

**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): February 12, 2010 (February 10, 2010)

Magellan Petroleum Corporation

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

1-5507

(Commission File Number)

06-0842255

(IRS Employer Identification No.)

7 Custom House Street, 3rd Floor, Portland, ME

(Address of Principal Executive Offices)

04101

(Zip Code)

207-619-8500

(Registrant's Telephone Number, Including Area Code)

(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 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers***Appointment of New Chief Financial Officer and Treasurer***

On February 10, 2010, the Board of Directors (the “Board”) of Magellan Petroleum Corporation (the “Company”) appointed William E. Begley, Jr. as the Company’s new Chief Financial Officer and Treasurer to serve an initial employment term of three (3) years. Under the terms of his employment, Mr. Begley will receive the cash and equity incentive compensation described below. He also will be entitled to certain employee and severance benefits.

Mr. Begley, 55, has more than 25 years of energy industry and finance experience, and began his career with British Petroleum (BP). Mr. Begley has also held senior positions in energy banking including Solomon, Inc. and was recently President of Stone & Webster Management Consulting, specializing in the design and development of major energy projects. As a leading energy advisor in Australia, Mr. Begley was instrumental in the development of the liberalized natural gas markets in Australia and Victoria specifically, with Gas & Fuel Victoria, and in the development of VENcorp, the natural gas trading and scheduling exchange in Australia. Mr. Begley also brings to Magellan a strong background in leading major capital energy projects including LNG, Methanol, and related petro-chemical and gas monetization projects, which will complement ongoing Company initiatives. In addition, Mr. Begley has also been involved in over \$100 billion in energy related mergers and acquisitions, initially with Solomon, Inc. and more recently on an independent basis through WEB Gruppe GmbH and will be active in those areas for Magellan. Mr. Begley’s graduate JD/MBA studies are in international business and energy law. Mr. Begley graduated in 1976 with a B.A. from St. Michaels’ College in Vermont. Mr. Begley currently resides in Houston, Texas but will relocate to Maine.

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

Employment Agreement

On February 10, 2010, the Company entered into an Employment Agreement (the “Employment Agreement”) with Mr. Begley under which he will serve as the Company’s new Chief Financial Officer and Treasurer, effective as of February 10, 2010.

The Employment Agreement provides for a three-year term of employment (the “Term”). The Company may give notice six months before the 3rd anniversary of such date of its intent to let the Agreement terminate, or to renew Mr. Begley’s employment with the Company for a duration and on terms and conditions to be negotiated by the parties at that time. Under the Employment Agreement, Mr. Begley will devote not less than 80% of his business time and

attention and best efforts to the affairs of the Company and its subsidiaries and his duties, and will permit Mr. Begley to engage in specified business activities with the approval of the Board of Directors (the "Board"). Mr. Begley has agreed to customary confidentiality, cooperation, non-solicitation, non-competition, non-disparagement and related requirements.

Mr. Begley will be paid an annual salary of \$200,000 for the calendar year 2010 and an annual salary of \$250,000 for the calendar year 2011, subject to annual increases based on a measurement of inflation. Mr. Begley will receive an initial \$50,000 sign-on bonus, and may be entitled to receive any bonuses awarded in the future by the Board's Compensation Committee. Mr. Begley will be entitled to reimbursement of relocation expenses and reimbursement of his business expenses while performing services for the Company.

The Agreement confirms the award to Mr. Begley of an aggregate of 800,000 non-qualified stock options under the Company's 1998 Stock Incentive Plan, as described under "Award of Stock Options" below. Future awards of equity to Mr. Begley may be made under the Stock Incentive Plan, at the sole discretion of the Board of Directors, after receipt of a recommendation from the Compensation, Governance and Nominating Committee.

The Employment Agreement may be terminated in the event of Mr. Begley's death or "disability" (as defined in the Agreement) during the Term. If Mr. Begley dies or becomes disabled, then the Company will pay Mr. Begley: (i) his base salary through the date of such termination of employment, plus his base salary for the period of any vacation time earned but not taken for the year of termination of employment; (ii) any other compensation and benefits to the extent actually earned by him under any other benefit plan or program of the Company as of the date of such termination of employment, and (iii) any reimbursement amounts owing to Mr. Begley (the amounts in (i), (ii) and (iii) are referred to as the "Accrued Obligations"). If Mr. Begley terminates his employment at any time during the Term for any reason, he will only be entitled to payment of the Accrued Obligations.

The Employment Agreement may also be terminated for "cause" by the Company. "Cause" is defined as (i) an act or acts of dishonesty or fraud relating to the performance of his services to the Company; (ii) a breach of his duties or responsibilities under this Agreement resulting in significant demonstrable injury to the Company or any of its subsidiaries; (iii) his conviction of a felony or any crime involving moral turpitude; (iv) his refusal to cease, within five (5) days after receipt of notice from the Board, engaging in any other business activities that the Board determines constitute an actual or potential conflict of interest which are having, may have or will have a significant adverse effect on the Company's business; (v) his material failure (for reasons other than death, illness, injury or Disability) to perform his duties under this Agreement or insubordination (defined as refusal to execute or carry out the lawful and ethical directions from the Board or its duly appointed designees) where he has been given written notice of the acts or omissions constituting such failure or insubordination and he has failed to cure such conduct, where susceptible to cure, within ten days following such notice; or (vi) a breach of any provision of any material policy of the Company or any of his non-competition, non-disclosure and related obligations under the Agreement. If the Agreement is terminated for "Cause", Mr. Begley will only be entitled to receive payment of the Accrued Obligations.

The Company is entitled to terminate Mr. Begley's employment for any reason other than death, Disability or "cause" upon at least thirty (30) days written notice to Mr. Begley. If the Company terminates Mr. Begley employment for any reason other than death, Disability or "Cause", then the Company shall pay to Mr. Begley the Accrued Obligations and a defined severance benefit (the "Severance Benefit"). The Severance Benefit shall equal the amount of base salary that Mr. Begley would have received if he remained employed for the balance of the Term, based upon his then-current base salary without further increase; provided however, that the Severance Benefit may not be less than twelve (12) months of Mr. Begley's then-current salary without further increase. The Severance Benefit as so determined shall be divided into twenty-four (24) equal installments and paid out to Mr. Begley after termination of employment.

A copy of Mr. Begley's Employment Agreement, dated February 10, 2010, is attached as Exhibit 10.1 to this Current Report on Form 8-K and is hereby incorporated herein by reference.

Indemnification Agreement

On February 10, 2010, the Company and Mr. Begley entered into an Indemnification Agreement related to his service as an officer of the Company. The Indemnification Agreement entitles Mr. Begley to rights of indemnification if, by reason of his service as an officer and director, he is, or is threatened to be made, a party to any threatened, pending, or completed action, suit, arbitration, alternative dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether civil, criminal, administrative or investigative (a "Proceeding"), whether such Proceeding is a direct action against Mr. Begley or a derivative Proceeding brought by or in the right of the Company. The Indemnification Agreement is substantially identical to the agreements in place for the Company's other directors and officers.

A copy of Mr. Begley's Indemnification Agreement, dated February 10, 2010, is attached as Exhibit 10.2 to this Current Report on Form 8-K and is hereby incorporated herein by reference.

Award of Stock Options

In connection with Mr. Begley's officer appointments, as described above, the Compensation, Nominating and Corporate Governance Committee (the "CNG Committee") and the full Board of Directors, awarded to Mr. Begley non-qualified stock options covering an aggregate of 800,000 shares of the Company's common stock, par value \$0.01 per share (the "Common Stock") subject to the terms and conditions of the Stock Incentive Plan, in three separate tranches (collectively, the "Stock Options"), as follows:

Tranche A Time-Based Options – 533,333 shares of Common Stock

Tranche B Performance-Based Options – 177,778 shares of Common Stock

Tranche C Performance-Based Options – 88,889 shares of Common Stock

The exercise price per share of the Tranche A Options and the Tranche B Options shall be equal to the “fair market value” (as defined in Section 5(c) of the Company’s Stock Incentive Plan) of a share of the Common Stock as of the grant date. The exercise price per share of the Tranche C Options shall be equal to the “fair market value” of a share of Common Stock on the date of the Board’s determination that the performance condition in Section 2(e) of the Tranche C Option Award Agreement has been satisfied.

The Tranche A Options shall vest in three equal annual installments as follows:

- (a) 177,778 Option shares shall vest in full on February 10, 2011;
- (b) 177,778 Option shares shall vest in full on February 10, 2012; and
- (c) 177,777 Option shares shall vest in full on February 10, 2013.

The Tranche B Options shall vest in full upon completion of the sale of Company securities in one or more equity capital raising transactions (including convertible debt) that result in aggregate net proceeds to the Company of not less than one hundred million dollars (\$100,000,000). The Tranche C Options shall vest in full upon the Board’s determination of the attainment of a performance condition related to restructuring and integrating the Company’s finance department. The vesting of the all of the Stock Options shall, in each case, be accelerated upon the occurrence of a “Change of Control” of the Company, in accordance with the terms of the Stock Incentive Plan.

The Company and Mr. Begley have entered into three separate option award agreements, each dated February 10, 2010, evidencing the Stock Options (the “Option Award Agreements”), copies of which are attached as Exhibit 10.3, Exhibit 10.4 and Exhibit 10.5 to this Current Report on Form 8-K and are hereby incorporated herein by reference.

Resignation of Chief Financial Officer

In conjunction with the appointments described above, Daniel J. Samela has resigned his positions as the Company’s Chief Financial Officer, Chief Accounting Officer and Treasurer, effective February 10, 2010. Mr. Samela will remain with the Company and continue to serve in a newly-created Vice President position, but will no longer be deemed an “executive officer” of the Company as that term is defined under the Exchange Act or an “officer” of the Company for beneficial ownership reporting purposes of Section 16 of the Exchange Act. In addition, the terms of Mr. Samela’s Amended and Restated Employment Agreement with the Company, dated as of September 28, 2008, will remain in full force and effect until such time as we agree to modify or replace the Agreement, other than the changes to Mr. Samela’s officer position.

Item 8.01 Other Events***Company Press Release***

On February 10, 2010, the Company issued a press release announcing Mr. Begley's appointment as the Company's new Chief Financial Officer and Treasurer and the change in Mr. Samela's status with the Company.

A copy of the Company's press release is filed herewith as Exhibit 99.1 and is hereby incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits***(d) Exhibits***

- 10.1 Employment Agreement between the Company and William E. Begley, Jr., dated as of February 10, 2010.
- 10.2 Indemnification Agreement between the Company and William E. Begley, Jr., dated as of February 10, 2010.
- 10.3 Non-Qualified Stock Option Award Agreement (Tranche A) between the Company and William E. Begley, Jr., dated as of February 10, 2010.
- 10.4 Non-Qualified Stock Option Performance Award Agreement (Tranche B) between the Company and William E. Begley, Jr., dated as of February 10, 2010.
- 10.5 Non-Qualified Stock Option Performance Award Agreement (Tranche C) between the Company and William E. Begley, Jr., dated as of February 10, 2010.
- 99.1 Company press release dated February 10, 2010.

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/ WILLIAM H. HASTINGS
Name: **William H. Hastings**
Title: **President and Chief Executive Officer**

Dated: February 12, 2010

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
10.1	Employment Agreement between the Company and William E. Begley, Jr., dated as of February 10, 2010.
10.2	Indemnification Agreement between the Company and William E. Begley, Jr., dated as of February 10, 2010.
10.3	Non-Qualified Stock Option Award Agreement (<u>Tranche A</u>) between the Company and William E. Begley, Jr., dated as of February 10, 2010.
10.4	Non-Qualified Stock Option Performance Award Agreement (<u>Tranche B</u>) between the Company and William E. Begley, Jr., dated as of February 10, 2010.
10.5	Non-Qualified Stock Option Performance Award Agreement (<u>Tranche C</u>) between the Company and William E. Begley, Jr., dated as of February 10, 2010.
99.1	Company press release dated February 10, 2010.

EMPLOYMENT AGREEMENT

THIS AGREEMENT is made and entered into as of the 10th day of February 2010, between and among MAGELLAN PETROLEUM CORPORATION, a Delaware corporation (“Magellan” or “the Company”) and William E. Begley, Jr. an individual residing at 6234 Holly Springs Drive, Houston, TX 77057 (the “Executive”).

