' rights and remedies or by other equitable principles of general application.

(c) No Conflicts. The execution, delivery, and performance of the Transaction Documents by the Seller and the consummation by the Seller of the transactions contemplated thereby do not and will not (i) conflict with or violate any provision of the Seller's or NP's certificate or articles of incorporation, bylaws, or other organizational or charter documents, or (ii) conflict with,

or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration, or cancellation (with or without notice, lapse of time, or both) of, any agreement or other instrument or other understanding to which the Seller or NP is a party or by which any property or asset of the Seller or NP is bound or affected, or (iii) result in a violation of any law, rule, regulation, order, judgment, injunction, decree, or other restriction of any court or governmental authority to which the Seller or NP is subject, or by which any property or asset of the Seller or NP is bound or affected; except in the case of clause (iii), such as could not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect.

(d) Filings, Consents, and Approvals. The Seller is not required to obtain any consent, waiver, authorization, or order of, give any notice to, or make any filing or registration with, any court or other federal, state, local, tribal, or other United States or foreign governmental authority in connection with the execution, delivery, and performance by the Seller of the Transaction Documents.

(e) Title to Purchased Interest. The Seller holds its portion of the Purchased Interest free and clear of all liens and encumbrances. There are no restrictions on the right of the Seller to transfer its portion of the Purchased Interest to the Purchaser other than the restrictions on transfer under the NP Operating Agreement, which will be waived with respect to this Agreement prior to the Closing as set forth in Section 2.4(a)(iv) and (v) above.

(f) Ownership of NP. As of immediately prior to the Closing, the members of NP will be (i) WB, with a 58.3086 percent membership interest, (ii) Fund, with a 25.1466 percent membership interest, (iii) Tech, with a 10.0000 percent membership interest, and (iv) Eastern, with a 6.5448 percent membership interest. Except for the rights of first refusal set forth in Sections 11.2 and 11.3 of the NP Operating Agreement, no membership interests or other securities of NP are entitled to preemptive or similar rights, and no Person has any right of first refusal, preemptive right, right of participation, or any similar right to participate in the transactions contemplated by the Transaction Documents. There are no outstanding options, warrants, scrip rights to subscribe to, calls, or commitments of any character whatsoever relating to, or securities, rights, or obligations convertible into or exchangeable for, or giving any Person any right to subscribe for or acquire, any membership interest or other securities of NP, or contracts, commitments, understandings, or arrangements by which NP is or may become bound to issue additional membership interests or other securities.

(g) Financial Statements; Bonds. The Sellers have delivered to the Purchaser the unaudited balance sheet of NP dated as of August 31, 2009, together with the related unaudited statements of income and cash flow for the 2009 period then ended (collectively, the **"Financial Statements"**). The Financial Statements (i) are true and correct in all material respects and fairly present the financial position of NP as of and for the dates thereof and its results of operations and cash flows for the 2009 period then ended, and (ii) to the Knowledge of the Sellers and NP, were compiled from books and records regularly maintained by management of NP and used to prepare the Financial Statements in accordance with GAAP (i.e., United States generally accepted accounting principles, consistently applied). Attached hereto as Schedule 3.1(g) is a true, complete and correct list of all bonds, letters of credit or other instruments securing bonding obligations or contingent obligations of NP or its assets or properties, identified by each such obligation.

(h) Material Changes. Since July 31, 2009, (i) there has been no event, occurrence, or development that has had or that could reasonably be expected to result in a Material Adverse Effect, (ii) NP has not incurred any liabilities (contingent or otherwise) other than trade payables, accrued expenses, and other liabilities incurred in the ordinary course of business consistent with past practice, and (iii) NP has not declared or made any distribution of cash or other property to its members or purchased, redeemed, or made any agreements to purchase or redeem any membership interest.

(i) Litigation.

(i) There is no Action pending or, to the Knowledge of NP or the Sellers, threatened against or relating to the Sellers, NP, the Business or the assets or properties of NP which (A) adversely affects or challenges the legality, validity, or enforceability of any of the Transaction Documents or the Purchased Interest or (B) could, if there were an unfavorable decision, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect on the Business or condition of NP; and

(ii) There are no orders issued by any court or regulatory authority against NP relating to any of its respective assets or properties or the Business which could, individually or in the aggregate with other such orders, have or reasonably be expected to result in a Material Adverse Effect on the Business or condition of NP.

(j) Assets and Properties. Attached hereto as Schedule 3.1(j) is a true, complete and correct list of all of NP's (i) material personal and intangible properties, including any equity interests in any entities, (ii) Oil and Gas Interests, and (iii) unit agreements, operating agreements, participation agreements, marketing or development agreements, and other contracts that are material to the operation of the Business (**"Contracts"**).

(k) Compliance. NP (i) is not in default under or in violation of (and no event has occurred that has not been waived that, with notice or lapse of time or both, would result in a default by NP under), nor does NP or the Sellers have Knowledge of a claim that it is in default under or that it is in violation of, any material Contract or agreement or instrument to which it is a party or by which it or any of its properties is bound (except where such default or violation has been waived), including but not limited to the operating agreements currently in effect with respect to its oil properties, or to the Sellers' or NP's Knowledge, (ii) is not in violation of any order of any court, arbitrator, or governmental body, or (iii) is not, nor has it been, in violation of any statute, rule, or regulation of any governmental authority, including without limitation all federal, state, and local laws relating to taxes, the exploration for or production of oil, environmental protection, occupational health and safety, and employment and labor matters; except in the case of clause (iii), such as could not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect.

(l) Regulatory Permits. NP possesses all certificates, authorizations, and permits issued by the appropriate federal, state or local, regulatory authorities necessary to conduct its business, except where the failure to possess such permits could not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect, and NP has not received any written notice of proceedings relating to the revocation or modification of any such permits.

(m) Title to Assets. NP has good and marketable title to all personal property owned by it that is material to its business, in each case, except as set forth in Schedule 3.1(m), free and clear of all Liens, except for Liens as do not materially affect the value of such property and do not materially interfere with the use made and proposed to be made of such property by NP. Any personal property or real property and facilities held under lease by NP is held by it under valid, subsisting, and enforceable leases of which NP is in compliance, except as could not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect. NP holds defensible title to its Oil and Gas Interests which title: (i) is free from reasonable doubt to the end that a prudent person engaged in the business of purchasing and owning, developing, and operating producing oil and gas properties with knowledge of all the facts and their legal bearing would be willing to accept the same; (ii) entitles NP to receive not less than the net revenue interest for each well and unit as listed on Schedule 3.1(j)(ii); (iii) obligates NP to bear costs and expenses relating to the maintenance, development, operation and the production of petroleum substances from each well and unit as listed on Schedule 3.1(j)(ii) (unit interest or leasehold interest, as applicable) in an amount not greater than the working interest therefor as set forth on Schedule 3.1(j)(ii) unless there is a corresponding increase in the net revenue interest for such well or unit listed on Schedule 3.1(j)(ii); and (iv) except as set forth on Schedule 3.1(m), is free and clear of encumbrances, liens and defects that would create a material impairment of use and enjoyment of or loss of interest in the affected property. Except as set forth on Schedule 3.1(j)(ii), the Oil and Gas Interests constitute a 68.75 percent undivided working interest in the East Poplar Unit and Northwest Poplar oil and gas fields in Roosevelt County, Montana (the **"Property"**) and each of the following parties own the corresponding percentages in the Property shown below:

Nautilus Technical Group, LLC	4.94792%
Hunter Energy, LLC	25.05208%
Phoenix Oil & Gas, LLC	1.25000%

Except as set forth on Schedule 3.1(m), other than royalty holders, no other parties have any ownership interest in the Property. Except as set forth in the operating agreements for the Property or the other agreements listed in Schedule 3.1(j)(iii), (i) no other parties have the right to acquire any interest in the Property from NP, and (ii) no owner of the Property other than NP has any right to market or sell any drilling rights in the Property or otherwise develop the Property, or to undertake any drilling operations or control the operation of the Property.

(n) Affiliate Transactions. Except as disclosed in Schedule 3.1(n), (i) there is no indebtedness between NP and any of its members or officers or their Affiliates, (ii) no member or officer of NP, or any of their Affiliates, provides any assets, services or facilities to NP, and (iii) NP does not provide any assets, services or facilities to any member or officer of NP or to any of their Affiliates.

(o) Insurance. Attached hereto as Schedule 3.1(o) is a true, complete and correct list of all insurance policies held by NP, setting forth coverage amounts, together with an insurance claims history of NP's operation of its oil field operations and assets, including, without limitation, any worker's compensation claims. NP is insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the business in which NP is engaged. The Seller has no reason to believe that NP will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business on terms consistent with market for NP's business.

(p) Taxes. NP has paid or reserved an amount adequate to pay all ad valorem, real and personal property and other similar forms of taxes that are due or which have accrued on NP's assets or Business on or before the Closing Date, including, without limitation, all sales and use taxes and oil and gas production taxes that are based upon or measured by the ownership of property or the production of hydrocarbons or the receipt of proceeds therefrom with respect to the Oil and Gas Interests, or similar taxes applicable to oil and gas production, in each such case, prior to the Closing Date, that are assessed by, or due and payable to, any federal, state, local or tribal government or regulatory body.

(q) Audits. NP is not currently undergoing (i) as operator, any unresolved audit of the joint account under any joint operating agreement, or (ii) any audits conducted by the U.S. Minerals Management Service or federal, state, local or tribal government for the improper payment of or miscalculation of royalties, overriding royalties or oil and gas taxes attributable to production of hydrocarbons from or ownership of the Oil and Gas Interests.

(r) Environmental Matters. NP is in material compliance with all applicable federal, state, local, tribal, and foreign laws, regulations, rules, ordinances, and orders which impose requirements upon NP relating to environmental protection, hazardous substances, or public or employee health and safety (collectively, "**Environmental Laws**"). NP is not subject to any pending or threatened claim alleging that NP, its businesses, or any of its assets is in violation of any Environmental Law and, to the Knowledge of NP and the Sellers, NP's property is not in a condition which would require it to take remedial action. Neither NP nor the Sellers has any Knowledge of and has not received any notice or other communication, whether oral or written, from any governmental authority or other Person regarding, any actual, alleged, possible, or potential violation of, or failure to comply with, any applicable Environmental Law.

(s) Employees and Benefits.

(i) Schedule 3.1(s)(i) contains a true and complete list of each of the employee benefit plans offered or maintained by NP ("Benefit Plans") and identifies each of the Benefit Plans that is a qualified plan under the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

(ii) Schedule 3.1(s)(ii) contains a true and complete list of the employees of NP as of September 15, 2009, together with the current rate of compensation for each such employee. No employee of NP has an employment contract, or the right to receive any payment or benefits under any severance, deferred compensation or similar arrangement or agreement.

(iii) Each of the Benefit Plans is, and its administration is and has been since inception, in compliance with its terms and, where applicable, with ERISA and the Internal Revenue Code of 1986, as amended (the "Code"), in all respects, except for such failure to comply which, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on the Business or condition of NP.

(iv) To the Knowledge of the Sellers, there are no pending claims by or on behalf of any Benefit Plan, by any employee of NP (or a beneficiary of such an employee), which allege violation of law which, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on the Business or condition of NP.

(t) Lease and Contract Compliance. To the Knowledge of NP or the Sellers, (i) the material terms of all leases, operating agreements, surface access agreements, and other contracts or agreements respecting the Oil and Gas Interests listed on Schedule 3.1(j) can be found either of record in the county in which the Oil and Gas Interests are located or are reflected or referenced in NP's files, and (ii) all such contracts or agreements are currently in full force and effect in accordance with their applicable terms.

(u) Lease Termination Notice. To the Knowledge of NP or the Sellers, NP has received no notice of termination of any of the leases respecting the Oil and Gas Interests.

(v) Surface Access. To the Knowledge of NP or the Sellers, there are no third-party surface use or access agreements currently in force and effect that would materially interfere with the Business, and NP has the necessary surface use and access agreements to operate the Business.

(w) Plugging and Abandonment. To the Knowledge of NP or the Sellers, (i) none of the producing wells associated with NP's Oil and Gas Interests has been represented, either in pending Authorization for Expenditure (AFE) or other written proposal to other well participants, as being in need of being plugged and abandoned, (ii) any wells associated with NP's Oil and Gas Interests that have been plugged and abandoned while NP has been the operator of the Business have been properly plugged and abandoned pursuant to applicable laws and regulations, and (iii) NP has identified wells associated with its Oil and Gas Interests that were plugged and abandoned prior to the time NP became operator of the Business and has identified on Schedule 3.1(w) any such wells that to the Knowledge of NP or the Sellers were or are the subject of regulatory action as to whether such wells were properly plugged and abandoned pursuant to applicable laws and regulations.

(x) Certain Fees. No brokerage or finder's fees or commissions are or will be payable by the Seller to any broker, financial advisor or consultant, finder, placement agent, investment banker, bank, or other Person with respect to the transactions contemplated by this Agreement. The Purchaser shall have no obligation with respect to any fees or with respect to any claims (other than such fees or commissions owed by the Purchaser pursuant to written agreements executed by the Purchaser which fees or commissions shall be the sole responsibility of the Purchaser) made by or on behalf of other Persons for fees of a type contemplated in this Section that may be due in connection with the transactions contemplated by this Agreement.

(y) Operation of the Business. Since the date of the Financial Statements, NP has operated the Business in the ordinary course of business consistent with NP's past practice.

(z) Investment Intent. Fund is acquiring the shares of the Purchaser Common Stock hereunder as principal for its own account for investment purposes only and not with a view to or for distributing or reselling such shares in violation of the Securities Act, without prejudice, however, to Fund's right at all times to sell or otherwise dispose of all or any part of the Purchaser Common Stock in compliance with applicable federal and state securities laws.

(aa) Investor Status. Fund is (i) knowledgeable, sophisticated, and experienced in making, and qualified to make, decisions with respect to investments in securities similar to the Purchaser Common Stock, and (ii) an "accredited investor" as defined in Rule 501(a) under the Securities Act. Fund is not a registered broker-dealer under Section 15 of the Exchange Act.

(bb) Purchaser Common Stock. Fund understands and acknowledges that the Purchaser Common Stock to be issued as part of the Purchase Price has not been registered under the Securities Act or state securities laws and is being offered and sold in reliance upon exemptions provided in the Securities Act and state securities laws for transactions not involving any public offering and cannot be resold or transferred unless the shares of Purchaser Common Stock are subsequently registered under the Securities Act or unless an exemption from such registration is available.

(cc) No Approvals. Fund understands that no United States federal or state agency or any other government or governmental agency has passed upon or made any recommendation or endorsement of the Purchaser Common Stock.

(dd) Location of Offices. Each Seller's principal executive offices are in the jurisdiction set forth in Section 6.3 hereof.

(ee) Independent Investment Decision. Fund has independently evaluated the merits of its decision to acquire shares of the Purchaser Common Stock from the Purchaser pursuant to this Agreement, and has relied on its own industry, business and/or legal advisors in making such decision.

(ff) Disclosure. The Seller understands and confirms that the Purchaser will rely on the foregoing representations and warranties in effecting the transactions contemplated by this Agreement.

The Purchaser acknowledges and agrees that the Sellers have not made and do not make any representations or warranties with respect to the transactions contemplated hereby other than those specifically set forth in this Section 3.1.

3.2. Representations and Warranties of the Purchaser. The Purchaser hereby represents and warrants to each Seller as follows:

(a) Organization and Qualification. The Purchaser is duly incorporated, validly existing, and is in good standing under the laws of the State of Delaware, with the requisite power and authority to own and use its properties and assets and to carry on its business as currently conducted. The Purchaser is not in violation of any of the provisions of its certificate of incorporation, bylaws, or other organizational or charter documents, except where the violation would not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect. The Purchaser is duly qualified to conduct its business, and is in good standing as a foreign corporation in each jurisdiction in which the nature of the business conducted or property owned by it makes such qualification necessary, except where the failure to be so qualified or in good standing, as the case may be, could not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect.