WITNESSETH

WHEREAS, the Executive has commenced employment with the Company on the date hereof (the “Effective Date”) and will serve as Magellan’s Chief Financial Officer and Treasurer of the Company; and

WHEREAS, the Company and the Executive (the “Parties”) desire to enter into this agreement (the “Agreement”) setting forth the terms and conditions of the Executive’s employment; and

WHEREAS, the Parties are also entering into three non-qualified stock option award agreements (the “Option Agreements”) and an indemnification agreement (the “Indemnification Agreement”) each dated as of the date hereof;

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein and for other good and valuable consideration, the Parties, intending to be legally bound, agree as follows:

1. Employment.

1.1 Employment. The Company hereby agrees to employ the Executive, and the Executive hereby accepts employment with the Company in the positions described below in Section 2.1, in accordance with the terms and provisions of this Agreement.

1.2 Term. The term of employment this Agreement (“Term”) shall be the period commencing as of the Effective Date and ending on the earlier of: (a) February 10, 2013 (the third (3rd) anniversary of the Effective Date); or (b) the date of termination of the Executive’s employment pursuant to Sections 6, 7 or 8 below, whichever is applicable. If not terminated earlier than January 1, 2013 in accordance with Sections 6, 7 or 8 below, the Company shall provide the Executive written notice not less than six (6) months prior to January 1, 2013 of the Company’s intention to either (i) permit this Agreement to terminate on such date or (ii) renew the Executive’s employment with the Company in the positions described below in Section 2.1. If the Company notifies the Executive of its intention to renew this Agreement, the Company and the Executive shall in good faith negotiate the duration and other terms of the Executive’s continued employment with the Company. Upon termination of this Agreement for any reason, the obligations of Company under this Agreement shall cease and Employee shall forfeit all right to receive any compensation or other benefits under this Agreement, except the amounts payable under Sections 6, 7, 8 or 9 of this Agreement, if any.

1.3 Termination of Previous Agreement. This Agreement supersedes and replaces in its entirety the Advisory Services Agreement between the Executive and the Company, dated March 18, 2009 (the "Services Agreement"), which is hereby terminated as of the Effective Date.

2. Duties.

2.1 Offices; Permitted Activities.

(a) As of the Effective Date, the Executive has assumed the positions of Chief Financial Officer and Treasurer of the Company. The Executive shall report directly to the Company's President and Chief Executive Officer ("CEO") and shall have such duties as are appropriate to his positions with the Company, and will have such authority as required to enable the Executive to perform these duties. Consistent with the foregoing, the Executive shall comply with all reasonable instructions of the President and CEO.

(b) It is the intention of the Parties that during the Term hereof the Executive will serve in the capacities described in Section 2.1(a) hereof and will devote not less than eighty percent (80%) of his business time and attention and best efforts to the affairs of the Company and its subsidiaries and the performance of his duties; provided however, that during the Term hereof the Executive may (i) continue, on a limited basis, to engage in his existing consulting or other business activities with other oil and gas companies, which specific activities have been fully disclosed to, and approved by, the Board of Directors of the Company (the "Board"); and (ii) with Board approval, engage in any other consulting or other business activities with other oil and gas companies doing business in Australia, North America, the U.K. or any other region of the world in which the Company makes or intends to make a significant investment or commitment (the "Regions") (the activities described in (i) and (ii) of this sentence being herein, collectively, referred to as the "Other Activities"); provided however, that the Other Activities do not constitute an actual or potential conflict of interest with the Company's business in the judgment of the Board. The Executive shall request, and receive, the written approval of the Board prior to the Effective Date to continue engaging in his existing Other Activities from and after the Effective Date. Thereafter during the Term of this Agreement, the Executive shall provide an annual report to the Board (which shall be updated more frequently, if material changes occur) of his ongoing Other Activities in the Regions. The Board may, in its sole discretion, confirm or revoke its approval for the Executive to engage in any one or more of these Other Activities in the Regions. In addition, the Executive shall request and receive the Board's approval prior to commencing any new or additional Other Activities in the Regions.

(c) Nothing in this Agreement shall prevent the Executive from (i) participating in charitable, civic, educational, professional, community or industry affairs or, with prior written approval of the Board, serving on the board of directors or advisory boards of other companies; and (ii) managing the Executive's and the Executive's family's personal investments so long as such activities do not materially interfere with the performance of the Executive's duties hereunder or create a potential business conflict or the appearance thereof.

2.2 Office Location. The Executive shall be based at and spend a substantive amount of time working from the head office of the Company located in Portland, Maine. The Executive shall be available to travel within the United States and internationally at the request of the President/CEO or the Board.

3. Compensation and Benefits.

3.1 Salary. The Company shall pay the Executive a base salary for the calendar year 2010 of Two Hundred Thousand Dollars (\$200,000) and a base salary for the calendar year 2011 of Two Hundred, Fifty Thousand Dollars (\$250,000). Beginning January 1, 2011 and effective each January 1st thereafter during the Term of this Agreement, the Executive's base salary shall be increased by a percentage amount equal to the percentage increase in the Bureau of Labor Statistics' announced Consumer Price Index for All Urban Consumers, All Items (the "CPI-U"), unadjusted, for the 12-month period ending December 31st of the calendar year immediately preceding the January 1st on which such salary increase is scheduled to take effect. The Company may, in its sole and absolute discretion, increase the Executive's base salary in light of the Executive's performance, inflation, changes in the cost of living and other factors deemed relevant by the Company. The Executive's base salary shall be paid in U.S. dollars (\$) by means of wire transfers to an account designated by the Executive, in accordance with the standard pay practices for other members of senior management of the Company, but not less frequently than monthly.

3.2 Sign-On Bonus. Within five (5) business days of execution of this Agreement, the Company shall pay to the Executive a sign-on bonus of fifty thousand dollars (\$50,000), in recognition of the Executive's obligation to relocate as provided in Sections 2.2 and 3.6 hereof.

3.3 Equity Awards.

(a) On the Effective Date, the Executive has been granted by the Board non-qualified stock options in three tranches (together, the "Stock Options") under the Company's 1998 Stock Incentive Plan, as amended to date (the "Stock Incentive Plan"), which entitle the Executive to purchase an aggregate of eight hundred thousand (800,000) shares of common stock of the Company, par value \$.01 per share (the "Common Stock"), at an exercise price per share of not less than the "fair market value" of a share of Common Stock on their respective grant dates, as determined in accordance with the terms of the Stock Incentive Plan. The time-based and performance-based vesting conditions and other terms of the Stock Options are set forth in the Option Agreements, the form of which are substantially similar to the option agreements evidencing other awards made to the Company's senior management under the Stock Incentive Plan.

(b) Future awards of equity under the Stock Incentive Plan (or any successor plan), if any, shall only be made by the Board in its sole discretion, after receipt of a recommendation by the Compensation Committee.

3.4 Benefit Programs. The Executive shall be entitled to participate on substantially the same terms as other members of senior management of the Company in all employee benefit

plans and programs of the Company (other than any severance plan, program or policy), subject to any restrictions or eligibility requirements under such plans and programs, from time to time in effect for the benefit of senior management of the Company, including, but not limited to, retirement plans, profit sharing plans, group life insurance, hospitalization and surgical and major medical coverages, short-term and long-term disability.

3.5 Vacations and Holidays. During the Term of this Agreement, the Executive shall be entitled to vacation leave of four (4) weeks per year at full pay or such greater vacation benefits as may be provided for by the Company's vacation policies applicable to senior management. The Executive will be entitled to such holidays as are established by the Company for all employees.

3.6 Relocation Expenses. The Company shall reimburse the Executive for the costs of the Executive's reasonable relocation expenses related to the move of his residence from Texas to Maine. Reimbursements under this Section 3.6 shall be made no later than the end of the year following the year in which such taxes were paid by the Executive. The payments eligible for reimbursement during the Executive's taxable year may not affect the payments eligible for reimbursement in any other year, and the right to reimbursement is not subject to liquidation or exchange for another benefit.

4. Business Expenses. The Executive shall be entitled to prompt reimbursement for all reasonable, documented and necessary expenses incurred by the Executive in performing his services hereunder in accordance with the policies of the Company, including business class accommodations when traveling on international business trips for the Company and payment of all visa and work permit costs. The Executive shall properly account for such expenses therefor in accordance with the policies and procedures established by the Company.

5. Separation from Service. No termination of employment shall be deemed to have occurred under this Agreement unless there has been a "Separation from Service" as defined under Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and the term "termination of employment" and the like shall be construed to mean "Separation from Service" as so defined.

6. Terminations of Employment by the Company.

6.1 Termination by the Company Other Than For Disability or Cause.

(a) The Company may terminate the Executive's employment at any time for any reason other than (i) by reason of the Executive's Disability (as defined in Section 6.2) or (ii) for Cause (as defined in Section 6.3), by giving the Executive a written notice of termination at least thirty (30) days before the date of termination (or such lesser notice period as the Executive may agree to).

(b) In the event of such a termination of employment by the Company without Cause or by reason of Disability pursuant to this Section 6.1, which occurs at any time following a

Change of Control of the Company, the Executive shall be entitled to receive the severance benefits described in Section 9 of this Agreement.

(c) In the event of any other termination of employment by the Company pursuant to Section 6.1(a) that is not subject to Section 6.1(b) hereof, the Executive shall be entitled to receive the following benefits:

- (i) his base salary pursuant to Section 3.1 through the date of such termination of employment, plus his base salary for the period of any vacation time earned but not taken for the year of termination of employment;
- (ii) any other compensation and benefits to the extent actually earned by the Executive under any other benefit plan or program of the Company as of the date of such termination of employment, such compensation and benefits to be paid at the normal time for payment of such compensation and benefits to the extent not previously paid;
- (iii) any reimbursement amounts owing under Section 4 hereof; and
- (iv) a severance amount equal to the amount of base salary that the Executive would have received if he remained employed for the balance of the Term, based upon his then-current base salary without further increase. However, in no event shall the Severance Benefit be less than the amount of base salary that the Executive would have received if he remained employed for twelve (12) months, based upon his then-current salary without further increase. The amount of the severance benefit as so determined by this Section 6.1(c) shall be divided into twenty-four (24) equal installments. Payment of such installments shall be made to the Executive as follows:

(A) payment shall commence on the first (1st) date of the seventh (7th) month following the Executive's Separation from Service. The amount of the first payment shall equal the first seven (7) such installments.

(B) subsequent payments shall be made on the first day of each succeeding month for the balance of the twenty-four (24) month period.

6.2 Termination Due to Disability.

(a) If the Executive incurs a Disability, as defined in Section 6.2(b), the Company may terminate the Executive's employment by giving the Executive written notice of termination at least thirty (30) days before the date of such termination (or such lesser notice period as the Executive may agree to). In the event of such termination of the Executive's employment because of Disability, the Executive shall be entitled to receive (i) his base salary pursuant to Section 3.1 through the date of such termination of employment, plus his base salary for the period of any vacation time earned but not taken for the year of termination of employment; (ii) any other compensation and benefits to the extent actually earned by the Executive under any

other benefit plan or program of the Company as of the date of such termination of employment, such compensation and benefits to be paid at the normal time for payment of such compensation and benefits to the extent not previously paid, and (iii) any reimbursement amounts owing under this Agreement.

(b) For purposes of this Agreement, the Executive shall be considered to have incurred a "Disability" if and only if the Executive shall be unable to perform the duties of his employment with the Company for an aggregate period of more than 90 days in a consecutive period of 52 weeks as a result of incapacity due to mental or physical illness or impairment (other than as a result of addiction to alcohol or any drug) as determined by a physician selected by the Company or its insurers and acceptable to the Executive or his legal representative.

6.3 Termination for Cause.

(a) The Company may terminate the Executive's employment immediately for Cause for any of the following reasons: (i) an act or acts of dishonesty or fraud by the Executive relating to the performance of his services to the Company; (ii) a breach by the Executive of his duties or responsibilities under this Agreement resulting in significant demonstrable injury to the Company or any of its subsidiaries; (iii) the Executive's conviction of a felony or any crime involving moral turpitude; (iv) the Executive's refusal to cease, within five (5) days after receipt of notice from the Board, engaging in any Other Activities that the Board determines under Section 2.1(b) hereof constitute an actual or potential conflict of interest which are having, may have or will have a significant adverse effect on the Company's business; (v) the Executive's material failure (for reasons other than death or Disability) to perform his duties under this Agreement or insubordination (defined as refusal to execute or carry out directions from the Board or its duly appointed designees) where the Executive has been given written notice of the acts or omissions constituting such failure or insubordination and the Executive has failed to cure such conduct, where susceptible to cure, within ten days following such notice; or (vi) a breach by the Executive of any provision of any material policy of the Company or any of his obligations under Section 15 of this Agreement.

(b) The Company shall exercise its right to terminate the Executive's employment for Cause by giving the Executive written notice of termination specifying in reasonable detail the circumstances constituting such Cause. In the event of such termination of the Executive's employment for Cause, the Executive shall be entitled to receive only (i) his base salary pursuant to Section 3.1 earned through the date of such termination of employment plus his base salary for the period of any vacation time earned but not taken for the year of termination of employment, such base salary to be paid in a lump sum no later than the next payroll date following the Executive's date of termination to the extent not previously paid; (ii) any other compensation and benefits to the extent actually earned by the Executive under any other benefit plan or program of the Company as of the date of such termination of employment, such compensation and benefits to be paid at the normal time for payment of such compensation and benefits to the extent not previously paid; and (iii) any reimbursement amounts owing under this Agreement.

7. Voluntary Termination of Employment by the Executive. The Executive may terminate his employment at any time and for any reason, by giving the Company a written notice of

termination to that effect at least thirty (30) days before the date of termination (or such lesser notice period as the Company may agree to); provided, however, that the Company following receipt of such notice from the Executive may elect to have the Executive's employment terminate immediately following its receipt of such notice. In the event of the Executive's termination of his employment pursuant to this Section 7, the Executive shall be entitled to receive only: (i) his base salary pursuant to Section 3.1 earned through the date of such termination of employment plus his base salary for the period of vacation time earned but not taken for the year of termination of employment, such base salary to be paid in a lump sum no later than the next payroll date following the Executive's date of termination to the extent not previously paid; (ii) any other compensation and benefits to the extent actually earned by the Executive under any other benefit plan or program of the Company as of the date of such termination of employment, such compensation and benefits to be paid at the normal time for payment of such compensation and benefits to the extent not previously paid; and (iii) any reimbursement amounts owing under this Agreement.

8. Termination of Employment By Death.

(a) In the event of the death of the Executive during the course of his employment hereunder, the Executive's estate (or other person or entity having such entitlement pursuant to the terms of the applicable plan or program) shall be entitled to receive: (i) the Executive's base salary pursuant to Section 3.1 hereof earned through the date of the Executive's death plus the Executive's base salary for the period of vacation time earned but not taken for the year of the Executive's death, such base salary to be paid in a lump sum no later than the next payroll date following the Executive's date of termination to the extent not previously paid; (ii) any other compensation and benefits to the extent actually earned by the Executive under any other benefit plan or program of the Company as of the date of such termination of employment, such compensation and benefits to be paid at the normal time for payment of such compensation and benefits to the extent not previously paid; and (iii) any reimbursement amounts owing under Section 4 hereof.

(b) In addition, in the event of such death, the Executive's beneficiaries shall receive any death benefits owed to them under the Company's employee benefit plans.

9. Severance Benefits Upon Termination Without Cause Following a Change of Control. If at any time during the Term of this Agreement, (i) a Change of Control of the Company occurs, and (ii) following the occurrence of such Change of Control, the Executive's employment hereunder is terminated by the Company (or any successor thereto) pursuant to Section 6.1 hereof for any reason, other than for Cause or by reason of the Executive's death or Disability, then the Executive shall be entitled to receive the following benefits:

(a) The Company or its successor shall pay to the Executive his base salary pursuant to Section 3.1 hereof earned through the date of such termination of employment in a lump sum no later than the next payroll date following the Executive's date of termination to the extent not previously paid, and any other compensation and benefits to the extent actually earned by the Executive under any benefit plan or program of the Company as of the date of such termination

of employment, any such compensation and benefits to be paid at the normal time for payment of such compensation and benefits to the extent not previously paid.

(b) The Company or its successor shall pay the Executive any reimbursement amounts owing under this Agreement.

(c) The Company or its successor shall pay to the Executive the severance benefits described in Section 6.1(c)(iv) hereof and in accordance with the payment schedule set forth in such Section.

10. Change of Control. For purposes of this Agreement, a “Change of Control” shall mean:

(a) the acquisition by any individual, entity or Group (within the meaning of section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) (a “Person”) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of either (A) the then outstanding shares of Common Stock of the Company (the “Outstanding Company Common Stock”) or (B) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”); provided, however, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change of Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company or (iv) any acquisition by any corporation or other entity pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (c) of this Section 10; or

(b) Individuals who, as of the date hereof, constitute the Board of the Company (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company’s shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board; or

(c) consummation of a merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company (a “Business Combination”), in each case, unless, following such Business Combination: (i) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation or other entity resulting from such Business Combination (including, without limitation, a corporation or other entity which as a result of such transaction owns the Company or all or

substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be; and (ii) at least a majority of the members of the board of directors of the corporation or other entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(d) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

(e) Anything herein to the contrary notwithstanding, if the Incumbent Board (as defined in Section 10(b) hereof) by a majority vote of directors then in office, approves or consents in advance to any action, event, or occurrence described in Sections 10(a), (b), (c) or (d) hereof which would otherwise be deemed to be a Change of Control, but which is made, consummated or completed at a distressed price or valuation or otherwise under duress (in any such case, as shall be determined by the Board in its sole and absolute discretion), then such action, event, or occurrence shall not be deemed to be a Change of Control. The Board shall notify the Executive of any determination made under this Section 10(e) within five (5) business days of making such determination.

11. Conditions to Payment of Severance Benefits. The Company's obligation to pay to the Executive the severance benefits described herein shall be subject to (i) the Executive's compliance with the provisions of Section 15 hereof; (ii) delivery to the Company of the Executive's resignations from all officer, directorships and fiduciary positions, if any, with Magellan, MPAL and their respective subsidiaries and employee benefit plans; and (iii) the Executive's execution and delivery to the Company without revocation of a valid Termination, Voluntary Release and Waiver of Rights Agreement, in substantially the form attached to this Agreement as Exhibit A (the "Release").

12. Golden Parachute Excise Tax.

(a) In the event that any payment or benefit received or to be received by the Executive pursuant to this Agreement or any other plan, program or arrangement of the Company or any of its affiliates would constitute an "excess parachute payment" within the meaning of Section 280G of the Code ("Excess Parachute Payment"), then the payments under this Agreement shall be reduced (by the minimum possible amounts) until no amount payable to the Executive under this Agreement constitutes an Excess Parachute Payment; provided, however, that no such reduction shall be made if the net after-tax payment (after taking into account Federal, state, local or other income and excise taxes) to which the Executive would otherwise be entitled without such reduction would be greater than the net after-tax payment (after taking into account Federal, state, local or other income and excise taxes) to the Executive resulting from the receipt of such payments with such reduction. If, as a result of subsequent events or conditions (including a subsequent payment or absence of a subsequent payment under this Agreement or other plan, program or arrangement of the Company or any of its affiliates), it is determined that

payments under this Agreement have been reduced by more than the minimum amount required to prevent any payments from constituting an Excess Parachute Payment, then an additional payment shall be promptly made to the Executive in an amount equal to the additional amount that can be paid without causing any payment to constitute an Excess Parachute Payment.

(b) All determinations required to be made under this Section 12 shall be made by a nationally recognized independent accounting firm mutually agreeable to the Company and the Executive (the "Accounting Firm") which shall provide detailed supporting calculations to the Company and the Executive as requested by the Company or the Executive. All fees and expenses of the Accounting Firm shall be borne solely by the Company and shall be paid by the Company upon demand of the Executive as incurred or billed by the Accounting Firm. All determinations made by the Accounting Firm pursuant to this Section 12 shall be final and binding upon the Company and the Executive.

(c) In the event that a reduction is required to be made pursuant to this Section 12, then the severance benefits (and the corresponding installment payments) described herein, shall be reduced to the extent necessary to comply with this Section 12.

13. Entitlement to Other Benefits, Plans or Awards. Except as otherwise provided in this Agreement, this Agreement shall not be construed as limiting in any way any rights or benefits that the Executive or his spouse, dependents or beneficiaries may have pursuant to any other employee benefit plan or program of the Company. All benefits, including, without limitation, stock options, stock appreciation rights, restricted stock units and other awards under the Company's benefits, plans or programs, shall be subject to the terms and conditions of the plan or arrangement under which such benefits accrue, are granted or are awarded. In addition, nothing herein shall be construed to prevent the Company from amending, altering, eliminating or reducing any benefits, plans or programs so long as the Executive continues to receive compensation and benefits consistent with those described in Section 3 hereof.

14. Officer Protections. As required by the Company's Restated Certificate of Incorporation, the Company is entering into its customary Indemnification Agreement with the Executive under which the Company agrees to indemnify the Executive to the fullest extent allowed under Delaware law for any claims related to the Executive's service as an officer of Magellan.

15. Executive's Obligations.

(a) Confidentiality. The Executive agrees that he shall not, directly or indirectly, use, make available, sell, disclose or otherwise communicate to any person, other than in the course of the Executive's employment and for the benefit of the Company, either during the period of the Executive's employment or at any time thereafter, any nonpublic, proprietary or confidential information, knowledge or data relating to the Company, any of its subsidiaries, affiliated companies or businesses, which shall have been obtained by the Executive during the Executive's employment by the Company. The foregoing shall not apply to information that (i) was known to the public prior to its disclosure to the Executive; (ii) becomes known to the public subsequent to disclosure to the Executive through no wrongful act of the Executive or any representative of the Executive; or (iii) the Executive is required to disclose by applicable law,

regulation or legal process (provided that the Executive provides the Company with prior notice of the contemplated disclosure and reasonably cooperates with the Company at its expense in seeking a protective order or other appropriate protection of such information). Notwithstanding clauses (i) and (ii) of the preceding sentence, the Executive's obligation to maintain such disclosed information in confidence shall not terminate where only portions of the information are in the public domain.

(b) Change of Control. During the Term hereof and for the two (2) year period following the date of termination of the Executive's employment by the Company for any reason, without the prior written consent of the Company, the Executive shall not in any manner (directly or indirectly), acting alone or together with any of the Executive's "Affiliates" or "Associates", as part of a "Group" (as such terms are defined in the Exchange Act), or otherwise acting in concert with one or more other Persons, effect, offer to effect, attempt to effect, assist, participate in, commence, encourage, support, or take any other action with respect to, a "Change of Control" of the Company as defined in Section 10 hereof.

(c) Non-Solicitation. In the event that the Executive receives payment of the severance benefits described herein, the Executive agrees that for the two (2) year period following the date of termination of his employment by the Company the Executive will not, directly or indirectly, individually or on behalf of any other person, firm, corporation or other entity, knowingly solicit, aid or induce any managerial level employee of the Company or any of its subsidiaries or affiliates to leave such employment in order to accept employment with or render services to or with any other person, firm, corporation or other entity unaffiliated with the Company or knowingly take any action to materially assist or aid any other person, firm, corporation or other entity in identifying or hiring any such employee (provided, that the foregoing shall not be violated by general advertising not targeted at Company employees nor by serving as a reference for an employee with regard to an entity with which the Executive is not affiliated). For the avoidance of doubt, if a managerial level employee on his or her own initiative contacts the Executive for the primary purpose of securing alternative employment, any action taken by the Executive thereafter shall not be deemed a breach of this Section 15(c).

(d) Non-Competition. The Executive acknowledges that the Executive performs services of a unique nature for the Company that are irreplaceable, and that the Executive's performance of such services to a competing business will result in irreparable harm to the Company. Accordingly, in the event that the Executive receives payment of the severance benefits described herein, the Executive agrees that for a period of two (2) years following the date of termination of his employment by the Company, he will not, directly or indirectly, become connected with, promote the interest of, or engage in any other business or activity competing with the business of the Company within the geographical area in which the business of the Company is conducted. The Executive specifically acknowledges that the geographic area to which the covenants contained in this Section 15(d) shall apply everywhere in the world (which discrete geographic locations shall be identified by the energy resource basins involved, not the country or political subdivision) where the Company or its subsidiaries (i) own or otherwise hold oil, gas or other mineral resources or assets; (ii) are otherwise actively engaged in the business of extracting and selling oil, gas or other mineral resources or assets, or (iii) have definitive plans for (i) or (ii) within the twelve (12) months following the date of the Executive's

termination of employment with the Company. Notwithstanding the foregoing, the Executive shall not be prohibited from engaging in the Other Activities, so long as such Other Activities do not constitute an actual or potential conflict of interest with the Company's business in the judgment of, and have been approved by, the Board.