(b) Authorization; Enforcement. The Purchaser has the requisite corporate power and, subject to the approval by its Board of Directors, authority to enter into and to consummate the transactions contemplated by each of the Transaction Documents and otherwise to carry out its obligations thereunder. The execution and delivery of each of the Transaction Documents by the Purchaser and the consummation by it of the transactions contemplated thereby shall have been duly authorized by all necessary action on the part of the Purchaser and no further action shall be required by the Purchaser in connection therewith. Each Transaction Document has been (or upon delivery will have been) duly executed by the Purchaser, and each Transaction Document, when delivered in accordance with the terms hereof, will constitute the valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, liquidation, or similar laws relating to, or affecting generally the enforcement of, creditors' rights and remedies or by other equitable principles of general application.

(c) No Conflicts. The execution, delivery, and performance of the Transaction Documents by the Purchaser and the consummation by the Purchaser of the transactions contemplated thereby do not and will not (i) conflict with or violate any provision of the Purchaser's certificate of incorporation, bylaws, or other organizational or charter documents, or (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration, or cancellation (with or without notice, lapse of time, or both) of, any agreement or other instrument or other understanding to which the Purchaser is a party or by which any property or asset of the Purchaser is bound or affected, or (iii) result in a violation of any law, rule, regulation, order, judgment, injunction, decree, or other restriction of any court or governmental authority to which the Purchaser is subject (including federal and state securities laws and regulations), or by which any property or asset of the Purchaser is bound or affected; except in the case of each of clauses (ii) and (iii), such as could not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect.

(d) Filings, Consents, and Approvals. The Purchaser is not required to obtain any consent, waiver, authorization, or order of, give any notice to, or make any filing or registration with, any court or other federal, state, local, or other United States or foreign governmental authority in connection with the execution, delivery, and performance by the Purchaser of the Transaction Documents, other than (i) the filing with the Commission of one or more Registration Statements in accordance with the requirements of the Registration Rights Agreement, (ii) the filings required, if any, in accordance with Section 4.5, (iii) filings required by federal or state securities laws, and (iv) those that have been made or obtained prior to the date of this Agreement.

(e) Issuance of the Securities. The shares of the Purchaser Common Stock issuable to Fund hereunder have been duly authorized and, when issued in accordance with this Agreement, will be duly and validly issued, fully paid, and nonassessable, free and clear of all Liens. The Purchaser has reserved from its duly authorized capital stock the shares of the Purchaser Common Stock issuable to Fund pursuant to this Agreement.

(f) SEC Reports; Financial Statements. The Purchaser has filed all reports required to be filed by it under the Securities Act and the Exchange Act, including pursuant to Section 13(a) or 15(d) thereof, since July 1, 2007 (the foregoing materials being collectively referred to herein as the **"SEC Reports"**). As of their respective dates, and except as otherwise disclosed in amendments to the SEC Reports, the SEC Reports complied in all material respects with the requirements of the Securities Act and the Exchange Act and the rules and regulations of the Commission promulgated thereunder, and none of the SEC Reports, when filed, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The financial statements of the Purchaser included in the SEC Reports comply in all material respects with applicable accounting requirements and the rules and regulations of the Commission with respect thereto as in effect at the time of filing. Such financial statements have been prepared in accordance with generally accepted accounting principles ("**GAAP"**) applied on a consistent basis during the periods involved, except as may be otherwise specified in such financial statements or the notes thereto, and fairly present in all material respects the financial position of the Purchaser and its consolidated subsidiaries as of and for the dates thereof and the results of operations and cash flows for the periods then ended, subject, in the case of unaudited statements, to normal, immaterial, year-end audit adjustments.

(g) Material Changes. Since the date of the Purchaser's most recently filed Form 10-Q, except as specifically disclosed in the SEC Reports, and to the Purchaser's Knowledge, (i) there has been no event, occurrence, or development that has had or that could reasonably be expected to result in a Material Adverse Effect, (ii) the Purchaser has not incurred any liabilities (contingent or otherwise) other than (A) trade payables, accrued expenses, and other liabilities incurred in the ordinary course of business consistent with past practice and (B) liabilities not required to be reflected in the Purchaser's financial statements pursuant to GAAP or required to be disclosed in filings made with the Commission, and (iii) the Purchaser has not declared or made any dividend or distribution of cash or other property to its stockholders or purchased, redeemed, or made any agreements to purchase or redeem any shares of its capital stock.

(h) Litigation. There is no Action which (i) adversely affects or challenges the legality, validity, or enforceability of any of the Transaction Documents or the Purchaser Common Stock, or (ii) except as specifically disclosed in the SEC Reports, could, if there were an unfavorable decision, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect. There has not been, and to the Knowledge of the Purchaser, there is not pending any investigation by the Commission involving the Purchaser (i) or any current or former director or officer of the Purchaser (in his or her capacity as such).

(i) Compliance. Neither the Purchaser nor any subsidiary of the Purchaser (i) is in default under or in violation of (and no event has occurred that has not been waived that, with notice or lapse of time or both, would result in a default by the Purchaser or any subsidiary under), nor has the Purchaser or any subsidiary received written notice of a claim that it is in default under or that it is in violation of, any agreement or instrument to which it is a party or by which it or any of its properties is bound (except where such default or violation has been waived), or to the Purchaser's Knowledge, (ii) is in violation of any order of any United States or foreign court, arbitrator, or governmental body, or (iii) is or has been in violation of any statute, rule, or regulation of any United States or foreign governmental authority, including without limitation all foreign, federal, state, and local laws relating to taxes, environmental protection, occupational health and safety, and employment and labor matters, except in each case as could not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect.

(i) Certain Fees. No brokerage or finder's fees or commissions are or will be payable by the Purchaser to any broker, financial advisor or consultant, finder, placement agent, investment banker, bank, or other Person with respect to the transactions contemplated by this Agreement. The Sellers shall have no obligation with respect to any fees or with respect to any claims (other than such fees or commissions owed by the Sellers pursuant to written agreements executed by the Sellers which fees or commissions shall be the sole responsibility of the Sellers) made by or on behalf of other Persons for fees of a type contemplated in this Section that may be due in connection with the transactions contemplated by this Agreement.

(j) Certain Registration Matters. Assuming the accuracy of the Sellers' representations and warranties set forth in Section 3.1(z)-(ee), no registration under the Securities Act is required for the issuance of shares of the Purchaser Common Stock by the Purchaser to the Sellers under the Transaction Documents.

(k) Investment Intent. The Purchaser is acquiring the Purchased Interest as principal for its own account for investment purposes only and not with a view to or for distributing or reselling the Purchased Interest in violation of the Securities Act, without prejudice, however, to the Purchaser's right at all times to sell or otherwise dispose of all or any part of the Purchased Interest in compliance with applicable federal and state securities laws and with the restrictions on transfer set forth in the NP Operating Agreement.

(l) Purchaser Status. The Purchaser is (i) knowledgeable, sophisticated, and experienced in making, and qualified to make, decisions with respect to investments in securities representing an investment decision similar to that involved in the purchase of the Purchased Interest, and (ii) an "accredited investor" as defined in Rule 501(a) under the Securities Act. The Purchaser is not a registered broker-dealer under Section 15 of the Exchange Act.

(m) No Approvals. The Purchaser understands that no United States federal or state agency or any other government or governmental agency has passed upon or made any recommendation or endorsement of the Purchased Interest.

(n) Location of Offices. The Purchaser's principal executive offices are in the jurisdiction set forth in Section 6.3 hereof.

(o) Independent Investment Decision. The Purchaser has independently evaluated the merits of its decision to purchase the Purchased Interest from the Sellers pursuant to this Agreement, and has relied on its own industry, business and/or legal advisors in making such decision.

(p) Disclosure. The Purchaser understands and confirms that the Sellers will rely on the foregoing representations and warranties in effecting the transactions contemplated by this Agreement.

The Sellers acknowledge and agree that the Purchaser has not made and does not make any representations or warranties with respect to the transactions contemplated hereby other than those specifically set forth in this Section 3.2.

ARTICLE 4.
OTHER AGREEMENTS OF THE PARTIES

4.1. Restrictions on Transfer of Securities; Certificates.

(a) The Purchased Interest may only be disposed of in compliance with state and federal securities laws and pursuant to the NP Operating Agreement.

(b) Shares of the Purchaser Common Stock may only be disposed of in compliance with state and federal securities laws or pursuant to the Registration Rights Agreement. In connection with any transfer of the Purchaser Common Stock other than pursuant to an effective registration statement, to the Purchaser, or to an Affiliate of the Sellers, the Purchaser may require the transferor thereof to provide to the Purchaser an opinion of counsel selected by the transferor, the form and substance of which opinion shall be reasonably satisfactory to the Purchaser, to the effect that such transfer does not require registration of such transferred shares of the Purchaser Common Stock under the Securities Act.

(c) Certificates evidencing shares of the Purchaser Common Stock to be issued by the Purchaser pursuant to this Agreement will contain the following legend, until such time as it is not required under Section 4.1(d):

> THESE SECURITIES HAVE NOT BEEN REGISTERED WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE **"SECURITIES ACT"**), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF

THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE ISSUER.

(d) Certificates evidencing shares of the Purchaser Common Stock shall not contain any legend (including the legend set forth in Section 4.1(c)): (i) with respect to a sale or transfer of such shares pursuant to an effective registration statement (including the Registration Statement), or (ii) with respect to a sale or transfer of such shares pursuant to Rule 144 (assuming the transferee is not an affiliate of the Purchaser), subject, however, to the Purchaser receiving such reasonable representations and opinions regarding the facts and circumstances which qualify such proposed transfer or sale under Rule 144. The Purchaser agrees that following the effective date of the initial Registration Statement filed with the Commission pursuant to the Registration Rights Agreement or at such time as such legend is no longer required under this Section 4.1(d), it will, no later than seven Trading Days following the delivery by the Sellers to the Purchaser or the Purchaser's transfer agent of a certificate representing the shares of the Purchaser Common Stock issued with a restrictive legend, together with the written request of the Sellers accompanied by the written representation letter in customary form, deliver or cause to be delivered to the Sellers a certificate or certificates representing such shares of the Purchaser Common Stock that are free from all restrictive and other legends. Certificates for shares of the Purchaser Common Stock subject to legend removal hereunder shall be transmitted by the Purchaser's transfer agent to the Sellers by crediting the account of the Sellers' prime broker with the Depository Trust Company System.

(e) The Sellers agree that the removal of the restrictive legend from certificates representing shares of the Purchaser Common Stock as set forth in this Section 4.1 is predicated upon the Purchaser's reliance that the Sellers will sell any such shares pursuant to either the registration requirements of the Securities Act, including any applicable prospectus delivery requirements, or Rule 144.

4.2. Furnishing of Information. The Purchaser covenants to timely file (or obtain extensions in respect thereof and file within the applicable grace period) all reports required to be filed by the Purchaser after the date hereof pursuant to the Exchange Act. The Purchaser further covenants that it will take such further action as any holder of the Purchaser Common Stock may reasonably request, all to the extent required from time to time to enable such Person to sell shares without registration under the Securities Act within the limitation of the exemptions provided by Rule 144.

4.3. Integration. The Purchaser shall use its reasonable best efforts to ensure that no affiliate of the Purchaser shall sell, offer for sale or solicit offers to buy, or otherwise negotiate in respect of any security (as defined in Section 2 of the Securities Act) that would be integrated with the offer or sale of the Purchaser Common Stock hereunder in a manner that would require the registration under the Securities Act of the issuance of the Purchaser Common Stock to the Sellers.

4.4 Indemnification.

(a) In addition to the indemnity provided in the Registration Rights Agreement, the Purchaser will indemnify and hold the Sellers and their respective directors, officers, managers, shareholders, investors, members, partners, employees, and agents (each, a **"Seller Party"**) harmless from any and all losses, liabilities, obligations, claims, contingencies, damages, costs, and expenses, including all judgments, amounts paid in settlements, court costs, and reasonable attorneys' fees and costs of investigation (collectively, **"Losses"**), that any such Seller Party may suffer or incur as a result of or relating to any misrepresentation, breach, or inaccuracy of any representation, warranty, covenant, or agreement made by the Purchaser in any Transaction Document (excluding the Registration Rights Agreement, which is subject to its own terms of indemnification). In addition to the indemnity contained herein, the Purchaser will reimburse each Seller Party for its reasonable legal and out of pocket other expenses to third parties (including the cost of any investigation, preparation, and travel in connection therewith) incurred in connection therewith, as such expenses are incurred.

(b) In addition to the indemnity provided in the Registration Rights Agreement, each Seller will, individually and not jointly with the other Seller, indemnify and hold the Purchaser harmless from any and all Losses that the Purchaser may suffer or

incur as a result of or relating to any misrepresentation, breach, or inaccuracy of any representation, warranty, covenant, or agreement made by such Seller in any Transaction Document. In addition to the indemnity contained herein, the Sellers will reimburse the Purchaser for its reasonable legal and other out of pocket expenses to third parties (including the cost of any investigation, preparation, and travel in connection therewith) incurred in connection therewith, as such expenses are incurred.

(c) The amount of any Losses for which indemnification is provided under this Section 4.4 shall be net of any amounts actually recovered by an indemnified party under any insurance policy with respect to such Losses.

(d) The obligations to indemnify and hold harmless pursuant to Sections 4.4(a) and 4.4(b) shall be limited to an aggregate amount equal to the Purchase Price and payment in full of that amount will discharge any further obligation the indemnifying party had pursuant to Sections 4.4(a) and 4.4(b), as applicable.

(e) A party seeking indemnification under this Section 4.4 shall provide written notice of the nature of the indemnification claim or demand to the indemnifying party.

(f) The rights to indemnification pursuant to Sections 4.4(a) and 4.4(b) shall constitute the sole and exclusive remedy from and after the Closing Date with respect to any Losses suffered, sustained, incurred or paid by any indemnified party resulting from or arising out of any breach of any representation, warranty or covenant (and any claims resulting from and related to such breach) made by any party under or pursuant to this Agreement, except for specific performance and equitable remedies, and except in the case of fraud or intentional misrepresentation.

4.5 Listing of the Purchaser's Securities. The Purchaser agrees, (i) it will take all action reasonably necessary to continue the listing and trading of the Purchaser Common Stockon its current Trading Market on the date of this Agreement and will comply in all material respects with the Purchaser's reporting, filing, and other obligations under the bylaws or rules of such Trading Market, and (ii) if the Purchaser applies to have the Purchaser Common Stock traded on any Trading Market other than that of the date of this Agreement, it will include in such application the shares issuable to the Sellers hereunder, and will take such other action as is necessary or desirable to cause such shares to be listed on such other Trading Market as promptly as possible.

4.6 Purchaser Further Due Diligence. Between the date of this Agreement and the Closing Date, the Sellers will, and will cause their respective officers, directors, managers, employees, or agents to, (a) afford the Purchaser and its representatives full and free access to NP's personnel, properties, contracts, books and records, and other existing documents and data, (b) furnish the Purchaser and its advisors with copies of all such contracts, books, and records, and other existing documents and data as the Purchaser may reasonably request, and (c) furnish the Purchaser and its advisors with additional financial, operating, and other data and information as the Purchaser may reasonably request.

4.7 Purchaser Drilling Commitment. The Purchaser agrees that, within the four year period after the Closing Date, the Purchaser will propose to drill not less than five wells extending into the Charles A formation or deeper (i.e., including all Charles formations).