(e) Non-Disparagement. Each of the Executive and the Company (for purposes of this Section 15(e), "the Company" shall mean only (i) the Company by press release or otherwise and (ii) the executive officers and directors thereof and not any other employees) agrees not to make any public statements that disparage the other party, or in the case of the Company, its subsidiaries, affiliates, officers, directors or business partners. Notwithstanding the foregoing, statements made in the course of sworn testimony in agency, administrative, judicial or arbitral proceedings (including, without limitation, depositions in connection with such proceedings) or otherwise as required by law shall not be subject to this Section 15(e).

(f) Return of Company Property and Records. The Executive agrees that upon termination of the Executive's employment, for any reason whatsoever, the Executive will surrender to the Company in good condition (reasonable wear and tear excepted) all property and equipment belonging to the Company and all records kept by the Executive containing the names, addresses or any other information with regard to customers or customer contacts of the Company, or concerning any proprietary or confidential information of the Company or any operational, financial or other documents given to the Executive during the Executive's employment with the Company.

(g) Cooperation. The Executive agrees that, following termination of the Executive's employment for any reason, the Executive shall upon reasonable advance notice, and to the extent it does not interfere with previously scheduled travel plans and does not unreasonably interfere with other business activities or employment obligations, assist and cooperate with the Company with regard to any matter or project in which the Executive was involved during the Executive's employment, including any litigation. The Company shall compensate the Executive for any lost wages (or, if the Executive is not then employed, provide reasonable compensation as determined by the Compensation Committee) and expenses associated with such cooperation and assistance.

(h) Assignment of Inventions. The Executive shall promptly communicate and disclose in writing to the Company all inventions and developments including software, whether patentable or not, as well as patents and patent applications (hereinafter collectively called "Inventions"), made, conceived, developed, or purchased by the Executive, or under which the Executive acquires the right to grant licenses or to become licensed, alone or jointly with others, which have arisen or which arise out of the Executive's employment with the Company, or relate to any matters directly pertaining to, the business of the Company or any of its subsidiaries. Included herein as if developed during the employment period is any specialized equipment and software developed for use in the business of the Company. All of the Executive's right, title and interest in, to, and under all such Inventions, licenses, and right to grant licenses shall be the sole property of the Company. As to all such Inventions, the Executive will, upon request of the Company execute all documents which the Company deems necessary or proper to enable it to establish title to such Inventions or other rights, and to enable it to file and prosecute applications

for letters patent of the United States and any foreign country; and do all things (including the giving of evidence in suits and other proceedings) which the Company deems necessary or proper to obtain, maintain, or assert patents for any and all such Inventions or to assert its rights in any Inventions not patented.

(i) Equitable Relief; Reformation; Survival. The Parties acknowledge and agree that the other party's remedies at law for a breach or threatened breach of any of the provisions of this Section 15 would be inadequate and, in recognition of this fact, the Parties agree that, in the event of such a breach or threatened breach, in addition to any remedies at law, the other party, without posting any bond, shall be entitled to obtain equitable relief in the form of specific performance, temporary restraining order, a temporary or permanent injunction or any other equitable remedy which may then be available. If it is determined by a court of competent jurisdiction in any state that any restriction in this Section 15 is excessive in duration or scope or is unreasonable or unenforceable under the laws of that state, it is the intention of the parties that such restriction may be modified or amended by the court to render it enforceable to the maximum extent permitted by the law of that state. The obligations contained in this Section 15 shall survive the termination or expiration of the Executive's employment with the Company and shall be fully enforceable thereafter.

16. Alternative Dispute Resolution. Any controversy, dispute or questions arising out of, in connection with or in relation to this Agreement or its interpretation, performance or nonperformance or any breach thereof shall be resolved through mediation. In the event mediation fails to resolve the dispute within 60 days after a mediator has been agreed upon or such other longer period as may be agreed to by the parties, such controversy, dispute or question shall be settled by arbitration in accordance with the Center for Public Resources Rules for Non Administered Arbitration of Business Disputes, by a sole arbitrator. The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. Sec. 1-16, and judgment upon the award rendered by the arbitrator may be entered by any court having jurisdiction thereof. The place of the arbitration shall be Portland, Maine.

17. General Provisions.

17.1 No Duty to Seek Employment. The Executive shall not be under any duty or obligation to seek or accept other employment following termination of employment, and no amount, payment or benefits due to the Executive hereunder shall be reduced or suspended if the Executive accepts subsequent employment, except as expressly set forth herein.

17.2 Deductions and Withholding. All amounts payable or which become payable under any provision of this Agreement shall be subject to any deductions authorized by the Executive and any deductions and withholdings required by applicable laws.

17.3 Notices. All notices, demands, requests, consents, approvals or other communications (collectively "Notices") required or permitted to be given hereunder or which are given with respect to this Agreement shall be in writing and shall be delivered personally, sent by facsimile transmission with a copy deposited in the United States mail, registered or

certified, return receipt requested, postage prepaid, or sent by overnight mail addressed as follows:

To the Company: Magellan Petroleum Corporation
7 Custom House Street, 3rd Floor
Portland, ME 04101
Attn: President and CEO
Facsimile: (207) 553-2250

With a copy to: Edward B. Whittemore, Esq.
Murtha Cullina LLP
CityPlace I, 185 Asylum Street
Hartford, CT 06103
Facsimile: (860) 240-6150

To the Executive: William E. Begley, Jr.
6234 Holly Springs Drive
Houston, TX 77057

or such other address as such party shall have specified most recently by written notice. Notice mailed as provided herein shall be deemed given when so delivered personally or sent by facsimile transmission, or, if sent by overnight mail, on the day after the date of mailing.

17.4 Covenant to Notify Management. The Executive shall abide by the ethics policies of the Company as well as the Company's other rules, regulations, policies and procedures. The Executive agrees to comply in full with all governmental laws and regulations as well as ethics codes applicable. In the event that the Executive is aware or suspects the Company, or any of its officers or agents, of violating any such laws, ethics, codes, rules, regulations, policies or procedures, the Executive agrees to bring all such actual and suspected violations to the attention of the Company immediately so that the matter may be properly investigated and appropriate action taken. The Executive understands that the Executive is precluded from filing a complaint with any governmental agency or court having jurisdiction over wrongful conduct unless the Executive has first notified the Company of the facts and permits it to investigate and correct the concerns.

17.5 Amendments and Waivers. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and the Company. No waiver by either Party hereto at any time of any breach by the other Party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other Party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

17.6 Beneficial Interests. This Agreement shall inure to the benefit of and be enforceable by (a) the Company's successors and assigns and (b) the Executive's personal and legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive shall die while any amounts are still payable to his hereunder, all such

amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Executive's devisee, legatee, or other designee or, if there be no such designee, to the Executive's estate.

17.7 Successors. The Company shall require any successors (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform.

17.8 Assignment. This Agreement and the rights, duties, and obligations hereunder may not be assigned or delegated by any Party without the prior written consent of the other Party and any attempted assignment or delegation without such prior written consent shall be void and be of no effect. Notwithstanding the foregoing provisions of this Section 16.8, benefits payable pursuant to this Agreement shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment by creditors of the Executive, and any attempt to alienate, transfer, assign or attach such benefits shall be void. Notwithstanding the foregoing provisions of this Section 17.8, the Company may assign or delegate its rights, duties and obligations hereunder to any affiliate or to any person or entity which succeeds to all or substantially all of the business of the Company or one of its subsidiaries through merger, consolidation, reorganization, or other business combination or by acquisition of all or substantially all of the assets of the Company or one of its subsidiaries without the Executive's consent.

17.9 Choice of Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without regard to the conflicts of law provisions thereof.

17.10 Statute of Limitations. The Executive and the Company hereby agree that there shall be a one year statute of limitations for the filing of any requests for arbitration or any lawsuit relating to this Agreement or the terms or conditions of Executive's employment by the Company. If such a claim is filed more than one year subsequent to the Executive's last day of employment it shall be precluded by this provision, regardless of whether or not the claim has accrued at that time.

17.11 Right to Injunctive and Equitable Relief. The Executive's obligations under Section 15 of this Agreement are of a special and unique character, which gives them a peculiar value. The Company cannot be reasonably or adequately compensated for damages in an action at law in the event the Executive breaches such obligations. Therefore, the Executive expressly agrees that the Company shall be entitled to injunctive and other equitable relief without bond or other security in the event of such breach in addition to any other rights or remedies which the Company may possess or be entitled to pursue. Furthermore, the obligations of the Executive and the rights and remedies of the Company under Section 15 and this Section 17.11 are cumulative and in addition to, and not in lieu of, any obligations, rights, or remedies as created by applicable law. The Executive agrees that the terms of this Section 17.11 shall survive the term of this Agreement and the termination of the Executive's employment.

17.12 Severability or Partial Invalidity. The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

17.13 Entire Agreement. This Agreement, along with Exhibit A attached hereto, the Option Agreements and the Indemnification Agreement, constitute the entire agreement of the Parties and supersedes all prior written or oral and all contemporaneous oral agreements, understandings, and negotiations between the Parties with respect to the subject matter hereof and thereof. This Agreement may not be changed orally and may only be modified in writing signed by both Parties. This Agreement, along with Exhibit A attached hereto, the Option Agreements and the Indemnification Agreement, are intended by the Parties as the final expression of their agreement with respect to such terms as are included herein and therein and may not be contradicted by evidence of any prior or contemporaneous agreement. The Parties further intend that this Agreement, along with Exhibit A attached hereto, the Option Agreements and the Indemnification Agreement, constitute the complete and exclusive statement of their terms and that no extrinsic evidence may be introduced in any judicial proceeding involving such agreements.

17.14 Code Section 409A. This Agreement is intended to comply with the provisions of Section 409A of the Code. The Parties intend that the benefits and payments provided under this Agreement shall be exempt from, or comply with, the requirements of Section 409A of the Code. Notwithstanding the foregoing, the Company shall in no event be obligated to indemnify the Executive for any taxes or interest that may be assessed by the IRS pursuant to Section 409A of the Code.

17.15 Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed an original but all of which together shall constitute one and the same instrument.

* * * * *

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer and the Employee has hereunto set her hand as of the day and year first above written.

MAGELLAN PETROLEUM CORPORATION

By: /s/ William H. Hastings

Name: William H. Hastings

Title: President and CEO

EXECUTIVE

/s/ William E. Begley, Jr.

William E. Begley, Jr.

EXHIBIT A

TERMINATION, VOLUNTARY RELEASE AND WAIVER OF RIGHTS AGREEMENT

I, William E. Begley, freely enter into this Termination, Voluntary Release and Waiver of Rights Agreement (the "Agreement"), unqualifiedly accept and agree to the relinquishment of my title, responsibilities and obligations as an employee of Magellan Petroleum Corporation ("the Company"), and concurrently and unconditionally agree to sever my relationship as an employee of the Company, in consideration for the voluntary payment to me by the Company of the termination benefits set forth in the Employment Agreement dated as of February 10, 2010 by and between me and the Company (the "Employment Agreement"), which is made a part hereof.

1. In exchange for this consideration, which I understand that the Company is not otherwise obligated to provide to me, I voluntarily agree to waive and forego any and all claims, rights, interests, covenants, contracts, warranties, promises, undertakings, actions, suits, causes of action, obligations, debts, attorneys' fees or other expenses, accounts, judgments, fines, fees, losses and liabilities, of any kind, nature or description, in law (including all contract and tort claims), equity or otherwise (collectively, "Claims") that I may have against the Company as an employee of the Company beyond the rights set forth in the Employment Agreement and to release the Company and their respective affiliates, subsidiaries, officers, directors, employees, representatives, agents, successors and assigns (hereinafter collectively referred to as "Releasees") from any obligations any of them may owe to me in my capacity as an employee of the Company except as set forth in my Employment Agreement (and specifically not as a shareholder or director), accepting the aforesaid consideration as full settlement of any monies or obligations owed to me by Releasees that may have arisen at any time prior to the date of my execution of this Termination, Voluntary Release and Waiver of Rights Agreement (the "Agreement"), except as specifically provided below in the following paragraph number 2.

2. I do not waive, nor has the Company asked me to waive, any rights arising exclusively under the Fair Labor Standards Act, except as such waiver may henceforth be made in a manner provided by law. I do not waive, nor has the Company asked me to waive, any vested benefits that I may have or that I may have derived from the course of my employment with the Company. I understand that such vested benefits will be subject to and administered in accordance with the established and usual terms governing same. I do not waive any rights which may in the future, after the execution of this Agreement, arise exclusively from a substantial breach by the Company of a material obligation of the Company expressly undertaken in consideration of my entering into this Agreement.