4.8 Standstill Agreement. The Sellers hereby covenant and agree that, prior to the Closing Date, neither the Sellers nor any of their respective affiliates will, directly or indirectly, in any manner acquire or agree to acquire, or sell or agree to sell, any beneficial interest in any equity securities of the Purchaser.

ARTICLE 5.
CONDITIONS PRECEDENT TO CLOSING

5.1. Conditions Precedent to the Purchaser's Obligations at Closing. The obligation of the Purchaser to purchase the Purchased Interest at the Closing is subject to the satisfaction or waiver by the Purchaser, at or before the Closing, of each of the following conditions:

(a) Representations and Warranties. The representations and warranties of the Sellers contained herein shall be true and correct in all material respects (or true and correct in all respects as to representations and warranties which are qualified by materiality) as of the date when made and as of the Closing as though made on and as of such date;

(b) Performance. The Sellers shall have performed, satisfied, and complied in all material respects with all covenants, agreements, and conditions required by the Transaction Documents to be performed, satisfied, or complied with by each of them at or prior to the Closing;

(c) No Injunction. No statute, rule, regulation, executive order, decree, ruling, or injunction shall have been enacted, entered, promulgated, or endorsed by any court or governmental authority of competent jurisdiction that prohibits the consummation of any of the transactions contemplated by the Transaction Documents;

(d) Board Approval. The Board of Directors of the Purchaser shall have authorized the Purchaser to complete and consummate the transactions contemplated by the Transaction Documents;

(e) Amendment of NP Operating Agreement. WB, Fund, Tech and Eastern shall have executed the Amended and Restated NP Operating Agreement;

(f) Payment of WB Receivable. The outstanding receivable from WB to NP shall have been paid in full;

(g) Bogachev Indemnity. NP shall have caused Nikolay V. Bogachev to execute and deliver to the Purchasers the Bogachev Indemnity;

(h) Rocky Mountain Unit Operating Agreement. NP shall have delivered to the Purchaser a true copy of the Rocky Mountain Unit Operating Agreement for the East Poplar Unit, dated April 1, 2009, executed by all working interest owners of the Property;

(i) Adverse Changes. Since the date of execution of this Agreement, no event or series of events shall have occurred that constitute or reasonably could have or result in a Material Adverse Effect with respect to NP; and

(j) Seller Deliverables. The Sellers shall have delivered the Seller Deliverables in accordance with Section 2.4(a).

5.2. Conditions Precedent to the Sellers' Obligations at Closing. The obligation of each Seller to sell the Purchased Interest at the Closing is subject to the satisfaction or waiver by such Seller, at or before the Closing, of each of the following conditions:

(a) Representations and Warranties. The representations and warranties of the Purchaser contained herein shall be true and correct in all material respects (or true and correct in all respects as to representations and warranties which are qualified by materiality) as of the date when made and as of the Closing Date as though made on and as of such date;

(b) Performance. The Purchaser shall have performed, satisfied, and complied in all material respects with all covenants, agreements, and conditions required by the Transaction Documents to be performed, satisfied, or complied with by it at or prior to the Closing;

(c) No Injunction. No statute, rule, regulation, executive order, decree, ruling, or injunction shall have been enacted, entered, promulgated, or endorsed by any court or governmental authority of competent jurisdiction that prohibits the consummation of any of the transactions contemplated by the Transaction Documents;

(d) Adverse Changes. Since the date of execution of this Agreement, no event or series of events shall have occurred that constitute or reasonably could have or result in a Material Adverse Effect with respect to the Purchaser;

(e) No Suspensions of Trading in the Purchaser Common Stock; Listing. Trading in the Purchaser Common Stock shall not have been suspended by the Commission or any Trading Market (except for any suspensions of trading of not more than one Trading Day solely to permit dissemination of material information regarding the Purchaser) at any time since the date of execution of this Agreement, and the Purchaser Common Stock shall have been at all times since such date listed for trading on a Trading Market; and

(f) Purchaser Deliverables. The Purchaser shall have delivered the Purchaser Deliverables in accordance with Section 2.4(b).

5.3. Termination of Agreement prior to Closing.

(a) Termination by the Sellers. The Sellers may terminate this Agreement prior to the Closing if the Purchaser fails to obtain approval from its Board of Directors as required by Section 5.1(d) on or before October 14, 2009.

(b) Termination by the Purchaser. The Purchaser may terminate this Agreement prior to the Closing if the Sellers fail to satisfy the conditions set forth in Sections 5.1(e)-(h) on or before October 31, 2009.

(c) Effect of Termination. Upon any termination pursuant to this Section 5.3, this Agreement shall terminate in its entirety, and the transactions contemplated by this Agreement shall be abandoned, without liability on the part of any party.

ARTICLE 6.
MISCELLANEOUS

6.1. Fees and Expenses. Each of the Sellers and the Purchaser will bear its own legal and other expenses with respect to the Transaction Documents and the transactions contemplated hereby and thereby.

6.2. Entire Agreement. The Transaction Documents, together with the Exhibits and Schedules thereto, contain the entire understanding of the parties with respect to the subject matter hereof and thereof and supersede all prior agreements, understandings, discussions, and representations, oral or written, with respect to such matters, which the parties acknowledge have been merged into such documents, exhibits, and schedules.

6.3. Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of (a) the date of transmission, if such notice or communication is delivered via facsimile on a Trading Day, (b) the Trading Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service, or (c) upon actual receipt by the party to whom such notice is required to be given. The address for such notices and communications shall be as follows:

If to the Sellers: White Bear LLC
700 East 9th Avenue, Second Floor
Denver, Colorado 80203
Facsimile: (720) 570-3859
Attention: Nikolay V. Bogachev

with a copy to:

White Bear LLC
c/o Nikolay V. Bogachev
7 rue Thomas Edison
L-1445 Strassen
Grand Duchy of Luxembourg
Facsimile: +352 27 021 401

YEP I, SICAV-FIS
c/o YEP Management Sarl
7 rue Thomas Edison
L-1445 Strassen
Grand Duchy of Luxembourg
Facsimile: +352 27 021 401
Attention: Claude Beffort, Director

with a copy to: Snell & Wilmer L.L.P.
1200 17th Street, Suite 1900
Denver, CO 80202
Facsimile: (303) 634-2020
Attention: Roger C. Cohen, Esq.

If to the Purchaser: Magellan Petroleum Corporation
10 Columbus Boulevard
Hartford, CT 06106
Facsimile: (860) 293-2349
Attention: William H. Hastings, Chief Executive Officer

with a copy to: Bernstein, Shur, Sawyer & Nelson, P.A.
100 Middle Street
P.O. Box 9729
Portland, Maine 04104
Facsimile: (207) 774-1127
Attention: John L. Carpenter, Esq.

or such other address as may be designated in writing hereafter, in the same manner, by such Person.

6.4. Amendments; Waivers. No provision of this Agreement may be waived or amended except in a written instrument signed the Sellers and the Purchaser. No waiver of any default with respect to any provision, condition, or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition, or requirement hereof, nor shall any delay or omission of either party to exercise any right hereunder in any manner impair the exercise of any such right.

6.5. Construction. The headings herein are for convenience only, do not constitute a part of this Agreement, and shall not be deemed to limit or affect any of the provisions hereof. The language used in this Agreement will be deemed to be the language chosen by the parties and their counsel to express their mutual intent, and no rules of strict construction will be applied against any party. This Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement or any of the Transaction Documents.

6.6. Successors and Assigns. The rights and obligations of the parties hereto shall inure to the benefit of and shall be binding upon the authorized successors and permitted assigns of each party. No party may assign its rights or obligations under this Agreement or designate another person (i) to perform all or part of its obligations under this Agreement, or (ii) to have all or part of its rights and benefits under this Agreement, in each case without the prior written consent of the other party, provided, however, that a party may assign its rights and delegate its duties hereunder in whole or in part to an Affiliate or third party acquiring some or all of the Securities in a transaction complying with applicable securities laws without the prior written consent of the other party hereto; provided, that no such assignment shall affect the obligations of the assigning party hereunder. In the event of any assignment in accordance with the terms of this Agreement, the assignee shall specifically assume and be bound by the provisions of this Agreement by executing and agreeing to an assumption agreement reasonably acceptable to the other party.

6.7. No Third-Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective successors and permitted assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other Person, except as otherwise set forth in Section 4.4.

6.8. Governing Law. All questions concerning the construction, validity, enforcement, and interpretation of this Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Delaware, without regard to the principles of conflicts of law thereof.

6.9. Survival. The representations, warranties, agreements, and covenants contained herein shall survive the Closing and the delivery of the Securities for a period of 18 months thereafter, after which time they shall expire and be of no further force or effect; provided, however, that any claim for indemnification under Section 4.4 for which a party has provided written notice to the other party shall survive, and all parties' rights and responsibilities hereunder shall continue, until such claim has been resolved as provided in this Agreement.

6.10. Execution. This Agreement may be executed in counterparts, all of which when taken together shall be considered one and the same agreement, and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile or electronic transmission, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or electronic signature page were an original thereof.

6.11. Severability. If any provision of this Agreement is held to be invalid or unenforceable in any respect, the validity and enforceability of the remaining terms and provisions of this Agreement shall not in any way be affected or impaired thereby and the parties will attempt to agree upon a valid and enforceable provision that is a reasonable substitute therefor, and upon so agreeing, shall incorporate such substitute provision in this Agreement.

6.12. Replacement of Securities. If any certificate or instrument evidencing any Securities is mutilated, lost, stolen, or destroyed, the issuer shall issue or cause to be issued in exchange and substitution for and upon cancellation thereof, or in lieu of and substitution therefor, a new certificate or instrument, but only upon receipt of evidence reasonably satisfactory to the issuer of such loss, theft, or destruction and customary and reasonable indemnity, if requested. The applicants for a new certificate or instrument under such circumstances shall also pay any reasonable third-party costs associated with the issuance of such replacement Securities. If a replacement certificate or instrument evidencing any Securities is requested due to a mutilation thereof, the issuer may require delivery of such mutilated certificate or instrument as a condition precedent to any issuance of a replacement.

6.13. Dispute Resolution. Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, including pursuant to the indemnification provisions of Section 4.4, shall be determined by an arbitration administered procedure agreed upon by the Sellers and the Purchaser, and in the absence of such agreement, by the International Centre for Dispute Resolution ("ICDR") in accordance with its International Arbitration Rules. The number of arbitrators shall be one and shall be selected by the ICDR. The place of arbitration shall be Denver, Colorado, U.S., and the parties expressly consent to personal and subject matter jurisdiction in the federal and state courts in and for the State of Colorado as the sole and exclusive forum for the enforcement of this Agreement or any arbitration award rendered under this Agreement. The language of the arbitration shall be English.

6.14. Remedies. Subject to the limitations of Section 4.4(d) of this Agreement, in addition to being entitled to exercise all rights provided herein or granted by law, including recovery of damages, each of the Sellers and the Purchaser will be entitled to specific performance under the Transaction Documents. The parties agree that monetary damages may not be adequate compensation for any loss incurred by reason of any breach of obligations described in the foregoing sentence and hereby agree to waive in any action for specific performance of any such obligation the defense that a remedy at law would be adequate.

6.15. Confidentiality. The terms of this Agreement shall be held in confidence by the parties hereto and except as and to the extent required by law, without the prior written consent of the other party, none of the Purchaser, the Sellers, and their respective officer and employees shall (and each shall instruct its representatives not to), directly or indirectly, make any public comment, statement or communication with respect to, or otherwise disclose or permit the disclosure of the existence of discussions regarding a transaction between the parties, or any of the terms, conditions or other aspects of the transactions contemplated by this Agreement, except that the Purchaser and its representatives are hereby authorized to disclose any aspect of the transactions contemplated by this Agreement in connection with the conduct of its due diligence or securing, or attempting to secure, approval for such transactions, provided that the Purchaser informs such persons of the confidential nature of such information. The Purchaser, at its discretion, may issue a press release regarding this Agreement and the transactions contemplated hereby upon receipt of approval from NP and the Sellers which will not be unreasonably withheld.

6.16. Further Assurances. The parties agree to execute such further documents and instruments and to take such further actions as may be reasonably necessary or convenient to effectuate the intent of this Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Purchase and Sale Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

SELLERS:

WHITE BEAR LLC

By: /s/ Nikolay Bogachev
Name: Nikolay Bogachev
Title: Owner

YEP I, SICAV-FIS

By: /s/ P. Hansen
Name: P. Hansen
Title: Director

By: /s/ P. Kaufmann
Name: P. Kauffman
Title: Director

PURCHASER:

MAGELLAN PETROLEUM CORPORATION

By: /s/ William H. Hastings
Name: William H. Hastings
Title: Chief Executive Officer

SCHEDULE 1.1

ADJUSTMENT AMOUNT

Purchase Price:	$10,901,336.00
Adjustments:	
Reduced by:	
83.4552% of $1,502,220 Bank debt	$ (1,253,680.70)*
83.4552% of receivable from Nautilus Resources	$ (153,994.87)
Increased by:	
83.4552% of $234,200 CD balance	$ 195,452.07
Subtotal of Adjustment Amount	**$ (1,212,223.50)**
Adjusted Purchase Price	**$ 9,689,112.50**

ATTACHED SCHEDULES

Schedule 3.1(g)	-	Bonds and Letters of Credit
Schedule 3.1(j)(i)	-	Assets and Properties: Personal Property
Schedule 3.1(j)(ii)	-	Assets and Properties: Oil and Gas Interests
Schedule 3.1(j)(iii)	-	Assets and Properties: Material Contracts
Schedule 3.1(m)	-	Liens
Schedule 3.1(n)	-	Affiliate Transactions
Schedule 3.1(o)	-	Insurance Policies
Schedule 3.1(s)(i)	-	Benefit Plans
Schedule 3.1(s)(ii)	-	Employees
Schedule 3.1(w)	-	Wells Subject to Regulatory Action as to Plugging and Abandonment

* The schedules described above have omitted pursuant to Item 601(b)(2) of Regulation of S-K. The Company will furnish to the SEC supplementally a copy of any omitted schedule upon request by the SEC.

Exhibit 10.1

FIRST AMENDED AND RESTATED OPERATING AGREEMENT OF NAUTILUS POPLAR, LLC

THIS FIRST AMENDED AND RESTATED OPERATING AGREEMENT is made and entered into effective as of October 14, 2009 by and among NAUTILUS TECHINICAL GROUP, LLC, a Colorado limited liability company ("Nautilus"), WHITE BEAR, LLC, a Montana limited liability company "White Bear"), YEP I, SICAV-FIS, a Luxembourg entity (the "Fund") and EASTERN RIDER, LLC, a Colorado limited liability company "Eastern"), (each a "Member" and collectively, the "Members").

RECITALS:

A. The Members formed a limited liability company under the Montana Limited Liability Company Act (the "Act") known as Nautilus Poplar, LLC (the "Company") by causing Articles of Organization to be filed with the Montana Secretary of State on December 29, 2006. The Company was formed for the purpose of carrying on certain businesses and activities permitted for limited liability companies by the laws of the State of Montana.

B. White Bear, Nautilus and Eastern executed an Operating Agreement for the Company as of January 1, 2007, as amended by six amendments ("Original Operating Agreement").

C. Prior to the date of this Agreement, White Bear assigned a portion of its Membership Interest in the Company to the Fund and the Fund was admitted as a Member of the Company.

D. The Members now desire to amend and restate the Original Operating Agreement in the form of this Amended and Restated Operating Agreement to fully set forth their agreements and understandings regarding the Company and to own and operate the Company in accordance with the terms of this Agreement.

IN CONSIDERATION of the foregoing Recitals and the mutual covenants and agreements contained herein, the parties agree as follows:

ARTICLE 1

DEFINITIONS

The following terms used in this Agreement shall have the following meanings:

1.1 "Act" means the Montana Limited Liability Company Act, as amended from time to time.

1.2 "Affiliate" means, with respect to any Person: (a) any Person directly or indirectly controlling, controlled by or under common control with such Person; (b) any Person owning or controlling fifty percent or more of the outstanding voting interests of such Person; (c) any officer, director, general partner or manager of such Person; or (d) any Person who is an officer, director, general partner, manager, trustee or holder of fifty percent or more of the voting interests of any Person described in clauses (a), (b) or (c).

1.3 "Agreement" means this Amended and Restated Operating Agreement of the Company, as it may be amended from time to time.

1.4 "Approval" of or "Approved by the Members" means except as otherwise specifically set forth herein, the approval of the holders of more than fifty percent of the Membership Interests.

1.5 "Articles of Organization" means the Articles of Organization of the Company, as filed with the Secretary of State of the State of C Montana, as the same may be amended from time to time.

1.6 "Bankruptcy" means any case, proceeding or other action: (a) seeking reorganization or rearrangement (under any Chapter of Title 11 of the United States Code or like provision of any other or succeeding law); (b) where insolvency is determined by court proceedings; (c) concerning any other reorganization, arrangement, adjustment, liquidation, dissolution or composition of a debtor or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors; or (d) commenced by the filing of a petition to accomplish any of the foregoing.

1.7 "Capital Account" means, with respect to any Member, the Capital Account maintained for such Member in accordance with the following provisions:

(a) To each Member's Capital Account there shall be credited such Member's Capital Contributions and such Member's distributive share of income and gain.

(b) From each Member's Capital Account there shall be debited the amount of cash and the net fair market value of any property distributed to such Member pursuant to any provision of this Agreement and such Member's distributive share of Losses.

(c) If any Membership Interest in the Company is transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred Membership Interest.

This definition and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treasury Regulations in order to give substantial economic effect to all transactions, and shall be interpreted and applied in a manner consistent with such Treasury Regulations. If the Manager shall determine that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto (including, without limitations, debits or credits relating to liabilities that are secured by contributed or distributed property or that are assumed by the Company or the Members), are computed in order to comply with Treasury Regulations, the Manager may make such modification, provided that it is not likely to have a material effect on the amounts distributable to any Interest Owner upon the dissolution of the Company.

1.8 “Capital Contributions” means, with respect to any Member, the amount of money and the initial net fair market value of any property (other than money) contributed or required to be contributed to the Company with respect to the Membership Interests held by such Member. The value of any property other than money that is contributed to the Company shall be agreed upon in writing by the contributing Member and the Manager on behalf of the Company; provided, however, that if the Manager is the contributing Member or an Affiliate of the contributing Member, then the value shall be determined by the holders of more than fifty percent of the Membership Interests of the remaining Members. The Capital Account of the contributing Member will be credited with the amount of the contribution, net of liabilities encumbering the property at the time of the contribution.

1.9 “Code” means the Internal Revenue Code of 1986, as amended from time to time (or any corresponding provisions of succeeding law).

1.10 “Commencement Date” means the date the Articles of Organization were filed with the Secretary of State of the State of Montana.

1.11 “Company” means Nautilus Poplar, LLC, a limited liability company formed under the Act.

1.12 “Default Interest Rate” means an annual interest rate equal to five percent over the Prime Rate or 18 percent per annum whichever is greater.

1.13 “Economic Interest” means the share of Profits or other compensation by way of income and return of contributions to which an Economic Interest Owner is entitled to receive pursuant to this Agreement and the Act, but shall not include any right to participate in the management of the business and affairs of the Company, including the right to vote on, consent to or otherwise participate in any decision of the Members.

1.14 “Economic Interest Owner” means the owner of an Economic Interest who is not a Member.

1.15 “Entity” means any general or limited partnership, corporation, trust, business trust, limited liability company, joint venture, cooperative, association or any other entity.

1.16 “Interest” means an Economic Interest or a Membership Interest.

1.17 “Interest Owner” means the owner of an Economic Interest or a Membership Interest.

1.18 “Manager” means any Person who is Approved by the Members to manage the business and affairs of the Company on the terms provided in this Agreement and has not ceased to be a Manager pursuant to the terms of this Agreement.

1.19 "Member" means each of the parties who executes a counterpart of this Agreement as a Member and each of the parties who hereafter becomes a Member. If a Person is a Member immediately prior to the purchase or acquisition by such Person of an Economic Interest, such Person shall have all the rights of a Member with respect to such acquired Membership Interest or Economic Interest, as the case may be.

1.20 "Membership Interest" means a Member's entire interest in the Company, including the Economic Interest of a Member and such other rights and privileges that the Member may enjoy by virtue of being a Member, as granted pursuant to the Articles of Organization, this Agreement or the Act. The Membership Interests of each of the Members shall be stated as a percentage as provided in Section 5.1 of this Agreement.

1.21 "Net Cash Flow" means the gross receipts of the Company, less (i) expenses of earning such receipts, other than depreciation and other non-cash expenses, (ii) capital expenditures, (iii) payments with respect to any Company indebtedness in accordance with established payment schedules and loan agreements, (iv) payment of Company accounts payable or expenses, and (v) any reasonable Reserves established by the Manager.

1.22 "Permitted Businesses" shall have the meaning set forth in Section 2.3 of this Agreement.

1.23 "Person" shall have the meaning assigned to it in the Act, and shall include any natural person and any Entity.

1.24 "Prime Rate" means an annual rate of interest announced as the "prime rate" by the bank at which the Company from time to time maintains its operating account (adjusted as of the first day of each calendar quarter) and if such rate is no longer announced, such other comparable rate as the Manager may reasonably select; provided, however, in no event shall the Prime Rate or any rate of interest to be charged under this Agreement which is based upon the Prime Rate (including, but not limited to, the Default Interest Rate) exceed the maximum rate of interest permitted by law.

1.25 "Profits" and "Losses" means, for each fiscal year or other period, an amount equal to the Company's taxable income or loss for such year or period, determined in accordance with Code Section 703(a), including all items required to be separately stated under Code Section 702(a), and specifically including any tax exempt income or gain and any gain or loss resulting from any revaluation of assets as permitted by the Treasury Regulations, or any gain or loss with respect to property whose book value differs from its adjusted tax basis.

1.26 "Reserves" means, with respect to any fiscal period, funds set aside or amounts allocated during such period to Reserves which shall be maintained in amounts deemed sufficient by the Manager for working capital or other costs or expenses incident to the ownership or operation of the Company's business.

1.27 "Sales" means the sale or other disposition of an asset of the Company (other than in the ordinary course of business).

1.28 "Securities Laws" means all applicable securities laws of the United States or of any State.

1.29 "Sharing Ratio" means (a) with the respect to the Members, the ratio of the percentage Membership Interest held by a Member to the aggregate percentage Membership Interests outstanding held by all of the Members, (b) with respect to the Economic Interest Owners, the ratio of the percentage Economic Interest held by an Economic Interest Owner to the aggregate percentage Economic Interest outstanding held by all of the Economic Interest Owners; and (c) with respect to all Interest Owners, the ratio of the percentage Interest held by an Interest Owner to the aggregate percentage of Interests held by all of the Interest Owners.

1.30 "Substituted Member" means any Person admitted to the Company as a Member in connection with the acquisition of another Member's Membership Interest pursuant to the terms of this Agreement.

1.31 "Transfer" means any voluntary or involuntary transfer, sale, pledge, hypothecation, encumbrance or other disposition or to voluntarily or involuntarily transfer, sell, pledge, hypothecate, encumber or otherwise dispose of.

1.32 "Treasury Regulations" means the Income Tax Regulations, including Temporary Regulations, promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

ARTICLE 2

FORMATION AND ORGANIZATION

2.1 Formation and Name of the Company. The parties hereby ratify and approve the Articles of Organization forming the Company filed with the Montana Secretary of State on the Commencement Date, and agree that the Company shall be organized and operated pursuant to and in accordance with the Articles of Organization, the provisions of this Agreement and the Act.

2.2 Name. The business of the Company shall be operated under the name Nautilus Poplar, LLC, or such other trade name or names as may be selected by the Manager, subject to applicable law.

2.3 Permitted Businesses. The business of the Company shall be:

(a) to acquire, own or operate, and from time to time dispose of, oil gas, or real estate interests of any nature including but not limited to the oil and gas properties described on Schedule B to this Agreement, and to explore for, develop and produce oil or natural gas, and to conduct operations incident thereto;

(b) to form, own and operate one or more limited liability companies or other entities to carry out the businesses of the Company;

(c) to accomplish any lawful business whatsoever, or which shall at any time appear conducive to or expedient for the protection or benefit of the company and its assets;

(d) to exercise all other powers necessary to or reasonably connected with the Company's businesses which may be legally exercised by limited liability companies under the Act; and

(e) to engage in all activities necessary, customary, convenient or incident to any of the foregoing.

2.4 Principal Place of Business. The principal place of business of the Company shall be located at 700 East 9 th Avenue, Second Floor, Denver, CO 80203. The Manager may change the principal place of the Company to any other place upon written notice to the Members.

2.5 Term. The term of the Company commenced on the Commencement Date, and shall continue until terminated as provided in this Agreement or by operation law.

ARTICLE 3

MEMBERS AND CONTRIBUTIONS

3.1 Members. The names and mailing addresses of the Members of the Company are as follows:

Nautilus Technical Group, LLC 700
700 East 9th Avenue, Second Floor
Denver, CO 80203

White Bear, LLC
700 East 9th Avenue, Second Floor
Denver, CO 80203

Eastern Rider, LLC
700 East 9th Avenue, Second Floor
Denver, CO 80203

YEPI, SICAV-FIS
c/o YEP Management Sarl
7 rue Thomas Ediscon
L-1445 Strassen
Grand Duchy of Luxembourg

A Member may change its address for all purposes under this Agreement by giving written notice of such change to the Company and to each of the Manager of the Company.

3.2 Initial Capital Contributions. The Members have made their initial Capital Contributions to the capital of the Company as required by the Original Operating Agreement. The Members Capital Accounts as of the date of this Agreement are set forth on Schedule A of this Agreement.

3.3 Additional Capital. Upon the written request of the Manager and with the Approval of the Members, the Members or the Economic Interest Owners may from time to time be required to collectively make additional contributions of cash, (the "Additional Contributions"). The Members or Economic Interest Owners shall pay the Additional Contributions on a pro rata basis in accordance with their Membership Interests or Economic Interests. The payment of the Additional Contributions amounts by the Members or Economic Interest Owners shall be due 15 business days after the date that the written request is sent by the Manager to the Members or Economic Interest Owners. In the event that a Member or Economic Interest Owner fails to pay its share of an Additional Contribution (the "Defaulting Owner"), another Member or Economic Interest Owner may elect to pay such Defaulting Owner's share of the Additional Contribution (the "Curing Owner"). If more than one Member of the Company or Economic Interest Owner elects to pay such Defaulting Owner's share of the Additional Contribution, such parties shall participate therein in proportion to their Membership Interests or Economic Interests. Such Curing Owner or Owners shall be entitled to receive from the Company out of distributions that would otherwise be paid to the Defaulting Owner from the oil or gas, property or properties for which such Additional Contribution is utilized, or if not utilized for a specific oil and gas property or properties, from all distributions by the Company that would otherwise be paid to the Defaulting Owner, an amount equal to three times the amount that the Curing Owners paid on behalf of the Defaulting Owner (the "Compensation Amount"). Once the Compensation Amount has been paid in full to the Curing Owners, the Defaulting Owner shall be entitled to receive distributions and other amounts payable to the Defaulting Owner pursuant to this Agreement.

3.4 Loans by Members. A Member shall be permitted to make loans to the Company for use in the Permitted Businesses upon such terms as agreed to by the Manager and such Member and as approved by a majority in the Membership Interest of the disinterested Members, provided, however, that in the event that all Members are offered the opportunity to make loans to the Company on the same terms, pro rata in accordance with their Membership Interests, the Manager shall be authorized to borrow from the Members upon such terms as the Manager shall, in its discretion, determine from time to time.

3.5 Allocations of Profits and Losses and Tax Items.

(a) Allocations. Except as otherwise provided in this Agreement, for each fiscal year, Profits and Losses of the Company shall be allocated among the Members in proportion to their respective Sharing Ratios.

(b) Definitions and Special Rules. For purposes of this Agreement, allocations of income, gain, loss, deduction or credit (or cost of purchased assets or other amount on which a tax credit is based) of the Company, shall include each component if such item to be allocated, as determined for purposes of the Company's income tax reports and returns. Notwithstanding any other provision of this Agreement, accounting for the Company's capital and income, gain, loss, deductions, credits and distributions shall comply with Section 704 of the Code and the Treasury Regulations thereunder. Any Company income, gain, loss, deduction or credit (or cost of

purchased assets or other amount on which a tax credit is based), as initially determined and allocated for any year, shall be redetermined and reallocated if necessary to correct any errors, or to reflect the result of any tax audit, or to take account of other pertinent factors.

(c) Contributed Property. For income tax purposes, and not for the purposes of Capital Account maintenance, income, gain, loss and deduction with respect to property contributed to the Company by a Member shall be allocated among the Members as required by Section 704(c) of the Code and Treasury Regulations thereunder.

ARTICLE 4

CAPITAL ACCOUNTS

4.1 Separate Capital Accounts. A separate Capital Account will be maintained for each Member and Economic Interest Owner. Capital Accounts shall be maintained in a manner corresponding to the capital of the Members and Economic Interest Owners as reported by the Company for federal income purposes, and in accordance with the requirements of Treasury Regulation 1.704-1(b)(2)(iv).

4.2 Transfer of Interest. In the event of a permitted sale or exchange of an Interest in the Company, the Capital Account of the transferor shall become the Capital Account of the transferee to the extent it relates to the transferee Interest in accordance with Section 1.7041 (b)(2)(iv) of the Treasury Regulations.

4.3 Compliance with Code. The manner in which Capital Accounts are to be maintained pursuant to this Agreement is intended to comply with the requirements of Section 704(b) of the Code and the Treasury Regulations promulgated thereunder. If in the opinion of the Company's accountants the manner in which the Capital Accounts are to be maintained pursuant to this Article should be modified in order to comply with Section 704(b) of the Code and the Treasury Regulations, then notwithstanding anything to the contrary contained in this Article, the method in which Capital Accounts are maintained shall be so modified; provided, however, that any change in the manner of maintaining Capital Accounts shall not materially alter the economic agreement between or among the Members.

4.4 Deficit Balance. Except as otherwise required in the Act (and subject to the terms of this Article), no Member or Economic Interest Owner shall have any liability to restore any portion of a deficit balance in such Member's or Economic Interest Owners Capital Account.

4.5 Qualified Income Offset. Any Member or Economic Interest Owner who unexpectedly receives an adjustment, allocation or distribution described in Treasury Regulations section 1.704-1 (b)(2)(ii)(d)(4), (5) or (6) will be allocated items of income and gain (consisting of a pro rata portion of each item of Company income including gross income, and gain for such year) in an amount and manner sufficient to eliminate any resulting deficit balance as quickly as possible.

4.6 Non-Recourse Debt. Notwithstanding any other provision of this Agreement, if there is a net decrease in the Company's minimum gain as defined in Treasury Regulations §1.704-2(d) during a taxable year of the Company, then, the Capital Accounts of each Member shall be allocated items of income (including gross income) and gain for such year (and if necessary for subsequent years) equal to that Member's share of the net decrease in Company minimum gain. This subsection is intended to comply with the minimum gain charge-back requirement of §1.704-2 of the Treasury Regulations and shall be interpreted consistently therewith. If in any taxable year that the Company has a net decrease in the Company's minimum gain, if the minimum gain charge-back requirement would cause a distortion in the economic arrangement among the Members and it is not expected that the Company will have sufficient other income to correct that distortion, the Members may in their discretion seek to have the Internal Revenue Service waive the minimum gain charge-back requirement in accordance with Treasury Regulation §1.704-2(f)(4).