3. Except as set forth in paragraphs 2 and 9 hereof, I do fully, irrevocably and forever waive, relinquish and agree to forego any and all Claims whatsoever, whether known or unknown, in contract, tort or otherwise, that I may have or may hereafter have against the Releasees or any of them arising out of or by reason of any cause, matter or thing whatsoever arising out of my employment by the Company (other than as set forth in my Employment Agreement) from the beginning of the world to the date hereof, including without limitation any and all matters

relating to my employment with the Company and the cessation thereof and all matters arising under Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 2000 et seq., the Americans with Disabilities Act of 1990, 42 U.S.C. § 12101 et seq., the Family and Medical Leave Act of 1993, 29 U.S.C. § 2601 et seq., the Age Discrimination in Employment Act of 1967, 29 U.S.C. § 621 et seq., the Employee Retirement Income Security Act of 1974, 29 U.S.C. § 1001 et seq., all as amended, or under any other laws, ordinances, executive orders, regulations or administrative or judicial case law arising under the statutory or common laws of the United States, the State of Texas or any other applicable county or municipal ordinance.

4. As a material inducement to the Company to enter into this Agreement, I, the undersigned, recognize that I may have been privy to certain confidential, proprietary and trade secret information of the Company which, if known to third parties, could be used in a manner that would reduce the value of the Company for its shareholders. In order to reduce the risk of that happening, I, the undersigned, agree that for a period of two (2) years after termination of employment, I, the undersigned, will not, directly or indirectly, assist, or be part of or have any involvement in, any effort to acquire control of the Company through the acquisition of its stock or substantially all of its assets, without the prior consent of the Board of Directors of the Company. This provision shall not prevent the undersigned from owning up to not more than one percent (1%) of the outstanding publicly traded stock of any company.

5. Acknowledgements.

(a) I further acknowledge pursuant to the Older Worker's Benefit Protection Act (29 U.S.C. § 626(f)), I expressly agree that the following statements are true:

(b) The payment of the consideration described in Section 9 of the Employment Agreement is in addition to the standard employee benefits and anything else of value which the Company owes me in connection with my employment with the Company or the separation of employment.

(c) I have [twenty-one days] days from [date of receipt] to consider and sign this agreement. If I choose to sign this Agreement before the end of the [twenty-one] day period, that decision is completely voluntary and has not been forced on me by the Company.

(d) I will have seven (7) days after signing the Agreement in which to revoke it, and the Agreement will not become effective or enforceable until the end of those seven (7) days.

(e) I am now being advised in writing to consult an attorney before signing this Agreement.

(f) I acknowledge that I have been given sufficient time to freely consult with an attorney or counselor of my own choosing and that I knowingly and voluntarily execute this Agreement, after bargaining over the terms hereof, with knowledge of the consequences made clear, and with the genuine intent to release claims without threats, duress, or coercion on the part of the Company. I do so understanding and acknowledging the significance of such waiver.

6. Further, in view of the above-referenced consideration voluntarily provided to me by the Company, after due deliberation, I agree to waive any right to further litigation or claim against any or all of the Releasees except as specifically provided in paragraph number 2 above. I hereby agree to indemnify and hold harmless the Releasees and their respective agents or representatives from and against any and all losses, costs, damages or expenses, including, without limitation, attorneys fees incurred by said parties, or any of them, arising out of any breach of this Agreement by me or by any person acting on my behalf, or the fact that any representation made herein by the undersigned was false when made.

7. As a material inducement to the Company to enter into this Agreement, I, the undersigned, understand and agree that if I should fail to comply with the conditions hereof or to carry out the agreement set forth herein, all amounts previously paid under this Agreement shall be immediately forfeited to the Company and that the right or claim to further payments and/or benefits hereunder would likewise be forfeited.

8. As a further material inducement to the Company to enter into this Agreement, the undersigned provides as follows:

First. I represent that I have not filed any complaints or charges against the Company, or any of the Releasees relating to the relinquishment of my former titles and responsibilities at the Company or the terms of my employment with the Company and that if any agency or court assumes jurisdiction of any complaint or charge against the Company or any of the Releasees on behalf of me concerning my employment with the Company, I understand and agree that I have, by my knowing and willing execution of this Agreement, waived my rights to any form of recovery or relief against the Company, or any of the Releasees, including but not limited to, attorney's fees; provided, however, that this provision shall not preclude the undersigned from pursuing appropriate legal relief against the Company for redress of a substantial breach of a material obligation of the Company expressly undertaken in consideration of my entering into this Agreement.

Second. I acknowledge and understand that the consideration for this release shall not be in any way construed as an admission by the Company or any of the Releasees of any improper acts or any improper employment decisions, and that the Company, specifically disclaims any liability on the part of itself, the Releasees, and their respective agents, employees, representatives, successors or assigns in this regard.

Third. I acknowledge and agree that this Agreement shall be binding upon me, upon the Company, and upon our respective administrators, representatives, executives, successors, heirs and assigns and shall inure to the benefit of said parties and each of them.

Fourth. I represent, understand and agree that this Agreement sets forth the entire agreement between the parties hereto, and fully supersedes any and all prior agreements or understandings between the parties pertaining to the subject matter hereof, except for the provisions of Section 15 of the Agreement, the terms of which retain their full force and effect, and which are in no way limited or curtailed by this Agreement.

Fifth. Modification. This Agreement may not be altered or changed except by an agreement in writing that has been properly executed by the party against whom any waiver, change, modification or discharge is sought.

Sixth. Severability. All provisions and terms of this Agreement are severable. The invalidity or unenforceability of any particular provision(s) or term(s) of this Agreement shall not affect the validity or enforceability of the other provisions and such other provisions shall be enforceable in law or equity in all respects as if such particular invalid or unenforceable provision(s) or term(s) were omitted. Notwithstanding the foregoing, the language of all parts of this Agreement shall, in all cases, be construed as a whole, according to its fair meaning, and not strictly for or against any of the parties.

Seventh. No Disparagement. I agree and promise that I will not make any oral or written statements or reveal any information to any person, company, or agency which is disparaging or damaging to the reputation or business of the Company, its subsidiaries, directors, officers or affiliates, or which would interfere in any way with the business relations between the Company or any of its subsidiaries or affiliates and any of their customers, suppliers or vendors whether present or in the future; provided however, that statements made in the course of sworn testimony in agency, administrative, judicial or arbitral proceedings (including, without limitation, depositions in connection with such proceedings) or otherwise as required by law shall not be subject to this section Seventh,

Eighth. Confidentiality. The Company and the undersigned agree to refrain from disclosing to third parties and to keep strictly confidential all details of this Agreement and any and all information relating to its negotiation, except as necessary to each party's accountants or attorneys.

Ninth. Termination of Agreement. Notwithstanding anything to the contrary in this Agreement, this Agreement may be terminated by the Company and all further payment obligations of the Company shall cease, if: (a) the undersigned is terminated for "Cause" prior to the undersigned's separation date; or (b) facts are discovered after the undersigned's separation date that would have supported a termination for "Cause" had such facts been discovered prior to the undersigned's separation date.

9. Notwithstanding anything herein to the contrary, this release shall not affect, release or terminate in any way the undersigned's rights (i) to receive payments under the Employment Agreement (ii) under the Indemnification Agreement entered by the Company and the undersigned with respect to certain liabilities that the undersigned may incur as an officer of the Company or (iii) under any option agreements and grants from the Company to the undersigned, or any agreement between the undersigned and the Company relating to the undersigned's rights as an owner of stock or options in the Company.

AFFIRMATION OF RELEASOR

I, William E. Begley, Jr., warrant that I am competent to execute this Termination, Voluntary Release and Waiver of Rights Agreement and that I accept full responsibility thereof.

I, William E. Begley, Jr., warrant that I have had the opportunity to consult with an attorney of my choosing with respect to this matter and the consequences of my executing this Termination, Voluntary Release and Waiver of Rights Agreement.

I, William E. Begley, Jr., have read this Termination, Voluntary Release and Waiver of Rights Agreement carefully and I fully understand its terms. I execute this document voluntarily with full and complete knowledge of its significance.

Executed this day of , 20 at .

STATE OF _____)
_____)

: ss. _____ , 20__

COUNTY OF _____)
_____)

Subscribed and sworn to before me, a Notary Public in and for said County and State, this day of , 20 under the pains and penalties of perjury.

_____, Notary Public

My Commission Expires:
County of Residence:

INDEMNIFICATION AGREEMENT

This Indemnification Agreement (this “**Agreement**”) is made as of the 10th day of February, 2010 (the “Effective Date”), by and between Magellan Petroleum Corporation, a Delaware corporation (the “**Company**”), and William E. Begley, Jr., an individual residing at 6234 Holly Springs Drive, Houston, TX 77057 (the “**Indemnitee**”).

Recitals

A. The Indemnitee is today being appointed as an officer of the Company and in such capacities is performing or will perform valuable services for the Company.

B. The Delaware General Corporation Law, as amended from time to time (the “**DGCL**”), permits the Company to indemnify the officers, directors, employees and agents of the Company.

C. The Company desires to hold harmless and indemnify the Indemnitee to the fullest extent authorized or permitted by the provisions of the DGCL, or by any amendment thereof or other statutory provisions authorizing or permitting such indemnification which hereafter may be adopted.

D. The Company has entered into this Agreement and has assumed the obligations imposed on the Company hereby in order to induce the Indemnitee to serve or to continue to serve as a director, officer and employee of the Company, and acknowledges that the Indemnitee is relying upon this Agreement in serving or continuing to serve in such capacities.

Agreement

Accordingly, in consideration of the Indemnitee’s agreement to serve or continue to serve as a director and/or officer of the Company, the Company and the Indemnitee agree as follows:

1. Initial Indemnification.

(a) General. From and after the Effective Date, the Company shall indemnify the Indemnitee to the fullest extent permitted by applicable law whenever he was or is, or is threatened to be made, a party to or a participant in any threatened, pending or completed action, suit, arbitration, alternative dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Company to procure a judgment in its favor), by reason of the fact that he is or was a director, officer, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, or by reason of any action alleged to have been taken or omitted in any such capacity, against any

and all expenses (including, without limitation, attorneys' fees and expenses), judgments, fines, amounts paid in settlements and other amounts actually and reasonably incurred by the Indemnitee or on his behalf in connection with such action, suit or proceeding and any appeal therefrom or any claim, issue or matter therein if the Indemnitee acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the Indemnitee did not satisfy the foregoing standard of conduct to the extent applicable thereto.

(b) Derivative Actions. From and after the Effective Date, the Company shall indemnify the Indemnitee to the fullest extent permitted by applicable law when he was or is, or is threatened to be made, a party to or a participant in any threatened, pending or completed action, suit, arbitration, alternative dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether civil, criminal, administrative or investigative, by or in the right of the Company to procure a judgment in its favor by reason of the fact that he is or was or had agreed to become a director, officer, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including, without limitation, attorneys' fees and expenses) actually and reasonably incurred by him or on his behalf in connection with the defense or settlement of such action, suit or proceeding and any appeal therefrom or any claim, issue or matter therein if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company, except that no indemnification shall be made in respect of any claim, issue or matter as to which the Indemnitee shall have been fully adjudged by a court to be liable to the Company, unless and only to the extent that the Delaware Court of Chancery, or the court in which such action, suit or proceeding is or was brought, shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, the Indemnitee is fairly and reasonably entitled to indemnity for such expenses and then only to the extent that the Delaware Court of Chancery or such other court shall determine.

(c) Determination of Entitlement. Any indemnification under Section 1(a) or 1(b) hereof (unless ordered by a court) shall be made by the Company only if authorized in the specific case upon a determination, in accordance with Section 4 hereof or any applicable provision of the Company's Restated Certificate of Incorporation, as then amended (the "Charter"), its By-laws as then amended (the "By-laws"), any other agreement, any resolution or otherwise, that indemnification of the Indemnitee is proper in the circumstances because he has met the applicable standard of conduct set forth in Section 1(a) or (b) above. Such determination shall be made (i) by the Company's Board of Directors (the "Board") by a majority vote of directors who are not parties to such action, suit or proceeding, even though less than a quorum of the Board, (ii) by a committee of such directors designated by majority vote of such directors, even though less than a quorum, (iii) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion or (iv) by the stockholders of the Company (the "Stockholders"). Notwithstanding the foregoing, as contemplated by Section 3, no subsequent

amendment or change to the By-laws or Charter which limits or restricts the rights of the Company to indemnify Indemnitee shall adversely affect the rights of Indemnitee hereunder.