4.7 Limitation on Return of Capital. Each Member or Economic Interest Owner shall be entitled to recover the amount of such Member's or Economic Interest Owner's Capital Account only at the time or times provided for herein and solely from the assets of the Company. The Capital Accounts of the Members or Economic Interest Owners shall not bear interest.

ARTICLE 5

OWNERSHIP AND DISTRIBUTIONS

5.1 Membership Interests. The Membership Interests of the Members are as follows:

Member	Membership (Sharing) Interest
Nautilus	10.0000%
White Bear	58.3086%
Fund	25.1466%
Eastern Rider	6.5448%
	100.0000%

5.2 Distributions in General. Except for distributions made upon liquidation of the Company, the Company shall make distributions to its Members at such times and in such amounts as the Manager shall determine. Distributions shall be made to Members in proportion to their respective Sharing Interests as of the date of the distribution. All amounts withheld pursuant to the Code or any provisions of state or local tax law with respect to any payment or distribution to the Members from the Company shall be treated as amounts distributed to the relevant Member pursuant to this Section. The Manager shall utilize its good faith best efforts each year to make distributions which are not less than the Members' and Economic Interests Owners' income tax liabilities with respect to the taxable income of the Company for such year.

5.3 Limitation on Distributions. No Member has any right to demand or receive distributions in any form other than cash. The Manager may, in its discretion, make distributions in cash or in kind, or partially in each, provided that no Member shall be compelled to accept a distribution of any asset in kind to the extent that the percentage of the asset distributed to such Member exceeds the Percentage Interest of such Member.

5.4 Net Cash Flow. In determining whether to make a distribution and the amount of any non-liquidating distribution, the Manager may consider, among other relevant factors, the Company's Net Cash Flow. The determination of Net Cash Flow shall be made in accordance with the same accounting principles as are used in keeping with the Company's books and preparing its tax returns.

5.5 Restriction Upon Distributions. No distributions shall be declared and paid unless, after the distribution is made, the assets of the Company are in excess of all liabilities of the Company, excluding liabilities to Members and Economic Interest Owners on account of their Capital Accounts.

ARTICLE 6

MEMBERS

6.1 Limitation of Liability. Each Member's liability shall be limited as set forth in this Agreement, the Act and other applicable law.

6.2 Company Debt Liability. Except as may be separately agreed, a Member will not be personally liable for any debts or losses of the Company beyond its respective Capital Contributions and any obligation of the Member under this Agreement to make Capital Contributions, except as provided in Section 3.4 herein or as otherwise required by law.

6.3 Company Books. The Manager shall maintain and preserve, during the term of the Company, and for five years thereafter, all accounts, books and other relevant Company documents. Upon reasonable request, each Member and Economic Interest Owner shall have the right during ordinary business hours, to inspect and copy such Company documents at the expense of the requesting Member and Economic Interest Owner.

6.4 Priority and Return of Capital. Except as may be expressly provided in this Agreement, no Member shall have priority over any other Member, either as to the return of Capital Contributions or as to Net Profits, Net Losses or any distributions; provided that this Section shall not apply to loans (as distinguished from Capital Contributions) which a Member may make to the Company.

6.5 Liability of a Member to the Company. A Member who receives any distribution is liable to the Company only to the extent now or hereafter provided by the Act.

ARTICLE 7

MEETINGS

7.1 Annual Meeting. An annual meeting of the Members may be held at such time and date as may be fixed by the Manager. The annual meeting of the Members shall be held for the purpose of electing or reelecting the Manager and for the transaction of such other business as may come before the meeting.

7.2 Failure to Hold Annual Meeting. If any election of the Manager shall not be held on the day designated by the Manager for any annual meeting of the Members or at an adjournment thereof, then upon the call for such an election by any Member, the Manager shall cause the annual meeting or election to be held at a special meeting of the Members as soon thereafter as may be convenient. Failure to hold the annual meeting or election at the designated time shall not work a forfeiture or dissolution of the Company.

7.3 Special Meeting. Special meetings of the Members may be called by the Manager or by Members owning not less than one-tenth of the votes entitled to vote at the meeting.

7.4 Place of Meeting. The Manager may designate any place, either within or outside Colorado, as the place for any annual meeting or for any special meeting of Members. If no designation is made, or if a special meeting shall be called otherwise than by a Manager, the place of meeting shall be the principal place of business of the Company in Colorado.

7.5 Notice of Meeting. Written notice stating the place, day and hour of the meeting, and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten nor more than fifty days before the date of the meeting, either personally or by mail, by or at the direction of the Manager or the Members calling the meeting, to each Member of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered as to any Member when deposited in the United States mail, addressed to the Member at his address as it appears on the membership records of the Company, with postage thereon prepaid, but if three successive letters mailed to the last known address of any Member are returned as undeliverable, no further notices to such Member shall be necessary until another address for such Member is made known to the Company.

7.6 Quorum. The presence in person or by proxy of Members holding collectively more than fifty percent of the Membership Interests entitled to vote shall constitute a quorum of Members at any meeting of Members. In the absence of a quorum at any such meeting, a majority of the Membership Interests present at the meeting may adjourn the meeting for a period not to exceed sixty days at anyone adjournment. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

7.7 Number of Votes. Except as may be set forth in the Act, each Member shall be entitled to cast one vote for each of one percent Membership Interest in the Company owned by such Member. Upon the Transfer of an Economic Interest separate and apart from a Membership Interest, all voting rights that were previously appurtenant to such Interest shall terminate.

7.8 Manner of Acting. If a quorum is present, the affirmative vote of Members holding more then fifty percent of the Membership Interests shall be the Approval of the Members, unless the vote of a greater or lesser proportion, number or voting per capita or by classes is required by the Act.

7.9 Consultation. Any Member which alone or together with its Affiliates holds more than fifty percent of the Membership Interests shall make a reasonable effort to consult with the other Members prior to approving any action which has a material effect on the Company and its businesses.

7.10 Proxies. At all meetings of Members, a Member may vote by proxy executed in writing by the Member or the Member's duly authorized attorney-in-fact. Such proxy shall be filed with any Manager before or at the time of the meeting. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.

7.11 Informal Action by Members. Any action required or permitted to be taken at a meeting of the Members may be taken without a meeting if the action is evidenced by one or more written consents, setting forth the action so taken, signed by Members holding an aggregate amount of Membership Interests sufficient to have approved such action at a meeting of Members. Such consent shall have the same force and effect as a vote of the Members, and may be stated as such in any document. Action taken under this Section shall be effective when all Members have signed the consent, unless the consent specifies a different effective date.

7.12 Waiver of Notice. When any notice is required to be given to any Member, waiver thereof in writing signed by the party entitled to such notice, whether before, at or after the time of the meeting stated in the notice, shall be equivalent to the giving of such notice.

7.13 Voting by Entities and Successors.

(a) Corporations. Membership Interests standing in the name of a corporation may be voted by such officer, agent or proxy as the bylaws of such corporation may prescribe, or in the absence of such provision, as the board of directors of such corporation may determine.

(b) Trusts. Membership Interests owned in the name of a trust may be voted by any trustee of the trust, and Membership Interests in the name of a trustee may be voted by such trustee or any successor.

(c) Limited Liability Companies and Partnerships. Membership Interests standing in the name of a limited liability company or a partnership may be voted by such manager or general partner, respectively, or agent as the operating agreement or partnership agreement may prescribe, or in the absence of such provision, as the Manager or partners, as the case may be determine.

(d) Joint Members. Membership Interests held jointly by more than one Person, whether held as joint tenants, tenants in common or otherwise shall be voted by anyone of the joint Members and, if there is a disagreement between the joint Members, according to such instructions as previously given to the Company, provided such instructions are in writing and signed by all of the joint Members. Absent such instructions, in the event of a disagreement, the joint Members will vote the jointly held Membership Interests proportionately.

(e) Successors. Except as provided in paragraph (c) above, no successor to any Member's Membership Interest, and no receiver or pledge or person holding a security interest in or lien on a Membership Interest shall have any right or standing to vote such interests, unless admitted as a Member of the Company.

ARTICLE 8

MANAGER

8.1 General Powers. The business and affairs of the Company shall be managed by its Manager. Subject only to the limitations provided in the Act, the Company's Articles of Organization or this Agreement, and subject to the right of the holders of more than fifty percent of the Membership Interests to disapprove any act, the Manager shall have full and complete authority, power and discretion to manage and control the business, affairs and properties of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company's business. If there is more than one Manager, the Managers shall act by a majority of the Managers then serving.

8.2 Authority of Manager. Without limiting the generality of Section 8.1, the Manager shall have power and authority, on behalf of the Company.

(a) To purchase liability and other insurance to protect the Company's property and business;

(b) To hold and own any real and personal properties of the Company only in the name of the Company;

(c) To invest any Company funds temporarily (by way of example but not limitation) in time deposits, short-term governmental obligations, commercial paper or other investments;

(d) With the Approval of the Members, to sell or otherwise dispose of all or substantially all of the assets of the Company as part of a single transaction or plan so long as such disposition is not in violation of or a cause of a default under any other agreement to which the Company may be bound that is not subject to and by payment of the proceeds of such transaction; provided, however, that the Approval of the Members shall not be required with respect to any sale or disposition of an immaterial portion of the Company's assets in the ordinary course of the Company's business;

(e) To execute on behalf of the Company all instruments and documents, including without limitation, checks, drafts, notes and other negotiable instruments, mortgages or deeds of trust, security agreements, financing statements, documents providing for the acquisition, mortgage or disposition of the Company's property, assignments, bills of sale, leases, partnership agreements, operating agreements of other limited liability companies, and any other instruments or documents necessary or convenient, in the opinion of the Manager, to the business of the Company;

(f) To employ accountants, legal counsel, managing agents or other experts to perform services for the Company and to compensate them from Company funds;

(g) To enter into any and all other agreements on behalf of the Company, with any other Person for any purpose, in such forms as the Manager may approve;

(h) To file an election under Section 754 of the Code to apply the provisions of Sections 734(b) and 743(b) of the Code with respect to the adjustment of the Members' basis; and

(i) To do and perform all other acts as may be necessary or appropriate to the conduct of the Company's business.

8.3 Restrictions on Authority of the Manager. No Manager shall have the authority to, and each Manager covenants and agrees that it shall not take or do any of the following acts without the Approval of the Members:

(a) Cause or permit the Company to engage in any activity that is not consistent with the purposes of the Company as set forth in this Agreement;

(b) Obligate the Company to acquire any interest in any oil and gas properties or any other real estate;

(c) Borrow money for the Company from banks, other lending institutions, the Manager, Members, or Affiliates of the Manager or Members or in connection therewith, to hypothecate, encumber and grant security interests in the assets of the Company to secure repayment of the borrowed sums; no debt shall be contracted or liability incurred by or on behalf of the Company except by the Manager, or to the extent permitted under the Act by agents or employees of the Company expressly authorized to contract such debt or incur such liability by the Manager;

(d) Knowingly do any act in contravention of this Agreement;

(e) Without the Approval of the Members, knowingly do any act which would make it impossible to carry on the ordinary business of the Company, except as otherwise provided in this Agreement;

(f) Confess a judgment against the Company in an amount in excess of $2,500.00;

(g) Possess property, or assign rights in specific property, for other than a Company purpose;

(h) Without the Approval of the Members, knowingly perform any act that would cause the Company to conduct business in a state which has neither enacted legislation which permits limited liability companies to organize in such state nor permits the Company to register to do business in such state as a foreign limited liability company;

(i) Cause the Company to voluntarily take any action that would cause a bankruptcy of the Company;

(j) Cause the Company to acquire any equity or debt securities of any Member or any of its Affiliates, or otherwise make loans to any Member or any of its Affiliates;

(k) Cause the Company to admit any additional Members other than pursuant to the terms of this Agreement;

(l) Cause the Company to incur any liabilities in any transaction in excess of $100,000.00;

(m) Cause the Company to make any capital expenditure in any single transaction in excess of $100,000.00; or

(n) Sell or otherwise dispose of all or substantially all of the Company's assets other than immaterial assets in the ordinary course of the Company's business, except for a liquidating sale in connection with the dissolution of the Company.

8.4 Appointments of Agents. Unless authorized to do so by this Agreement or by the Manager, no attorney-in-fact, employee or other agent of the Company shall have any power or authority to bind the Company in any way, to pledge its credit or to tender it liable pecuniarily for any purpose. No Member shall have any power or authority to bind the Company in its capacity as a Member unless the Member has been authorized by the Manager to act as an agent of the Company in accordance with the previous sentence.

8.5 Number and Qualifications. Each Manager shall hold office until the next annual meeting of Members, and thereafter until such Manager's successor shall have been elected and qualified. Notwithstanding anything to the contrary set forth in this Agreement, by the Approval of the Members, preceded by consultation as set forth in Section 7.9 above, any Manager may at any time be removed as such and its successor elected.

8.6 Performance of Duties. The Manager shall perform its duties as a Manager in good faith, in a manner reasonably believed to be in the best interests of the Company, and with such care as an ordinarily prudent person in a like position would use under similar circumstances. The Manager shall devote such time, knowledge and skill to the business of the Company as the Manager deems reasonably necessary to conduct the business of the Company.

8.7 Reliance on Advisors. In performing its duties, the Manager shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by the following persons and group:

(a) One or more employees or other agents of the Company whom the Manager reasonably believes to be reliable and competent in the matters presented;

(b) Any attorney, public accountant, or other person as to matters which the Manager reasonably believes to be within such person's professional or expert competence;

Notwithstanding the foregoing, a Manager shall not be considered to be acting in good faith if such Manager has knowledge concerning the matter in question that would cause such reliance to be unwarranted.

8.8 Vacancies. Any Manager vacancies occurring shall be filled by the Approval of the Members.

8.9 Removal of Managers. At a meeting expressly called for that purpose, any Manager may be removed, with or without cause, by the Approval of the Members. The removal of a Manager who is also a Member shall not affect the Manager's rights as a Member and shall not constitute a termination as a Member.

8.10 Compensation. No Manager or Member shall be paid any compensation by the Company except pursuant to a written agreement between such party and the Company, which agreement is approved by Members.

8.11 Overhead. Nautilus shall be reimbursed for its general overhead costs in acting as the Manager pursuant to the budget therefor set forth on Schedule B to this Agreement.

8.12 Liability and Indemnification of Manager. The management, conduct and operation of the Company's business shall be at the expense and risk of the Company and not at the expense or risk of any Manager. No Manager shall be liable, responsible or accountable in damages or otherwise to the Company or any Member for any action taken or failure to act (even if such action or failure to act constitute simple negligence) on behalf of the Company within the scope of the authority conferred on the Manager by this Agreement or by law, unless such act or omission was performed or omitted fraudulently, in bad faith or constituted gross negligence. The Manager shall be entitled to indemnification by the Company from liabilities for damages to the maximum extent permitted under the Act.

ARTICLE 9

ADMINISTRATION

9.1 Business Opportunity. Within the area of mutual interest described on Schedule B hereto (the "Area of Mutual Interest"), no Manager, Member or Economic Interest Owner shall be free or have the right to engage in and receive the benefit of any and all other oil and gas and related business ventures of any sort whatsoever, whether or not competitive with the business of the Company, without obtaining the consent of the disinterested Members holding more than fifty percent of the Membership Interests in the Company of such disinterested Members. Upon the Approval of the Members, the Area of Mutual Interest may be expanded, reduced or otherwise altered. Outside of the Area of Mutual Interest, each Manager, Member or Economic Interest Owner shall have the free and unrestricted right to engage in and receive the full benefit of any and all other business ventures of any sort whatsoever, whether or not competitive with the business of the Company, without consulting the others or inviting the Company or other Members to participate therein. Outside of the Area of Mutual Interest, (i) the Members acknowledge that each Member and Manager at this time and from time to time hereafter is engaged on a continuous basis in other business enterprises, both similar and dissimilar to those undertaken by the Company and (ii) The legal doctrine of "business opportunity," sometimes applied to persons occupying a partnership, joint venture or other fiduciary status, so as to prevent such persons from engaging in or enjoying the benefits of competing ventures within the general scope of the business carried on by such fiduciary for another, shall not be applied in the case of any activity, venture or business enterprise of any Manager, Member or Economic Interest Owner of the Company.

9.2 Bank Accounts. The Manager shall have the right to establish Company bank accounts on such signature or signatures as it deems to be in the best interests of the Company. All funds of the Company not otherwise employed shall be deposited from time to time to the credit of the Company in such depositories as the Manager may select.

9.3 Accounting Period. The Company's accounting period shall be the calendar year.

9.4 Records and Reports. At the expense of the Company, the Manager shall maintain records and accounts of all operations and expenditures of the Company. The Company shall keep at .its principal place of business such records as required pursuant to the Act together with all other business records of the Company.

9.5 Returns and Other Elections. The Manager shall cause the preparation and timely filing of all tax returns required to be filed by the Company pursuant to the United States, state and local tax laws, and all other tax returns deemed necessary and required in each jurisdiction in which the Company does business. Copies of such returns or pertinent information therefrom shall be furnished to the Members within a reasonable time after the end of the Company's fiscal year. All elections permitted to be made by the Company under any federal state or local tax laws shall be made by the Manager as it shall deem to be in the best interests of the Company, provided that the Manager shall in all events make any tax election which has been approved by the Members.

9.6 Tax Matters Member. If required under the Code, Nautilus shall be the 'tax matters partner" of the Company, as defined in the Code, and shall be indemnified and held harmless by the Company for acting in such capacity to the maximum extent permitted under the Act.

ARTICLE 10

TRANSFER OF MEMBERSHIP INTERESTS

10.1 Prohibition Against Transfer. No Transfer of all or any portion of a Membership Interest in the Company, whether by sale, gift, bequest, legacy, devise, descent, assignment or otherwise, including Transfers by operation of law and Transfers by reason of levy, sequestration, foreclosure, execution, bankruptcy or otherwise, and whether made voluntarily, shall be valid or effective unless made in accordance with the provisions of this Agreement. Notwithstanding any provision of this Article 10, any Member may transfer all or a portion of its Membership Interest to a parent or wholly-owned subsidiary without the consent of any Member, free from the terms and conditions of this Article 10 and any such transferee shall be admitted as a Member of the Company ("Permitted Affiliate Transfer").

10.2 Transfers to Non-Members. No Member may Transfer any part of such Member's interest in the Company to a person or entity that is not a Member immediately prior to the Transfer and have the transferee admitted as a substituted Member in respect of such interest without the prior approval of the disinterested Members holding more than fifty percent of the Membership Interests held by such Members. No additional Member shall be admitted to the Company except with the prior approval of the Members.

10.3 Conditions to Transfers. All Transfers of Membership Interests must comply with all the following terms and conditions (the "Transfer Conditions"):

(a) except in the case of a Transfer resulting from an Involuntary Transfer (as such term is hereinafter defined in Section 13.1), upon the request of the Company, the transferor, at transferor's expense, shall furnish to the Company and opinion of counsel, which counsel and opinion shall be satisfactory to the Company, that the Transfer will not cause the Company to terminate for federal income tax purposes pursuant to Section 708 of the Code;

(b) the transferor and transferee shall furnish the Company with the transferee's taxpayer identification number and sufficient information to determine the transferee's initial tax basis in the Membership Interest transferred;

(c) the transferor and the transferee comply with the terms of this Agreement relating to Securities Laws; and

(d) except in the case of a Transfer of a Membership Interest resulting from an Involuntary Transfer (as such term is hereinafter defined in Section 13.1) either: (i) such Membership Interest shall be registered under any applicable Securities Laws; or (ii) the transferor shall provide an opinion of counsel, which opinion and counsel shall be satisfactory to the Company, to the effect that such Transfer is exempt from all applicable registration requirements and that such Transfer will not violate any applicable laws regulating the Transfer of securities.

In no event shall all or any part of an Interest in the Company be transferred to a minor or an incompetent. Notwithstanding the satisfaction of the Transfer Conditions, a transferee shall not be admitted as a Substituted Member unless all of the conditions to such admission as set forth in this Agreement are also satisfied.

10.4 Prohibited Transfers. Any purported Transfer of Membership Interest that is in contravention of any of the provisions of this Agreement or does not satisfy all of the Transfer Conditions shall be null and void and of no effect whatever; provided, however, that, if the Company is required to recognize a Transfer that does not comply with the Transfer Conditions or if the Company in its sole discretion elects to recognize a Transfer that does not comply with the Transfer Conditions, the transferee shall be an Economic Interest Owner and not a Member. The parties engaging or attempting to engage in a Transfer or attempted Transfer of an Interest that does not comply with this Agreement, including, but not limited to, the Transfer Conditions, shall indemnify and hold harmless the Company and the other Members from all cost, liability, and damage, that any of such parties may incur (including, without limitation, incremental tax liability and reasonable attorney fees and expenses) as a result of such Transfer or attempted Transfer and efforts to enforce the indemnity granted hereby.

10.5 Admission of Transferees as Members. Subject to the other provisions of this Article, a transferee of a Membership Interest may be admitted to the Company as a Substituted Member only upon satisfaction of all of the following conditions:

(a) Members holding more than fifty percent of the Membership Interests in the Company held by the disinterested Members approve to such admission;

(b) The Membership Interest with respect to which the transferee is being admitted was acquired by means of a Transfer which satisfied the Transfer Conditions;

(c) The transferee becomes a party to this Agreement as a Member and executes such documents and instruments as the Manager may reasonably request as necessary or appropriate to confirm such transferee as a Member in the Company and such transferee's agreement to be bound by the terms and conditions of this Agreement; and

(d) The transferee pays or reimburses the Company for all legal, filing, and publication costs that the Company incurs in connection with the admission of the transferee as a Member.

Upon the admission of the Substituted Member, the records of the Company shall be amended to reflect the name and address of such Substituted Member and to eliminate the name and address of the transferor Member.

10.6 Complete Assignment by Member. Any Member who shall assign all its Interest in the Company shall cease to be a Member of the Company, and shall no longer have any rights or privileges of a Member; provided that, unless and until the transferee of such Member is admitted to the Company as a Substituted Member in accordance with this Agreement, the assigning Member (a) shall retain the statutory rights and be subject to the statutory obligations of a transferring Member under the Act, and (b) shall continue to be liable for all of his obligations hereunder, including the obligation to make contributions to the Company which were required under this Agreement as of the date of the Transfer.

10.7 Distributions and Allocations. If any Interest is Transferred during any accounting period in compliance with the provisions of this Agreement, Profits, Losses and each item thereof, and all other items attributable to such Interest for such period shall be divided and allocated between the transferor and the transferee by taking into account their varying interests during the period, using any conventions permitted by law and selected by the Manager. All distributions on a before the date of such Transfer shall be made to the transferor, and all distributions thereafter shall be made to the transferee. Neither the Company nor the Manager shall incur any liability for making allocations and distributions in accordance with the provisions of this Section, whether or not the Manager, Member or the Company has knowledge of any Transfer of ownership or any interest.

10.8 Representations. Each Member now or hereafter acquiring a Membership Interest hereby covenants and agrees with the Company for the benefit of the Company and all Members that (a) he is not currently making a market in Membership Interests and will not in the future make a market in Membership Interests; and (b) he will not Transfer any Membership Interest on an established securities market or a secondary market (or the substantial equivalent thereof) within the meaning of Code Section 7704(b) (and any

regulations, proposed regulations, revenue rulings, or other official pronouncements of the Internal Revenue Service or Treasury Department that may be promulgated or published thereunder). Each Member further agrees that he will not Transfer any Membership Interest to any Person unless such Person agrees in writing to be bound by this Section and to Transfer such Membership Interest only to Parties who agree in writing to be similarly bound.

10.9 Transfer by White Bear and the Fund. The Company and each Member hereby consents to (i) the Transfer by White Bear and the Fund to Magellan Petroleum Corporation or its Affiliate ("MPC") of up to all of the Membership Interest held by White Bear and the Fund and (ii) the admission of MPC as a Member of the Company. Further, and without limitation of the foregoing, the Member and the Company irrevocably waive any right of first refusal under this Agreement with respect to the transfer of any Membership Interest by the fund or White Bear to MPC.

ARTICLE 11

RIGHT OF FIRST REFUSAL

11.1 Third Party Offer. Except as provided in the last sentence of Section 10.1, a Member (the "Selling Member") may transfer all or any portion of his Membership Interest to a third party only if (a) the Transfer is pursuant to a bona fide written offer to purchase ("Third Party Offer") from a third party, (b) the purchase price is to be paid in all cash or part cash and the remainder by a promissory note secured by the applicable Economic Interest, and (c) such portion of the Selling Member's Membership Interest is first offered to the Company and the other Members on the terms and conditions set forth in this Article.

11.2 Offer to the Company. If the Selling Member desires to accept such a Third Party Offer, the Selling Member shall first make a written offer (the "Offer") to sell its Membership Interest to the Company on the same terms and conditions on which the Selling Member proposes to Transfer its Membership Interest, which Offer shall be accompanied by a copy of the Third Party Offer, which will state the name of the proposed transferee (the "Transferee") and all of the terms and conditions of the proposed Transfer, including the price stated in dollars, to be paid by the Transferee and the manner of payment.

11.3 Option to Purchase. The Company shall have the right for a period of thirty days after receipt of the Offer to elect to purchase all, but not less than all, of the Membership Interest so offered by the Selling Member by giving written notice of this election to the Selling Member. In order for the Company to elect to purchase the Selling Member's Membership Interest, disinterested Members holding more then fifty percent of the Membership Interests of such disinterested Members must approve the purchase. In such event, the purchase shall be closed and payment made on the same terms and conditions as set forth in the Offer. If the Company declines to purchase the Selling Member's Membership Interest, the Selling Member shall be obligated to make the same Offer to the remaining Members in accordance with the terms and provisions of Section 11.2 of this Agreement. The remaining Members shall have the right for a period of thirty days after receipt of the Offer to elect to purchase all, but not less than all, of the Membership Interests so offered by the Selling Member by giving written notice of such election to the Selling Member. In such event, the purchase shall be closed and payment made on the same terms and conditions as set forth in the Offer. Unless otherwise

agreed, if more than one remaining Member elects to purchase, the remaining Members so electing shall purchase the Selling Member's Membership Interest in proportion to their respective Sharing Ratios.

11.4 Right to Sell. If the Company and the remaining Members do not elect to purchase all of the Selling Member's Membership Interest offered, then they shall be deemed to have elected to purchase none of the Membership Interest, and the Selling Member may Transfer its Membership Interest to the Transferee on the same terms and conditions as set forth in the Third Party Offer (except for immaterial changes to the Offer which are no more favorable to the Transferee than the terms set forth in the Offer). Any Transfer made to a Transferee shall not be effective unless it also compiles with all of the other terms of this Agreement relating to the Transfer of Membership Interests, and the Transferee shall not become a Substituted Member unless so admitted pursuant to the terms of this Agreement. If the Transfer to the Transferee is not made within sixty days after the remaining Members' right to purchase has terminated, and the Selling Member desires to Transfer its Membership Interest, such Transfer shall be made only after again complying with the terms of this Article.

11.5 Permitted Affiliate Transfer. Any Permitted Affiliate Transfer shall not be subject to the terms of this Article 11.

ARTICLE 12

TRANSFERS OF ECONOMIC INTEREST

12.1 Restriction on Transfers - -Generally. Economic Interest Owners shall be subject to the same restrictions and conditions with respect to the Transfer of the Economic Interests as are applicable to Members intending to Transfer Membership Interests. All Transfers of Economic Interests must comply with all of the Transfer Conditions, and any purported Transfer of an Economic Interest that is in contravention of any of the provision of this Agreement or does not satisfy all of the Transfer Conditions shall be null and void and of no effect whatsoever.

12.2 Third Party Offer. An Economic Interest Owner (the "Selling Owner") may Transfer all or any portion of his Economic Interest to a third party only if: (a) the transfer is pursuant to a bon fide written offer to purchase ("Bona Fide Offer") from a third party, (b) the purchase price is to be paid in all cash or part cash and the remainder by a promissory note secured by the applicable Economic Interest, and (c) such portion of the Selling Owner's Economic Interest is first offered to the Company and the other Members on the terms and conditions set forth in this Article.

12.3 Offer to the Company. If the Selling Owner desires to accept such a Bona Fide Offer, the Selling Owner shall first make a written offer (the "Written Offer") to sell its Economic Interest to the Company on the same terms and conditions on which the Selling Owner proposes to Transfer its Economic Interest, which Written Offer shall be accompanied by a copy of the Bona Fide Offer which will state the name of the proposed transferee (the "Economic Interest Transferee") and all of the terms and conditions of the proposed Transfer, including the price, stated in dollars to be paid by the Economic Interest Transferee and the manner of payment.

12.4 Option to Purchase. The Company shall have the right for a period of thirty days after receipt of the Written Offer to elect to purchase all, but not less than all, of the Economic Interest so offered by the Selling Owner by giving written notice of this election to the Selling Owner. In order for the Company to elect to purchase the Selling Member's Economic Interest, disinterested Members holding more then fifty percent of the Membership Interests of such disinterested Members taken as a whole must consent to the purchase. In such event, the purchase shall be closed and payment made on the same terms and conditions as set forth in the Written Offer. If the Company declines to purchase the Selling Member's Economic Interest, the Selling Owner shall be obligated to make the same Offer to the remaining Members in accordance with the terms and provisions of Section 12.3 of this Agreement. The remaining Members shall have the right for a period of thirty days after receipt of the Offer to elect to purchase all, but not less than all, of the Economic Interests so offered by the Selling Owner by giving written notice of this election to the Selling Owner. In such event, the purchase shall be closed and payment made on the same terms and conditions as set forth in the Written Offer. Unless otherwise agreed, if more than on Member elects to purchase, the Members so electing shall purchase the Economic Interest so offered in proportion to their respective Sharing Ratios.

12.5 Right to Sell. If the Company and the remaining Members do not elect to purchase all of the Selling Owner's Economic Interest, then they shall be deemed to have elected to purchase none of the Economic Interest, and the Selling Owner may Transfer its Economic Interest to the Economic Interest Transferee on the same terms and conditions as set forth in the Third Party Offer (except for immaterial changes to the Offer which are no more favorable to the Transferee than the terms set forth in the Offer). Any Transfer made to an Economic Interest Transferee shall not be effective unless it also complies with all the other terms of this Agreement relating to the Transfer of Economic Interests. If the Transfer to the Economic Interest Transferee is not made within sixty days after the remaining Members' right to purchase has terminated, and the Selling Owner desires to Transfer its Economic Interest, such Economic Transfer shall be made only after again complying with the terms of this Article.

ARTICLE 13

DEATH, DISSOLUTION OR BANKRUPTCY

13.1 Involuntary Transfer Event. Upon the death, legal incapacity, bankruptcy, dissolution of marriage or dissolution of a Member (the "Transferring Member") which results in any of the interest of the Transferring Member being Transferred (hereinafter referred to as an "Involuntary Transfer"), the legal representatives or other successor to such Transferring Member shall have the same status as an assignee of the Member who is not a Member unless and until the Members shall permit such legal representative or other successor to become a Substituted Member on the same terms and conditions as herein provided for assignees generally. The date an Involuntary Transfer occurs is referred to herein as the "Transfer Date." A natural person shall be deemed to be incapacitated if it is judicially determined that the Person is under a legal disability by reason of incapacity, insanity or incompetence. The occurrence of an involuntary Transfer relating to a Member shall not dissolve the Company. The dissolution of the marriage of a Member will be an Involuntary Transfer only if the former spouse of the Member is awarded or otherwise obtains any Interest in the Company.