(d) Mandatory Indemnification. Notwithstanding any other provisions of this Agreement, to the fullest extent permitted by applicable law and to the extent that Indemnitee is a party to (or participant in) and is successful, on the merits or otherwise, in any action, suit or proceeding referred to in Section 1(a) or 1(b) hereof, or in defense of any claim, issue or matter therein, in whole or in part, the Company shall indemnify Indemnitee against all expenses (including, without limitation, attorneys' fees and expenses) actually and reasonably incurred by him in connection therewith. If Indemnitee is not wholly successful in such action, suit or proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters therein, the Company shall indemnify Indemnitee against all expenses actually and reasonably incurred by him or on his behalf in connection with or related to each successfully resolved claim, issue or matter to the fullest extent permitted by law.

(e) Advancement of Expenses. Notwithstanding any provision of this Agreement to the contrary (other than Section 4), the Company shall advance, to the extent not prohibited by law, the expenses (including, without limitation, attorneys' fees and expenses) incurred by the Indemnitee in defending any civil, criminal, administrative or investigative action, suit or proceeding, and such advancement shall be made within thirty (30) days after the receipt by Company of a statement or statements requesting such advances from time to time, whether prior to or in advance of the final disposition of such action, suit or proceeding as authorized in accordance with Section 4 hereof or any applicable provision of the Charter, the By-laws, any other agreement, any resolution or otherwise.

(f) Benefit Plan Matters. For purposes of this Agreement, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on the Indemnitee with respect to any employee benefit plan; references to "serving at the request of the Company" shall include any service as a director, officer, employee or agent of the Company which imposes duties on, or involves services by, the Indemnitee with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and the beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Company" as referred to in this Section 1.

2. Additional Indemnification.

(a) General. If and to the extent that (i) the DGCL is amended hereafter to require or permit indemnification, expense advancement or exculpation that is or may be more favorable to the Indemnitee than the maximum permissible indemnification, expense advancement and exculpation now permitted thereunder and provided in this Agreement, or (ii) the Company reincorporates in or merges, consolidates or combines into or with any other corporation or entity by virtue of which transaction the Company is not the surviving, resulting or acquiring corporation and the surviving, resulting or acquiring corporation is incorporated in a different jurisdiction which at such time requires or permits indemnification, expense

advancement or exculpation that is or may be more favorable to the Indemnitee than the maximum permissible indemnification, expense advancement and exculpation now permitted under the DGCL and provided in this Agreement, then pursuant to this Agreement the Indemnitee shall be entitled to, and this Agreement shall be deemed to be amended to provide for the Indemnitee's contractual entitlement to, indemnification, expense advancement and exculpation to the maximum extent that may be permitted or required under such applicable law at the time of any initial or subsequent request for indemnity hereunder (determined as contemplated by Section 4 hereof), whether or not the Company has adopted any Charter or By-law provisions adopting, effecting or implementing any provisions thereof which are permissive and not mandatory in nature. Nothing contained herein shall be deemed to detract from, diminish, impair, limit or adversely affect any right which the Indemnitee may have under this Agreement under any circumstances, including without limitation in the event of subsequent amendment or revision to the Charter or By-laws, and to the extent that any terms, conditions or provisions of this Agreement (including, without limitation, those in Section 1 hereof) are more favorable to the Indemnitee than the maximum indemnification, expense advancement and exculpation then permitted or required under such applicable law (determined as aforesaid), then such terms, conditions and provisions of this Agreement shall be preserved and integrated with such more favorable terms from then applicable law and shall continue to apply to the Indemnitee's rights by virtue of this Agreement. The same expansion of the Indemnitee's rights and deemed inclusion herein and integration herewith of any terms, conditions or provisions more favorable to the Indemnitee shall occur upon and with respect to any amendment of the provisions relating to indemnification, expense advancement and exculpation in the Company's Charter or By-laws and any provision by the Company to any other officer or director of the Company of any other different form of indemnification contract or agreement.

(b) Examples and Limitations. Without limiting the generality of Section 2(a) hereof, the Indemnitee hereby may become entitled to indemnification of any and all amounts which he becomes legally obligated to pay (including, without limitation, damages, judgments, fines, settlements, expenses of investigation and defense of legal actions, proceedings or claims and appeals therefrom, and expenses of appeal, attachment or similar bonds) relating to or arising out of any claim made against him because of any act, failure to act or neglect or breach of duty, including any actual or alleged error, misstatement or misleading statement, which he commits, suffers, permits or acquiesces in while acting in his capacity as an officer, director, employee or agent of the Company, subject only to any limitations on the maximum permissible, expense advancement or indemnification which may exist under applicable law (determined as provided in Section 2(a) hereof). In no event, however, shall the Company be obligated under this Section 2 to make any payment in connection with any claim against the Indemnitee:

(i) for which payment actually has been made to the Indemnitee under a valid and collectible insurance policy, except in respect of any retention or excess beyond the amount of payment under such insurance;

(ii) which results in a final, nonappealable order for the Indemnitee to pay a fine or similar governmental imposition which the Company is prohibited by applicable law from paying; or

(iii) which is based upon or attributable to the Indemnitee gaining in fact a personal profit to which he was not legally entitled, including, without limitation, any profits made from the purchase and sale by the Indemnitee of equity securities of the Company which are recoverable by the Company pursuant to Section 16(b) of the Securities Exchange Act of 1934 and any profits arising from transactions in any publicly traded securities of the Company which were effected by the Indemnitee in violation of Section 10(b) of the Securities Exchange Act of 1934 or Rule 10b-5 promulgated thereunder.

3. Effect of Future Adverse Changes in Charter, By-laws or Applicable Law.

Nothing herein shall prevent the adoption by the Board or Stockholders of the Company of any amendment to the Charter or By-laws of the Company, the effect of which would be to detract from, diminish, impair, limit or adversely affect the Indemnitee's rights to indemnification, expense advancement or exculpation that otherwise exist as of the Effective Date pursuant to such Charter or By-laws as applied to any act or failure to act occurring in whole or in part after the date hereof. In the event that the Company shall adopt any such amendment to its Charter or By-laws, however, or in the event that the indemnification, expense advancement or exculpation provisions of the DGCL (or any other then applicable law) hereafter shall be amended in a manner which may be deemed to detract from, diminish, impair, limit or adversely affect the Indemnitee's rights with respect thereto, such events and changes shall not in any manner or to any extent detract from, diminish, impair, limit or adversely affect in any manner the contractual indemnification rights and procedures granted to and benefiting the Indemnitee under this Agreement, unless and then except only to the extent that any of such rights or any of the terms, conditions and provisions of this Agreement shall thereby be made illegal or otherwise violative of applicable law, in which case the provisions of Section 10(c) hereof shall apply. For purposes only of determining the Indemnitee's rights to indemnification pursuant to the Company's Charter or By-laws as so amended, and not for purposes of the continuing applicability of this Agreement in accordance with its terms, any such amendment to the Company's Charter or By-laws shall apply to acts or failures to act occurring entirely after the date on which such amendment was approved and adopted by the Board or the Stockholders, as the case may be, unless the Indemnitee shall have voted in favor of such approval and adoption as a director or holder of record of the Company's voting stock, as the case may be.

4. Certain Procedures.

(a) Indemnification Procedures. For purposes of pursuing his rights to indemnification under Section 1 (other than the second sentence of Section 1(d) hereof, which shall be governed by Section 4(b) hereof) or Section 2 hereof, as the case may be, the Indemnitee shall be required to submit to the Board a sworn statement of request for indemnification substantially in the form of Exhibit 1 hereto (the "Indemnification Statement") averring that he is entitled to indemnification hereunder. Submission of an Indemnification Statement to the Board shall create a presumption that the Indemnitee is entitled to indemnification under Section 1 (other than the second sentence of Section 1(d) hereof, which shall be governed by Section 4(b)

hereof) or Section 2 hereof, as the case may be, and, except as set forth below, the Board shall within 30 calendar days after submission of the Indemnification Statement specifically determine that the Indemnitee is so entitled, unless within such 30-calendar day period it shall determine by Board action, based upon clear and convincing evidence (sufficient to rebut the foregoing presumption) that the Indemnitee is not entitled to indemnification under Sections 1 or 2 hereof. The Company shall notify the Indemnitee promptly in writing following such determination. Any evidence rebutting the Indemnitee's presumption, to which the Board gave weight in arriving at its determination, shall be disclosed to the Indemnitee with particularity in such written notice. Notwithstanding anything to the contrary contained in the three preceding sentences, if the Board determines that it cannot act on the request for indemnification submitted by the Indemnitee because a determination of entitlement can not be made in the manner required by Section 1(c) hereof, the Board will act promptly to retain independent legal counsel or convene a meeting of Stockholders to act on the request.

(b) Expense Advancement Procedures. For purposes of determining whether to authorize advancement of expenses pursuant to the second sentence of Section 1(d) hereof or Section 2(b) hereof, the Indemnitee shall be required to submit to the Board a sworn statement of request for advancement of expenses substantially in the form of Exhibit 2 hereto (the "Undertaking"), averring that (i) he has incurred or will incur actual expenses in defending a civil, criminal, administrative or investigative action, suit or proceeding and (ii) he undertakes to repay such amount if it shall be determined ultimately that he is not entitled to be indemnified by the Company under this Agreement or otherwise. Within 30 calendar days after receipt of the Undertaking, the Board shall authorize payment of the expenses described in the Undertaking, whereupon such payments shall be made promptly by the Company. No security shall be required in connection with any Undertaking, and any Undertaking shall be accepted without reference to the Indemnitee's ability to make repayment.

(c) Selection of Counsel. In the event the Company shall be obligated under this Section 4 to pay the expenses of any action, suit or proceeding against the Indemnitee, the Company shall be entitled to assume the defense of such proceeding, with counsel acceptable to and approved by the Indemnitee, upon the delivery to the Indemnitee of written notice of the Company's election to do so. After delivery of such notice, approval of such counsel by the Indemnitee and the retention of such counsel by the Company, the Company will not be liable to the Indemnitee under this Agreement for any fees of separate counsel subsequently incurred by the Indemnitee with respect to the same action, suit or proceeding; provided, however, that if (i) the employment of counsel by the Indemnitee has been previously authorized by the Company, (ii) the Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and the Indemnitee in the conduct of any such defense, or (iii) the Company shall not, in fact, have employed counsel to assume the defense of such proceeding, then the Indemnitee may select and employ his own counsel to direct the defense thereof and the fees and expenses of such counsel shall be paid by the Company. Notwithstanding any assumption of the defense of any such action, suit or proceeding and employment of counsel with respect thereto by the Company in accordance with the foregoing, the Indemnitee shall have the right to employ his own separate counsel to participate in any such action, suit or proceeding at the Indemnitee's expense.

5. Corporate Approval. The Company represents and warrants to the Indemnitee that: (i) the Company has all requisite power and authority to enter into this Agreement and to perform its obligations hereunder; (ii) this Agreement and the performance of all of the Company's obligations hereunder have been approved by all corporate action required on the part of the Company under the Charter, the By-laws or applicable law or contract; and (iii) this Agreement, when executed, will constitute the valid and legally binding obligation of the Company, enforceable against the Company in accordance with its terms, subject to any applicable bankruptcy law and equitable limitations.

6. Fees and Expenses of Enforcement. It is the intent of the Company that, to the fullest extent permitted by law, the Indemnitee not be required to incur legal fees or other expenses associated with the enforcement of his rights under this Agreement by litigation or other legal action because the cost and expense thereof would substantially detract from the benefits intended to be extended to the Indemnitee hereunder. Accordingly, if it should appear to the Indemnitee that the Company has failed to comply with any of its obligations under this Agreement or in the event that the Company or any other person takes any action to declare this Agreement void or unenforceable, or institutes any action, suit or proceeding designed (or having the effect of being designed) to deny, or to recover from, the Indemnitee the benefits intended to be provided to the Indemnitee hereunder, the Company irrevocably authorizes the Indemnitee from time to time to retain counsel of his choice, at the expense of the Company as hereafter provided, to represent the Indemnitee in connection with the initiation or defense of any litigation or other legal action, whether by or against the Company or any director, officer, stockholder or other person affiliated with the Company, in any jurisdiction. The Company shall, to the fullest extent permitted by law, indemnify Indemnitee against any and all expenses, including without limitation attorneys' fees and expenses, and, if requested by Indemnitee, shall advance, to the extent not prohibited by law, such expenses, actually and reasonably incurred by the Indemnitee (i) as a result of the Company's failure to perform this Agreement or any provision hereof or (ii) as a result of the Company or any person contesting the validity or enforceability of this Agreement or any provision hereof.