13.2 Mandatory Sale. Upon the occurrence of an Involuntary Transfer relating to any Transferring Member, or upon the termination of a party's status as the Manager, the Company and then the other Members (the "Remaining Members") shall have the option, but not the obligation, to purchase all or any portion of the Interest of the Transferring Member or the Manager on the terms and conditions set forth in this Article. The term Transferring Member shall include the legal representative of the estate of a deceased Member and any other successor to a Transferring Member. If the Company declines to purchase all or a portion of the Transferring Member's or Manager's Interest, the Remaining Members shall have the right for a period of thirty days from the date of the Company's election not to purchase to elect to purchase all or such portion of the Interest of the Transferring Member or the Manager by giving written notice of such election to the Transferring Member or the Manager. Unless otherwise agreed, if more than one Remaining Member elects to purchase, the Remaining Members so electing shall purchase the Transferring Member's or the Manager's Interest in proportion to their respective Sharing Ratios.

13.3 Purchase Price. The purchase price for the Interest of the Transferring Member or the Manager (the "Purchase Price") shall be equal to the fair market value of the Company's assets owned by, and attributable to, the Membership Interest of the Transferring Member or the Manager as of the end of the fiscal quarter of the Company immediately preceding the Transfer Date. The fair market value of the Company's assets shall be determined in accordance with the following procedures: (i) proved developed producing oil and gas reserves shall be valued by an independent engineering firm selected by the Manager using the PV-10 methodology (future net revenues discounted to present value using a ten percent interest rate); (ii) proved undeveloped and proved developed non-producing oil and gas reserves shall be valued by the same independent engineering firm using the same methodology with the result thereon being then reduced by fifty percent; (iii) probable reserves shall not be assigned any value; and (iv) the remainder of the Company's assets, less liabilities, shall be valued at their respective book values. In determining the Purchase Price to be paid to the Transferring Member or the Manager the parties shall then apply to the foregoing amounts the Transferring Member's or the Manager's Sharing Ratio.

13.4 Payment of Purchase Price. The Purchase Price of the Member's or the Manager's Membership Interest under this Article XIII shall be paid, commencing thirty days following the determination of the Purchase Price, in equal quarterly installments of principal and interest (using the Prime Rate determined at the time of purchase) over a period of five years.

13.5 Actions at Closing. At the closing of the purchase and sale of the Transferring Member's or the Manager's Interest which shall occur thirty days after the determination of the Purchase Price, (a) the Transferring Member or the Manager shall execute an assignment of such interest free and clear of all items and encumbrances, and (b) the Company or the Remaining Members, as applicable, shall execute a note payable to the Transferring Member or the Manager evidencing the obligation to pay the Purchase Price. The obligation to pay the Purchase Price shall be secured by a security interest granted in the purchased Membership Interest. The parties shall execute a security agreement and financing statement and take such other actions as may be necessary to perfect such security interest.

13.6 Company Decisions. All decisions on behalf of the Company under this Article shall be made by the holders of more than fifty percent of the Membership Interests held by the disinterested Members.

ARTICLE 14

COMPLIANCE WITH SECURITIES LAWS

14.1 No Registration. Each Interest Owner understands that the Interests evidenced by this Agreement have not been registered under the Securities Laws because the Company is issuing these Interests in reliance upon exemption from the registration requirements of the Securities Laws providing for issuance of securities not involving a public offering: the Company has relied upon the fact that the Interests are to be held by each Member and Economic Interest Owner for investment; and exemption from Securities Laws would not be available if the Interests were acquired by an Interest Owner with a view to distribution.

14.2 Investment Representation. Each Interest Owner hereby confirms to the Company that such Interest owner is acquiring the Interest for such own Interest Owner's account, for investment and not with a view to the resale or distribution thereof. Each Interest Owner agrees not to transfer, sell or offer for sale any portion of the Membership Interest or Economic Interest unless there is an effective registration or other qualification relating thereto under all applicable Securities Laws, or unless the Interest Owner delivers to the Company a legal opinion from a law firm, and in a form, reasonably acceptable to the Company stating that such registration or other qualification under the securities Laws is not required in connection with such transfer, offer or sale. Each Interest Owner understands that the Company is under no obligation to register the Interests or to assist such Interest Owner or any transferee in complying with any exemption from registration under Securities Laws if such Interest Owner should, at a later date, wish to dispose of the Membership Interest or any Economic Interest. Each Interest Owner acknowledges that the membership Interests and Economic Interests are unlikely to qualify for disposition under Rule 144 of the U.S. Securities and Exchange Commission unless such Interest Owner is not an "affiliate" of the Company and the Membership Interest or Economic Interest has been beneficially owned and paid for by such Interest Owner for at least three years.

14.3 Right to Review. Prior to acquiring an Interest in the Company, each Interest Owner shall confirm that it has made an investigation of the Company and its business and that there has been made available to it all information with respect to the Company and its business which such Interest Owner needed to make an informed decision to acquire the Interest and that it considers itself to be a Person possessing experience and sophistication as an investor which are adequate for the evaluation of the merits and risks of such Interest Owner's investment in the Interest.

14.4 Confirmation. By executing this Agreement, each of the original Members confirms its understanding and agreement as to the terms of this Article with respect to its Membership Interest. By agreeing to be bound by this Agreement, any Person acquiring any Interest in the Company shall be deemed to have confirmed it understanding and agreement to be bound by all of the terms of this Article with respect to the Interest being acquired.

ARTICLE 15

RESIGNATION, CONTINUATION AND DISSOLUTION

15.1 Dissolution. The Company shall be dissolved upon the occurrence of any of the following events:

(a) The Approval of the Members; or

(b) The sale of all of the assets of the Company with the Approval of the Members, provided that if the Company receives any deferred or non-cash consideration in conjunction with such sale, the Company shall not be dissolved until the Manager determines that the continued existence of the Company is no longer necessary to collect or hold such deferred non-cash consideration.

15.2 Dissolution. Upon the dissolution of the Company, the Members shall proceed to. wind up the Company's affairs within a reasonable time and shall file a statement of intent to dissolve and articles of dissolution as required by the Act. All the provisions of this Agreement shall continue to apply throughout the dissolution process. Nothing herein is intended to limit the rights or remedies of the Company or other Members against any Member wrongfully dissolving or attempting to dissolve the Company.

15.3 Winding Up and Distribution of Assets. Upon dissolution, the Company shall make an accounting of the accounts of the Company and the Company's assets, liabilities and operations through the date of dissolution, and the Manager shall immediately proceed to wind up the affairs of the Company. If deemed necessary by Members holding more than fifty percent of the Membership Interests, the accounting will be undertaken by the Company's independent accountants. Throughout the dissolution process, all of the provisions of this Agreement shall continue to apply, except as limited by the Act. If the Company is dissolved and its affairs are to be wound up, the Manager shall sell or otherwise liquidate all of the Company's assets as promptly as practicable (except to the extent the Manager may determine to distribute any assets to the Members in kind), allocate any Profit or Loss resulting from such sales to the Capital Accounts of the Members and Economic Interest Owners, as provided in this Agreement, and distribute the remaining assets of the Company in the following priority:

(a) First, to creditors, including Members and Economic Interest Owners who are creditors, to the extent otherwise permitted by law, in satisfaction of liabilities of the Company other than liabilities to Members and Economic Interest Owners for distributions;

(b) Second, establish such Reserves as may be necessary to provide for liabilities or contingent liabilities of the Company (for purposes of determining the Capital Accounts of the Members and Economic Interest Owners, the amounts of such Reserve shall be deemed to be an expense of the Company); and

(c) Third, to the Members and Economic Interest Owners of the Company, first to the payments of any positive balances in their respective Capital Accounts, and any remaining amount, to the Members and Economic Interest Owners in proportion to their Sharing Interests.

The Company may offset damages for breach of this Agreement by a Member or Economic Interest Owner against the amount otherwise distributable to such Member or Economic Interest Owner. Any distributions to the Members or Economic Interest Owners in respect of their Capital Accounts shall be made in accordance with the time requirements set forth in Section 1.704-1(B)(2)(ii)(b)(2) of the Treasury Regulations. During the winding up, liquidation and distribution of the assets, the Manager shall at all times comply with the requirements of any applicable law pertaining to the winding up of the affairs of the Company and the final distribution of its assets.

15.4 Articles of Dissolution. When all the debts, liabilities and obligations of the Company have been paid or discharged or adequate provisions have been made therefore, and all the remaining property and assets have been distributed to the Members and Economic Interest Owners as applicable, the Company shall be deemed terminated and articles of dissolution shall be executed and filed with the Montana Secretary of State in accordance with the Act.

15.5 Certificate of Dissolution. Upon the issuance of the certificate of dissolution, the existence of the Company shall cease, except for the purposes of suits, other proceedings and appropriate action as provided in the Act. The Manager shall have authority to distribute any Company property discovered after dissolution, convey real estate and take such other action as may be necessary on behalf of and in the name of the Company as provided in the Act.

ARTICLE 16

ECONOMIC INTEREST OWNERS

16.1 Creation. An Economic Interest Owner is an Interest Owner who acquires his Interest in the Company through a Transfer whereby: (a) a Member transfers all or part of such Member's Interest in the Company and there is not an Approval of the Members for the transfer and the admission of the transferee as a Substituted Member; (b) the Company is required to recognize a Transfer that does not comply with the Transfer Conditions; (c) the Company, in its sole discretion, elects to recognize a Transfer that does not comply with the Transfer Conditions; (d) the Transfer is the Transfer of an Economic Interest; or (e) any other Transfer creates an Economic Interest as provided in this Agreement. Upon the Transfer of an Economic Interest separate and apart from a Membership Interest, all voting rights that were previously appurtenant to such Interest shall terminate.

16.2 Rights of Economic Interest Owner. An Economic Interest Owner shall be entitled only to receive the share of Profits or other compensation by way of income and the return of contributions to which the transferor Member under which the Economic Interest was created would otherwise have been entitled with respect to the interest transferred, and an Economic Interest Owner shall be allocated the share of Company income, gain, loss, deduction and credit that would otherwise be allocated to the transferor Member with respect to such interest. An Economic Interest Owner shall periodically receive reasonable amounts of information on the affairs of the Company; shall not be entitled to vote on Company matters; and shall not have any of the other rights of a Member under the Act or this Agreement.

16.3 Distributions. If there are any Economic Interest Owners in the Company, any provision of this Agreement for distributions to Members shall be deemed to mean distributions to Interest Owners in proportion to their respective Sharing Ratios.

16.4 Relation to Membership Interest. Each Economic Interest shall relate back to the original Membership Interest from which it was created for purposes of determining the rights and obligations of the Economic Interest Owner including, but not limited to: (a) liability to the Company for the return of the Capital Contribution of such Membership Interest as may be required under this Agreement; and (b) the right of the Company to satisfy the debts, obligations or liabilities for damages that the transferor or transferee of such Membership Interest may have to the Company including, but not limited to, the right to satisfy same through any allocations and distributions that would otherwise be made with respect to the Membership Interest.

16.5 Liability to the Company. An Economic Interest Owner who rightfully receives the return in whole or in part of a Capital Contribution, as defined in the Act, may be liable to the Company for the return of the contribution, but only to the extent now or hereafter provided by the Act.

ARTICLE 17

MISCELLANEOUS

17.1 Arbitration. Any unresolved dispute or controversy arising under or in connection with this Agreement, shall be resolved by binding arbitration administered by the Judicial Arbiter Group ("JAG") and, except as expressly provided in this Agreement, shall be conducted in accordance with the Commercial Arbitration Rules of the JAG, as such rules may be amended from time to time (the "Rules"). The hearing locale shall be Denver, Colorado. The arbitrator or arbitrators (the "Arbitrators") shall be selected according to the Rules. The Arbitrators' decision (the "Decision") shall be binding, and the prevailing party may enforce the Decision in any court of competent jurisdiction. The parties shall use their best efforts to cooperate with each other in causing the arbitration to be held in as efficient and expeditious a manner as practicable, including but not limited to providing such documents and making available such of their personnel as the Arbitrators may request, so that the Decision may be reached timely. The authority of the Arbitrators shall be limited to deciding liability for, and the proper amount of, a claim, and the Arbitrators shall have no authority to award punitive damages. The Arbitrators shall have such powers and establish such procedures as are provided for in the Rules, so long as such powers and procedures are consistent with this Agreement and are necessary to resolve the arbitrated dispute within the time periods specified in this Agreement. Notwithstanding the above, the Arbitrators shall award reasonable attorney fees and costs to the prevailing party. The Arbitrators shall render a Decision within thirty days after being appointed to serve as Arbitrator, unless the parties otherwise agree in writing or the Arbitrators make a finding that a party has carried the burden of showing good cause for a longer period, such as need to obtain necessary documentation and other reasonable discovery.

17.2 Modification. No modification or amendment to this Agreement shall be effective unless such modification or amendment shall be in writing and signed by all of the Members.

17.3 Benefit. Subject to the restrictions on transfer set forth herein, this Agreement shall be binding upon, and inure to the benefit of, the Members and Economic Interest Owners (if any), and their respective heirs, permitted assigns, executors, administrators, and successors.

17.4 Applicable Law. This Agreement shall be deemed to be made under, and shall be construed in accordance with, the laws of the State of Montana.

17.5 Waiver of Partition. Each of the Members hereby waives any right he may have to partition any property now held or hereafter acquired by the Members.

17.6 Execution in Counterparts. This Agreement may be executed in any number of counterparts with the same effect as if all parties had signed the same document. All counterparts shall be construed together and shall constitute one agreement.

17.7 Time of the Essence. Time is of the essence under this Agreement.

17.8 Severability. Should any of the provisions of this Agreement to any extent be held to be invalid or unenforceable, the remainder of this Agreement shall continue in full force and effect to the full extent possible.

17.9 Entire Agreement. This Agreement embodies the entire understanding and agreement among the parties relative to the matters contained herein, and supersedes all prior negotiations, understandings or agreements in regard thereto, whether written or oral.

17.10 Waiver. No provision of this Agreement may be waived, except by an agreement in writing signed by all of the parties hereto. A waiver of any term or provision shall not be construed as a waiver of any other term or provision.

17.11 Headings. The subject headings used in this Agreement are included for purposes of reference only, and shall not affect the construction or interpretation of any of its provisions.

17.12 Notices. All notices required or permitted by this Agreement shall be in writing and shall be given by personal delivery or sent to the address of the party set forth in this Agreement by registered or certified mail, postage prepaid, return receipt requested, or by reputable overnight courier, prepaid, receipt acknowledge. Notices shall be deemed received on the earlier of the date of actual receipt or, in the case of notice by mail or overnight courier, the date of receipt marked on the acknowledgement of receipt, rejection or refusal to accept or the inability to deliver because of change of address of which no notice was given shall be deemed to be received as of the date such notice was deposited in the mail or delivered to the courier. Any party may change its address to which notices should be sent to it by giving the Company and the Members written notice of the new address in the manner set forth in this paragraph.

17.13 Construction. Throughout this Agreement, the singular shall include the plural, the plural shall include the singular, and all genders shall be deemed to include other genders, wherever the context so requires.

17.14 Further Acts. Upon reasonable request from a party hereto, from time to time, each party shall execute and deliver such additional documents and instruments and take such other actions as may be reasonably necessary to give effect to the intents and purposes of this Agreement

17.15 Attorneys' Fees. In the event of any litigation or arbitration proceedings between the parties hereto concerning the subject matter of this Agreement, the prevailing party in such litigation or proceeding shall be awarded, in addition to the amount of any judgment or other award entered therein, the costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in the litigation or proceeding.