7. Maintenance of Insurance and Self Insurance.

(a) The Company represents that it presently has in force and effect policies of D & O Insurance in insurance companies and amounts as follows (the "Insurance Policies").

<u>Insurer</u>	<u>Policy No.</u>	<u>Amount</u>	<u>Deductible</u>
Chubb Group of Insurance Companies	81691712	\$10,000,000	\$250,000

Subject only to the provisions of Section 7(b) hereof, the Company hereby agrees that, so long as Indemnitee shall continue to serve as a director or officer of the Company (or shall continue at the request of the Company to serve as a director, officer, employee or agent of another company, partnership, joint venture, trust or other enterprise) and thereafter so long as Indemnitee shall be

subject to any possible claim or threatened, pending or completed action, suit or proceeding, whether civil, criminal or investigative by reason of the fact that Indemnitee was a director of the Company (or served in any of said other capacities), the Company will purchase and maintain in effect for the benefit of Indemnitee one or more valid, binding and enforceable policy or policies of D & O Insurance providing, in all respects, coverage at least comparable to that presently provided pursuant to the Insurance Policies.

(b) The Company shall not be required to maintain said policy or policies of D & O Insurance in effect if said insurance is not reasonably available or if, in the reasonable business judgment of the then directors of the Company, either (i) the premium cost for such insurance is substantially disproportionate to the amount of coverage or (ii) the coverage provided by such insurance is so limited by exclusions that there is insufficient benefit from such insurance.

8. Reorganizations. In the event that the Company shall be a constituent corporation (including any constituent of a constituent) in a merger, reorganization, consolidation, combination or similar transaction, the Company, if it shall not be the surviving, resulting or acquiring corporation therein, shall require as a condition thereto the surviving, resulting or acquiring corporation to expressly assume and adopt this Agreement and to agree to indemnify the Indemnitee to the full extent provided in this Agreement. Whether or not the Company is the resulting, surviving or acquiring corporation in any such transaction, the Indemnitee shall stand in the same position under this Agreement with respect to the resulting, surviving or acquiring corporation as he would have with respect to the Company if its separate existence had continued.

9. Nonexclusivity, Survival and Subrogation.

(a) Nonexclusivity. The rights to indemnification and advancement provided by this Agreement shall not be exclusive of any other rights to which the Indemnitee may be entitled under the Charter, the By-laws, the DGCL, any other statute, insurance policy, agreement, vote of shareholders or of directors or otherwise, both as to actions in his official capacity and as to actions in another capacity while holding such office.

(b) Survival. The provisions of this Agreement shall survive the death, disability, or incapacity of the Indemnitee or the termination of the Indemnitee's service as an officer, director, employee or agent of the Company and shall inure to the benefit of, and be enforceable by, the Indemnitee's heirs, executors, guardians, administrators or assigns.

(c) Subrogation. In the event of any payment by the Company under this Agreement, the Company shall be subrogated to the extent thereof to all rights of recovery previously vested in the Indemnitee, who shall cooperate with the Company, at the Company's expense, in executing all such instruments and taking all such other actions as shall be reasonably necessary for the Company to enforce such right or as the Company may reasonably request.

10. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the principles of conflict of laws thereof.

11. Miscellaneous.

(a) This Agreement shall become effective as of the Effective Date.

(b) This Agreement contains the entire agreement of the parties relating to the subject matter hereof.

(c) Any provision of this Agreement may be amended or waived only if such amendment or waiver is in writing and signed, in the case of an amendment, by both parties hereto or, in the case of a waiver, by the party against whom the waiver is to be effective. No failure or delay by either party in exercising any right, power or privilege hereunder shall operate as a waiver hereof nor shall any single or partial exercise thereof preclude any other or future exercise thereof or the exercise of any other right, power or privilege.

(d) If any provision of this Agreement or the application of any provision hereof to any person or circumstance is held invalid, unenforceable or otherwise illegal, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected, and the provision so held to be invalid, unenforceable or otherwise illegal shall be reformed to the extent (and only to the extent) necessary to make it enforceable, valid and legal.

(e) Nothing contained in this Agreement is intended to create in the Indemnitee any separate or independent right to continued employment by the Company.

(f) This Agreement may be executed in counterparts, but all such counterparts taken together shall constitute one and the same Agreement.

(g) The descriptive headings of this Agreement are inserted for convenience only and do not constitute a part of this Agreement. The use of the word "including" in this Agreement shall be by way of example rather than limitation. The use of the word "or" in this Agreement is intended to be conjunctive rather than disjunctive.

* * * * *

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

MAGELLAN PETROLEUM CORPORATION

By: /s/ William H. Hastings

Name: William H. Hastings

Title: President and CEO

/s/ William E. Begley, Jr.

William E. Begley, Jr.

Indemnitee

Indemnification Statement

STATE OF)
) ss.
COUNTY OF)

I, _____, being first duly sworn, do depose and state as follows:

1. This Indemnification Statement is submitted pursuant to the Indemnification Agreement, dated February 10, 2010 between Magellan Petroleum Corporation, a Delaware corporation (the "Company"), and the undersigned.

2. I am requesting indemnification against expenses (including, without limitation, attorneys' fees and expenses), costs, judgments, damages, fines and amounts paid in settlement, all of which (collectively, "Liabilities") have been or will be actually and reasonably incurred by me in connection with an actual or threatened action, suit or proceeding to which I was or am a party or am threatened to be made a party.

3. With respect to all matters related to any such action, suit or proceeding, I am entitled to be indemnified as herein contemplated pursuant to the aforesaid Indemnification Agreement.

4. Without limiting any other rights which I have or may have, I am requesting indemnification against Liabilities which have arisen or may arise out of

INDEMNITEE

Subscribed and sworn to before me, a Notary Public in and for said County and State, this _____ day of _____, 20____.

[Seal]

My commission expires the _____ day of _____, 20____.

Undertaking

STATE OF)
) ss.
COUNTY OF)

I, _____, being first duly sworn, do depose and state as follows:

1. This Undertaking is submitted pursuant to the Indemnification Agreement, dated February 10, 2010, between Magellan Petroleum Corporation, a Delaware corporation (the "Company"), and the undersigned.

2. I am requesting advancement of certain expenses (including, without limitation, attorneys' fees and expenses) which I have incurred or will incur in defending a civil, criminal, administrative or investigative action, suit or proceeding.

3. I hereby undertake to repay this advancement of expenses if it shall ultimately be determined that I am not entitled to be indemnified by the Company under the aforesaid Indemnification Agreement or otherwise.

4. The expenses for which advance is requested are, in general, all expenses related to _____

INDEMNITEE

Subscribed and sworn to before me, a Notary Public in and for said County and State, this _____ day of _____, 20____.

[Seal]

My commission expires the _____ day of _____, 20____.

MAGELLAN PETROLEUM CORPORATION
NONQUALIFIED STOCK OPTION AWARD AGREEMENT
(TRANCHE A)

THIS AGREEMENT, made as of the grant date indicated in Section 3 below (the “Grant Date”), and between Magellan Petroleum Corporation, a Delaware corporation (the “Company”), and the undersigned individual (the “Optionee”), pursuant to the Magellan Petroleum Corporation 1998 Stock Incentive Plan, as amended through May 27, 2009 (the “Plan”). Terms used but not defined herein shall have the same meaning as in the Plan.

WHEREAS, effective the date hereof the Optionee has been appointed as the Chief Financial Officer and Treasurer of the Company; and

WHEREAS, the Company, acting through the Compensation, Nominating and Governance Committee and the full Board of Directors has approved the award of Nonqualified Stock Options (the “Options”) under the Plan to the Optionee (the “Award”).

NOW, THEREFORE, in consideration of the terms and conditions of this Agreement and pursuant to the Plan, the parties agree as follows:

1. **Grant of Options**. The Company hereby grants to the Optionee the right and option to purchase from the Company, at the exercise price set forth in Section 3 below, all or any part of the aggregate number of shares of common stock, par value \$0.01 per share, of the Company, as such common shares are presently constituted (the “Stock”), set forth in said Section 3.
2. **Terms and Conditions**. It is understood and agreed that the Options evidenced hereby shall at all times be subject to the provisions of the Plan (which are incorporated herein by reference) and the following terms and conditions:
 - (a) **Expiration Date**. The Options evidenced hereby shall expire on the date specified in Section 3 below, or earlier as provided in Section 7 of the Plan.
 - (b) **Exercise of Option**. The Options evidenced hereby shall be exercisable from time to time by (i) providing written notice of exercise ten (10) days prior to the date of exercise specifying the number of shares for which the Options are being exercised, addressed to the Company at its principal place of business, and (ii) either:
 - (A) **Cash Only Exercise** – submitting the full cash purchase price of the exercised Stock; or

(B) **Cashless Exercise** – submitting appropriate authorization for the sale of Stock in an amount sufficient to provide the full purchase price in accordance with Section 5(d) of the Plan, or

(C) **Combination** – tendering a combination of (i) and (ii) above.

- (c) **Withholding Taxes.** Without regard to the method of exercise and payment, the Optionee shall pay to the Company, upon notice of the amount due, any withholding taxes payable with respect to such exercise, which payment may be made with shares of Stock which would otherwise be issued pursuant to the Options.
- (d) **Vesting.** The shares covered by the Options shall vest as follows:
- (i) One hundred seventy-seven thousand, seven hundred and seventy-eight (177,778) Option shares shall vest in full on February 10, 2011;
 - (ii) One hundred seventy-seven thousand, seven hundred and seventy-eight (177,778) Option shares shall vest in full on February 10, 2012; and
 - (iii) One hundred seventy-seven thousand, seven hundred and seventy-seven (177,777) Option shares shall vest in full on February 10, 2013.
- (e) **Acceleration.** The Options evidenced hereby shall immediately be accelerated and vest in full upon the occurrence of a “Change of Control” of the Company as defined in Section 15 of the Plan.
- (f) **Compliance with Laws and Regulations.** The Options evidenced hereby are subject to restrictions imposed at any time on the exercise or delivery of shares in violation of the By-Laws of the Company or of any law or governmental regulation that the Company may find to be valid and applicable.
- (g) **Interpretation.** Optionee hereby acknowledges that this Agreement is governed by the Plan, a copy of which Optionee hereby acknowledges having received, and by such administrative rules and regulations relative to the Plan and not inconsistent therewith as may be adopted and amended from time by the Committee (the “Rules”). Optionee agrees to be bound by the terms and provisions of the Plan and the Rules.

3. **Option Data.**

Optionee’s Name:	William E. Begley, Jr.
Number of shares of Stock Subject to this Option:	533,333 shares

Grant Date: February 10, 2010
Exercise Price Per Share: \$1.63 per share
Expiration Date: February 10, 2020

4. **Miscellaneous.** This Agreement and the Plan (a) contains the entire Agreement of the parties relating to the subject matter of this Agreement and supersedes any prior agreements or understandings with respect thereto; and (b) shall be binding upon and inure to the benefit of the Company, its successors and assigns and the Optionee, his heirs, devisees and legal representatives. In the event of the Optionee's death or a judicial determination of his incompetence, reference in this Agreement to the Optionee shall be deemed to refer to his legal representative, heirs or devisees, as the case may be.

* * * * *

IN WITNESS WHEREOF, the Company has caused this instrument to be executed by its authorized officer, as of the date identified below.

Agreed to:

MAGELLAN PETROLEUM CORPORATION

/s/ William E. Begley, Jr.

By: /s/ William H. Hastings

Optionee: William E. Begley, Jr.

Name: William H. Hastings

Title: President and CEO

Date: February 10, 2010

**MAGELLAN PETROLEUM CORPORATION
NONQUALIFIED STOCK OPTION
PERFORMANCE AWARD AGREEMENT
(TRANCHE B)**

THIS AGREEMENT, made as of the grant date indicated in Section 3 below (the “Grant Date”), and between Magellan Petroleum Corporation, a Delaware corporation (the “Company”), and the undersigned individual (the “Optionee”), pursuant to the Magellan Petroleum Corporation 1998 Stock Incentive Plan, as amended through May 27, 2009 (the “Plan”). Terms used but not defined herein shall have the same meaning as in the Plan).