17.16 Authority. Each of the parties hereto represents to the other that such party has full power and authority to execute, deliver and perform this Agreement, and that the individuals executing this Agreement on behalf of the fully empowered and authorized to do so.

17.17 No Beneficiaries. No third parties (including but not limited to creditors of Members and Economic Interest Owners) are intended to benefit by the covenants, agreements, representations, warranties or any other terms or conditions of this Agreement.

17.18 References to Laws, Rules and Regulations. All references in this Agreement to laws, statutes, rules, regulations, ordinances and other promulgations of governmental authorities shall refer to those in effect as of the date of this Agreement or corresponding provisions of such promulgations.

17.19 Remedies. All rights and remedies set forth in this Agreement are intended to be cumulative and not exclusive.

(Remainder of page left intentionally blank)

THIS AGREEMENT is executed effective as of the day and year first above written.

MEMBERS:

Nautilus Technical Group, LLC

By: /s/ Roland E. Blauer
Name: Roland E. Blauer
Title: Manager

White Bear, LLC

By: /s/ Nikolay V. Bogachev
Name: Nikolay V. Bogachev
Title: Owner

Eastern Rider, LLC

By: /s/ J. Thomas Wilson
Name: J. Thomas Wilson
Title: member - manager

YEP I, SICAV-FIS

By: /s/ P. Hansen
Name: P. Hansen
Title: Director

By: /s/ P. Kaufmann
Name: P. Kauffman
Title: Director

Exhibit 10.2

FIRST AMENDMENT
TO
REGISTRATION RIGHTS AGREEMENT

This FIRST AMENDMENT TO REGISTRATION RIGHTS AGREEMENT (this "**Amendment**") is made and entered into this 14th day of October, 2009, by and among Magellan Petroleum Corporation, a Delaware corporation (the "**Company**"), Young Energy Prize S.A., a Luxembourg corporation ("**YEP**"), and YEP I, SICAV-FIS, a Luxembourg entity (**"Fund"**). This Amendment amends the Registration Rights Agreement dated as of July 9, 2009 (the "**Registration Rights Agreement**") between the Company and YEP. Capitalized terms used but not otherwise defined in this Amendment shall have the meanings given to such terms in the Registration Rights Agreement. The Company, YEP, and Fund are collectively the **"Parties"** hereunder, and each of them individually is a **"Party."**

WHEREAS, pursuant to the Registration Rights Agreement, YEP has the right to require the Company, upon notice and in compliance with the terms and conditions set forth in the Registration Rights Agreement, to prepare and file with the SEC a Registration Statement covering the Registrable Securities;

WHEREAS, the Company and Fund are parties to that certain Purchase and Sale Agreement dated October 14, 2009 (the **"NP Purchase Agreement"**), pursuant to which the Company shall issue shares of its Common Stock to Fund as partial consideration for its purchase of a membership interest in Nautilus Poplar LLC;

WHEREAS, Fund is an affiliate of YEP;

WHEREAS, the Parties desire to amend the Registration Rights Agreement as set forth herein, including, without limitation, to (i) add Fund as a party thereto, (ii) include the shares of the Company's Common Stock issuable to Fund pursuant to the NP Purchase Agreement as Registrable Securities; and (iii) set certain limitations on the number of Registration Statements that the Company shall be obligated to file and the Effectiveness Period of each such Registration Statement.

WHEREAS, Section 7(a) of the Registration Rights Agreement provides that the Registration Rights Agreement may be amended only by a writing signed by the Company and YEP.

NOW, THEREFORE, in consideration of the mutual covenants, agreements and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties hereby agree as follows:

1. Amendment of Registration Rights Agreement.

(a) The following defined terms shall be added to Section 1 of the Registration Rights Agreement:

"**NP Purchase Agreement**" means that certain Purchase and Sale Agreement dated October 14, 2009 among White Bear LLC, a Montana limited liability company, YEP I, SICAV-FIS, a Luxembourg entity (**"Fund"**), and the Company.

(b) The definition of "Shares" in Section 1 of the Registration Rights Agreement shall be amended to read in its entirety as follows:

"Shares" shall mean (i) the shares of Common Stock issued to the Investor at the Closing pursuant to the Purchase Agreement, and (ii) the shares of Common Stock issued to Fund pursuant to the NP Purchase Agreement.

(c) The following sentence shall be added at the end of Section 2(a):

"Notwithstanding anything else to the contrary herein, the holders of a majority of the Registrable Securities shall only have the right to require the Company to file, and the Company shall only be obligated to file, three (3) Registration Statements pursuant to this Section 2(a)."

(d) Section 3(a) shall be deleted in its entirety and replaced as follows:

"use commercially reasonable efforts to cause the Registration Statement to become effective after 4:00 E.S.T. (the date the Registration Statement is declared effective shall be referred to as the **"Effective Date"**) and to remain continuously effective for a period that will terminate upon the earlier of (i) the date on which all Registrable Securities covered by such Registration Statement, as amended from time to time, have been sold, (ii) the date on which all Registrable Securities covered

by such Registration Statement may be sold without restriction pursuant to Rule 144, or (iii) six (6) months following the Effective Date (the **"Effectiveness Period"**), and advise the Investors in writing when the Effectiveness Period has expired."

(e) The following shall be added to the end of Section 6(a):

"or (iv) the failure by the Investor to independently comply with any applicable law or regulation or to take any other action required of a seller of securities by a party in the position of the Investor (including any obligations of an underwriter if the Investor is deemed to be acting as an underwriter)."

(f) The following provisions shall be deleted from Exhibit A ("Plan of Distribution"):

(i) From Paragraph 2:

"short sales effected after the date the registration statement of which this Prospectus is a part declared effective the SEC;"

(ii) From Paragraph 4:

"which may in turn engage in short sales of the common stock in the course of hedging positions they assume. The selling Stockholders may also sell shares of our common stock short and deliver these securities to close out their short positions, or loan or pledge the common stock to broker-dealers that in turn may sell these securities."

(g) The following shall be added to the end of the last Paragraph in Exhibit A ("Plan of Distribution"):

"or (3) six (6) months following the effective date of the registration statement."

2. Joinder Agreement of Fund. Fund hereby agrees, effective as of the date of this Amendment, to become a party to the Registration Rights Agreement, as the same is amended by this Amendment, and to be bound by all of the terms and conditions thereunder, which, pursuant to Section 7(d) of the Registration Rights Agreement, shall inure to the benefit of and be binding upon the permitted successors and assigns of Fund. The Parties acknowledge and agree that, for all purposes under the Registration Rights Agreement, Fund shall be included within the term "Investor." YEP and Fund shall exercise the rights of the Investor under the Registration Rights Agreement in such manner as the holders of a majority in interest of the Registrable Securities shall agree.

3. Effect of this Amendment. Except as specifically amended as set forth herein, each term and condition of the Registration Rights Agreement shall continue in full force and effect.

4. Counterparts; Facsimile Signatures. This Amendment may be executed or consented to in counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument. This Amendment may be executed and delivered by facsimile or electronically and, upon such delivery, the facsimile or electronically transmitted signature will be deemed to have the same effect as if the original signature had been delivered to the other party.

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The parties have caused this Amendment to be duly executed and delivered by their proper and duly authorized officers as of the date and year first written above.

MAGELLAN PETROLEUM CORPORATION

By: /s/ William H. Hastings
Name: William H. Hastings
Title: President and Chief Executive Officer

YOUNG ENERGY PRIZE S.A.

By: /s/ Nikolay V. Bogachev
Name: Nikolay V. Bogachev
Title: President and CEO

YEP I, SICAV-FIS

By: /s/ P. Hansen
Name: P. Hansen
Title: Director

By: /s/ P. Kaufmann
Name: P. Kauffman
Title: Director

Exhibit 10.3

AGREEMENT

This Agreement is made this 14th day of October among Magellan Petroleum Corporation ("MPC"), Nikolay V. Bogachev ("NVB"), Eastern Rider LLC ("ER") and Nautilus Technical Group, LLC ("NT"). All of the foregoing are hereinafter referred to as the "Parties".

1. Recital. MPC is purchasing interests in Nautilus Poplar LLC ("NP") from White Bear LLC and YEP I, SICAV-FIS, two entities controlled by NVB ("Transaction"). Upon completion of the Transaction, MPC will be the majority owner of NP and ER and NT will be the other members of NP. The Parties wish to set forth matters on which they intend to (i) work in good faith to reach agreement and (ii) discuss, respectively, within the 45 day period following the closing of the Transaction ("Period").

2. Post Closing Obligations. Subsequent to the closing of the Transaction, and within the Period, MPC, NT and ER agree to (i) secure the release of NVB from any liability for the indebtedness of NP to Jonah Bank; and (ii) amend the Operating Agreement of NT to provide for the right of ER and NT to tag along with MPC upon a sale of a majority of the voting interest in NP and the right of MPC to drag along ER and NT in connection with any sale by MPC of its interest in NP; and (iii) meet, together with NVB, to discuss the general nature and timing of five wells to be drilled by NP within the four years following the closing of the Transaction, with recognition of all Parties that MPC, as the holder of a majority interest in NP, has the right to control the program for such drilling by NP and the timing of such drilling given the prevailing circumstances from time to time affecting the property and business of NP.

3. Meeting of NP Members. Within the Period, MPC, ER and NT shall meet as the Members of NP for a meeting of Members as contemplated under the terms of the NP Operating Agreement to discuss (i) the anticipated terms of funding new drilling projects for NP and subsequent capital contributions required to be contributed to NP to fund such projects; (ii) the continued role at NP of the current employees of NP, as well as possible structure of employment (or engagement, as independent contractors) of such NP

employees by MPC for MPC projects, as well as by others for other projects, that are not related to the NP business; (iii) the interest of NP or its members in acquiring the 1.25% interest in the Poplar field held by Phoenix Oil & Gas LLC, which interest lies within the so-called "Area of Interest" under NP's Operating Agreement, (iv) the possible right of ER and NT under certain circumstances to sell their interests in NP to MPC, and (v) such other matters as any of MPC, NT or ER may seek to discuss at such meeting.

4. Miscellaneous. This Agreement shall be governed by the laws of Colorado and may be executed in counterparts by facsimile or electronically.

NIKOLAY V. BOGACHEV

By: /s/ Nikolay V. Bogachev

EASTERN RIDER, LLC

By: /s/ J. Thomas Wilson
Manager

NAUTILUS TECHNICAL GROUP, LLC

By: /s/ Roland E. Blauer
Manager

MAGELLAN PETROLEUM CORPORATION

By: /s/ William H. Hastings
Name: William H. Hastings
Title: President and CEO

Exhibit 99.1

MAGELLAN PETROLEUM CORPORATION
OUTLINES MONTANA OIL ACQUISITION AND
COMMERCIAL UPDATE

PORTLAND, Maine, October 16, 2009 — Magellan Petroleum Corporation (NASDAQ: MPET) (ASX: MGN) has completed a Montana oil acquisition and provides commercial updates on Australian and European activities.

The Company has acquired an 83.5% controlling interest in Nautilus Poplar, LLC (Nautilus). Nautilus, based in Denver, Colorado, owns and operates oil development assets in Roosevelt County, Montana known as the East Poplar Unit and the Northwest Poplar field. The Company paid gross $10.9 million for this controlling interest with a cash payment totaling approximately $7.3 million, with the issuance of 1.7 million new shares of Company stock valued at $1.40 per share, and with an adjustment for $1.2 million of net debt. The controlling interest in Nautilus is from White Bear LLC and YEP I, SICAV- FIS, entities affiliated with Nicolay Bogachev and Thomas Wilson, two Directors of the Company.

Based on Proven Developed Reserves of 1.6 million barrels (net ownership interest), the acquisition price is approximately $6.81 per barrel.

The transaction is Magellan's first entry into the domestic US oil market. This market is stable with oil prices heading up. Nautilus holds a 68.75% interest in the East Poplar Unit and varied interests ranging from 60% to 75% in the Northwest Poplar Oil Field. The two fields, with 23,000 combined licensed acres, have between 700 and 800 million barrels of oil in-place with 52 million barrels recovered to-date (largely from just one horizon) or approximately 7% of in-place reserves. Typical recovery factors in other fields with like characteristics are 20 to 30% Magellan (through Nautilus) will embark on an active development program utilizing both secondary infill and tertiary programs shown to be successful and productive in adjacent, similar fields in both the US and in nearby Canada. Although certain contingencies must materialize, attractive upside potential is seen in the three producing oil horizons in the Mississippian Charles formation, up to 23,000 acres of Bakken shale, and both shallow and deep gas plays.

Magellan's President and Chief Executive Officer, William H. Hastings said, "Our entry into North America is a fairly substantive one. We gain a highly-regarded technical staff and a key development position. The two fields purchased were first discovered in the early 1950s and have unrecovered oil reserves. Our neighbors there have had strong success with Tertiary development programs – we aim to establish a Pilot Program to determine the viability of those strategies at Poplar Dome and to drill infill sites in the fields."

Separately, Magellan activities in Australia continue to yield encouraging results.

- Mereenie gas sales remain at between 25 and 42 TJ/d (Terajoules per day) under the new contract regime – yielding higher market prices than in past years. We have been advised that flows need to continue but we remain subject to the risk that Blacktip, if and when ready to flow, will affect our volumes sometime in 2010. Magellan is also working with the Operator of Mereenie to consolidate operations in the Amadeus Basin and develop the remaining oil ring on the west end of Mereenie – which has largely been undrilled — as well as undertake incremental oil production operations using excess gas (if any) on the main production area in the east end of the field.
- We continue to work actively on material gas supply strategies for the Methanol Heads of Agreement announced earlier. That investment is expected to take place in the 2nd or 3rd fiscal quarter subject to reaching acceptable terms and gaining necessary approvals.
- Magellan has completed an opportunistic investment in an undervalued energy company listed on the ASX market. The investment has yielded a capital gain on those shares which will accrue in both the first and second fiscal quarters.
- Magellan has completed the first round of bidding to sell its Cooper Basin operations (now considered non-core) and will begin earnest secondary work with potential buyers this month targeting a series of potential sales transactions.

In the United Kingdom, the drilling pad for Markwells Wood 1 is complete and work is to proceed on the drilling pad for Havant 1. The Operator has a rig scheduled for the first well, Markwells Wood 1 – and we continue to expect this well to spud in the 1 st calendar quarter of 2010.

Magellan will move into new corporate offices in Portland, Maine in mid – November, 2009. Our business address as of that time will be:

Magellan Petroleum Corporation
7 Custom House Street, 3rd Floor
Portland, Maine 04101

Future discussions and updates, including the Company's plan for its 2009 Annual Meeting of Shareholders, are slated to be augmented through simultaneous Webcasts.

The Company will file with the SEC a current report on Form 8-K which will include as exhibits copies of the securities purchase agreement and related agreements and will thereafter file an amendment to the Form 8-K to include the historical financial statements of Nautilus.

* * * * * *

For further information, please contact:

William H. Hastings, President and CEO of Magellan, +1 207 776-5616
Daniel J. Samela, Chief Financial Officer of Magellan, at +1 860 293-2006

Forward- Looking Statements

Statements in this press release which are not historical in nature are intended to be, and are hereby identified as, forward looking statements for purposes of the “Safe Harbor” Statement under the Private Securities Litigation Reform Act of 1995. The Company cautions readers that forward looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those indicated in the forward looking statements. Among these risks and uncertainties are pricing and production levels from the properties in which the Company has interests and the extent of the recoverable reserves at those properties. In addition, the Company has a large number of exploration permits and faces the risk that any wells drilled may fail to encounter hydrocarbons in commercially recoverable quantities. The Company undertakes no obligation to update or revise forward-looking statements, whether as a result of new information, future events, or otherwise.