WHEREAS, effective the date hereof the Optionee has been appointed as the Chief Financial Officer and Treasurer of the Company; and

WHEREAS, the Company, acting through the Compensation, Nominating and Governance Committee and the full Board of Directors has approved the award of Nonqualified Stock Options (“Options”) under the Plan to the Optionee (the “Award”).

NOW, THEREFORE, in consideration of the terms and conditions of this Agreement and pursuant to the Plan, the parties agree as follows:

1. **Grant of Options.** The Company hereby awards to the Optionee the right and option to purchase from the Company, at the exercise price set forth in Section 3 below, all or any part of the aggregate number of shares of common stock, par value \$0.01 per share, of the Company, as such common shares are presently constituted (the “Stock”), set forth in said Section 3.
2. **Terms and Conditions.** It is understood and agreed that the Options evidenced hereby shall at all times be subject to the provisions of the Plan (which are incorporated herein by reference) and the following terms and conditions:
 - (a) **Expiration Date.** The Options evidenced hereby shall expire on the date specified in Section 3 below, or earlier as provided in Section 7 of the Plan.
 - (b) **Exercise of Option.** The Options evidenced hereby shall be exercisable from time to time by (i) providing written notice of exercise ten (10) days prior to the date of exercise specifying the number of shares for which the Options are being exercised, addressed to the Company at its principal place of business, and (ii) either:
 - (A) **Cash Only Exercise** – submitting the full cash purchase price of the exercised Stock; or

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- (B) **Cashless Exercise** – submitting appropriate authorization for the sale of Stock in an amount sufficient to provide the full purchase price in accordance with Section 5(d) of the Plan, or
- (C) **Combination** – tendering a combination of (i) and (ii) above.
- (c) **Withholding Taxes.** Without regard to the method of exercise and payment, the Optionee shall pay to the Company, upon notice of the amount due, any withholding taxes payable with respect to such exercise, which payment may be made with shares of Stock which would otherwise be issued pursuant to the Options.
- (d) **Vesting.** The shares covered by the Options shall vest in full upon completion of the sale of Company securities in one or more equity capital raising transactions (including convertible debt) that result in aggregate net proceeds to the Company of not less than one hundred million dollars (\$100,000,000).
- (e) **Acceleration.** The Options evidenced hereby shall immediately be accelerated and vest in full upon a “change of control” of the Company as defined in Section 15 of the Plan.
- (f) **Compliance with Laws and Regulations.** The Options evidenced hereby are subject to restrictions imposed at any time on the exercise or delivery of shares in violation of the By-Laws of the Company or of any law or governmental regulation that the Company may find to be valid and applicable.
- (g) **Interpretation.** Optionee hereby acknowledges that this Agreement is governed by the Plan, a copy of which Optionee hereby acknowledges having received, and by such administrative rules and regulations relative to the Plan and not inconsistent therewith as may be adopted and amended from time by the Committee (the “Rules”). Optionee agrees to be bound by the terms and provisions of the Plan and the Rules.

3. **Option Data.**

Optionee’s Name:	William E. Begley, Jr.
Number of shares of Stock Subject to this Option:	177,778 shares
Grant Date:	February 10, 2010
Exercise Price Per Share:	\$1.63 per share
Expiration Date:	February 10, 2020

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4. **Miscellaneous.** This Agreement and the Plan (a) contains the entire Agreement of the parties relating to the subject matter of this Agreement and supersedes any prior agreements or understandings with respect thereto; and (b) shall be binding upon and inure to the benefit of the Company, its successors and assigns and the Optionee, his heirs, devisees and legal representatives. In the event of the Optionee's death or a judicial determination of his incompetence, reference in this Agreement to the Optionee shall be deemed to refer to his legal representative, heirs or devisees, as the case may be.

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IN WITNESS WHEREOF, the Company has caused this instrument to be executed by its authorized officer, as of the date identified below.

Agreed to:

MAGELLAN PETROLEUM CORPORATION

/s/ William E. Begley, Jr.

By: /s/ William H. Hastings

Optionee: William E. Begley, Jr.

Name: William H. Hastings

Title: President and CEO

Date: February 10, 2010

**MAGELLAN PETROLEUM CORPORATION
NONQUALIFIED STOCK OPTION
PERFORMANCE AWARD AGREEMENT
(TRANCHE C)**

THIS AGREEMENT, made as of the grant date indicated in Section 3 below (the “Grant Date”), and between Magellan Petroleum Corporation, a Delaware corporation (the “Company”), and the undersigned individual (the “Optionee”), pursuant to the Magellan Petroleum Corporation 1998 Stock Incentive Plan, as amended through May 27, 2009 (the “Plan”). Terms used but not defined herein shall have the same meaning as in the Plan).

WHEREAS, effective the date hereof the Optionee has been appointed as the Chief Financial Officer and Treasurer of the Company; and

WHEREAS, the Company, acting through the Compensation, Nominating and Governance Committee and the full Board of Directors has approved the award of Nonqualified Stock Options (“Options”) under the Plan to the Optionee (the “Award”).

NOW, THEREFORE, in consideration of the terms and conditions of this Agreement and pursuant to the Plan, the parties agree as follows:

1. **Grant of Options**. The Company hereby awards to the Optionee the right and option to purchase from the Company, at the exercise price set forth in Section 3 below, all or any part of the aggregate number of shares of common stock, par value \$0.01 per share, of the Company, as such common shares are presently constituted (the “Stock”), set forth in said Section 3.
2. **Terms and Conditions**. It is understood and agreed that the Options evidenced hereby shall at all times be subject to the provisions of the Plan (which are incorporated herein by reference) and the following terms and conditions:
 - (a) **Expiration Date**. The Options evidenced hereby shall expire on the date specified in Section 3 below, or earlier as provided in Section 7 of the Plan.
 - (b) **Exercise Price**. The Options evidenced hereby shall be exercisable at a price per share equal to the “fair market value” of a share of Stock (as defined in Section 5(c) of the Plan) on the date of the Board’s determination that the performance condition in Section 2(e) has been satisfied.
 - (c) **Exercise of Option**. The Options evidenced hereby shall be exercisable from time to time by (i) providing written notice of exercise ten (10) days prior to the date of exercise specifying the number of shares for which the Options are being exercised, addressed to the Company at its principal place of business, and (ii) either:
 - (A) **Cash Only Exercise** – submitting the full cash purchase price of the exercised Stock; or

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- (B) **Cashless Exercise** – submitting appropriate authorization for the sale of Stock in an amount sufficient to provide the full purchase price in accordance with Section 5(d) of the Plan, or
- (C) **Combination** – tendering a combination of (i) and (ii) above.
- (d) **Withholding Taxes.** Without regard to the method of exercise and payment, the Optionee shall pay to the Company, upon notice of the amount due, any withholding taxes payable with respect to such exercise, which payment may be made with shares of Stock which would otherwise be issued pursuant to the Options.
- (e) **Vesting.** The shares covered by the Options shall vest in full upon the Board of Directors (“Board”) determination of the attainment of the following mutually acceptable performance condition:
As Chief Financial Officer, the Optionee is charged with the responsibility to build a finance and accounting department that integrates the Company’s existing and newly added operations and personnel and produce timely and accurate reports for the Company’s public filings. The CEO will periodically assess the Optionee’s performance and make a determination when he believes this performance condition has been met and will present his findings and conclusions to the Audit Committee. If the Committee concurs with the CEO’s determination, it will recommend to the Board that the Board determine that the Options have vested in full. Upon this determination by the Board, the Optionee shall be fully vested in the Options at a per share exercise price described in Section 2(b) above.
- (f) **Acceleration.** The Options evidenced hereby shall immediately be accelerated and vest in full upon a “change of control” of the Company as defined in Section 15 of the Plan.
- (g) **Compliance with Laws and Regulations.** The Options evidenced hereby are subject to restrictions imposed at any time on the exercise or delivery of shares in violation of the By-Laws of the Company or of any law or governmental regulation that the Company may find to be valid and applicable.
- (h) **Interpretation.** Optionee hereby acknowledges that this Agreement is governed by the Plan, a copy of which Optionee hereby acknowledges having received, and by such administrative rules and regulations relative to the Plan and not inconsistent therewith as may be adopted and amended from time by the Committee (the “Rules”). Optionee agrees to be bound by the terms and provisions of the Plan and the Rules.

3. **Option Data.**

Optionee's Name:	William E. Begley, Jr.
Number of shares of Stock Subject to this Option:	88,889 shares
Grant Date:	February 10, 2010
Exercise Price Per Share:	as provided in Section 2(b) above.
Expiration Date:	February 10, 2020

4. **Miscellaneous.** This Agreement and the Plan (a) contains the entire Agreement of the parties relating to the subject matter of this Agreement and supersedes any prior agreements or understandings with respect thereto; and (b) shall be binding upon and inure to the benefit of the Company, its successors and assigns and the Optionee, his heirs, devisees and legal representatives. In the event of the Optionee's death or a judicial determination of his incompetence, reference in this Agreement to the Optionee shall be deemed to refer to his legal representative, heirs or devisees, as the case may be.

* * * * *

IN WITNESS WHEREOF, the Company has caused this instrument to be executed by its authorized officer, as of the date identified below.

Agreed to:

MAGELLAN PETROLEUM CORPORATION

/s/ William E. Begley, Jr.

By: /s/ William H. Hastings

Optionee: William E. Begley, Jr.

Name: William H. Hastings

Title: President and CEO

Date: February 10, 2010



MAGELLAN APPOINTS NEW CHIEF FINANCIAL OFFICER AND TREASURER

PORTLAND, Me., February 10, 2010 — Magellan Petroleum Corporation (NASDAQ: MPET) (ASX: MGN) (the “Company” or “Magellan”) announced the appointment of William E. Begley, Jr. as its new Chief Financial Officer (CFO) and Treasurer. Daniel J. Samela has resigned as CFO, Chief Accounting Officer and Treasurer, but will remain with the Company and continue to serve as Vice President — New Ventures.

William H. Hastings, President and Chief Executive Officer, stated: “Bill Begley has served the Company well for a year as a strategic advisor as we pursue our strategic growth plans in Australia and the United States. I am very pleased to have Bill join us formally as our new Chief Financial Officer and Treasurer. Bill brings to the Company a wealth of experience as a financial executive with leading U.S. firms, including Deloitte & Touche LLP and PricewaterhouseCoopers LLP. He also has extensive capital raising and operational experience with oil and gas companies. We expect Bill to quickly add his expertise in these areas to our management team.”

Mr. Begley, 55, has more than 25 years of energy industry and finance experience, and began his career with British Petroleum (BP). Besides BP, Mr. Begley has also held senior positions in energy banking including Solomon, Inc., and was recently President of Stone & Webster Management Consulting, specializing in the design and development of major energy projects. As a leading energy advisor in Australia, Mr. Begley was instrumental in the development of the liberalized natural gas markets in Australia and Victoria specifically, with Gas & Fuel Victoria and in the development of VENcorp, the natural gas trading and scheduling exchange in Australia. Mr. Begley also brings to Magellan a strong background in leading major capital energy projects including LNG, Methanol, and related petro-chemical and gas monetization projects, which will complement ongoing Company initiatives. In addition, Mr. Begley has also been involved in over \$100 billion in energy related mergers and acquisitions, initially with Solomon Brothers and more recently on an independent basis through WEB Gruppe GmbH and will be active in those areas for Magellan. Mr. Begley’s graduate JD/MBA studies are in international business and energy law. He graduated in 1976 with a B.A. from St. Michaels’ College in Vermont. Mr. Begley currently resides in Houston, Texas and will relocate to Maine.

Mr. Begley said: "I am excited about formally joining the Magellan leadership team, after having worked with the current management team as an adviser for more than a year. I am looking forward to working closely with Bill Hastings and the Board of Directors to implement the Company's plans for future growth to meet growing demand for energy in the Company's areas of operations. There is much to be done and I look forward to meeting the challenges that we face."

Walter McCann, Chairman of the Board, also added, "The Board is very pleased with the appointment of Mr. Begley as the Company's new CFO and Treasurer. We would like to express our sincere thanks to Dan Samela for his dedicated service to the Company as its CFO since 2004. We look forward to Dan's continued service to the Company in a newly-created Vice President position, in which he will be involved with New Ventures."

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For further information, please contact:

William H. Hastings, President and CEO, (207) 619-8501

William E. Begley, Jr., Chief Financial Officer and Treasurer, (713) 594-9348

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 and profitable integration of acquired businesses, including Nautilus Poplar LLC, into the Company's operations. 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.