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# Magellan Petroleum Reports Poplar Developments

## First VAALCO Program Well Drilled; Core Analysis Underway

## Amsden Discovery Well Continues To Flow

## Assessment of Charles Formation as CO2 Enhanced Oil Recovery Candidate Initiated

PORTLAND, Maine, March 15, 2012 /PRNewswire/ -- Magellan Petroleum Corporation ("Magellan" or the "Company") (NASDAQ: MPET) (ASX: MGN) today reported several positive developments from its operations in the East Poplar Unit in the Williston Basin, Montana.

The Company, through the efforts of its contract partner, VAALCO Energy, Inc. ("VAALCO") (NYSE: EGY), has successfully completed a vertical well (the EPU #120 well) in the deeper formations of the East Poplar Unit. VAALCO has run a production liner in this well and is in the process of evaluating the pressure, log, and core data to determine the best testing and completion procedure, which they expect to perform within the next four to eight weeks. Data collected in the Bakken, Three Forks, Nisku, Red River, and Winnipeg formations suggests each of these formations may be prospective for commercial production. Magellan was fully carried through the drilling of the well and upon completion will own an undivided 35% of the EPU #120 well and any production therefrom. VAALCO has also announced its intention to drill the second commitment well in the deeper formations of Poplar as a horizontal Bakken well in 2012.

"This Unit on the Poplar Dome has produced for decades and continues to provide outstanding opportunities in a variety of different intervals. This well substantiates the Company's belief that lower Paleozoic production will underlay much of the Poplar structure," said Tom Wilson, President and CEO.

In addition, the Company reported that in the 100% owned shallow formations of Poplar its previously announced Amsden discovery (the EPU # 117 well) has continued to flow oil since the end of January and the Company intends to place this well on pump by early April. Magellan continues to evaluate this well and looks forward to confirming this discovery with either a new well or a recompletion within an existing well in the near future.

Finally, the Company reported that it has begun an assessment plan of the potential of the 100% owned Charles formation within the East Poplar Unit for a CO2 enhanced oil recovery project ("EOR"). The first test results of oil samples from the Charles interval suggest that oil from this formation has the requisite miscibility to imply that it is susceptible to CO2 flooding.

The Company expects to receive additional laboratory test results on these oil samples within the next few weeks.

Tom Wilson, President and CEO, stated: "This first quantitative result showing that our oil is very likely miscible to CO2 corroborates our belief that the Charles interval possesses the physical characteristics for a CO2-EOR program. While much work remains, this result encourages us to proceed with next steps in the realization of this project."

## **FORWARD LOOKING STATEMENTS**

Statements in this release which are not historical in nature are intended to be, and are hereby identified as, forward-looking statements for purposes of the Private Securities Litigation Reform Act of 1995. These statements about the Company and its subsidiaries may relate to their businesses and prospects, revenues, expenses, operating cash flows, and other matters that involve a number of uncertainties that may cause actual results to differ materially from expectations. Among these risks and uncertainties are: (i) whether the recent well activity for the EPU 117 well will continue or diminish materially; (ii) whether the EPU #120 well will be completed as a well capable of commercial production; (iii) whether CO2-EOR techniques are feasible at Poplar, and (iv) those set forth in the Company's Risk Factors section of its most recent 10-K filed with the SEC.

## **ABOUT MAGELLAN**

Magellan is an independent energy company engaged in the exploration, development, production, and sale of crude oil and natural gas. Magellan is an oil and gas holding company listed on the NASDAQ since 1972. The Company conducts its operations through two wholly owned subsidiaries, Nautilus Poplar, LLC, which owns Poplar, a highly attractive oil field in the Williston Basin, and Magellan Petroleum Australia Limited, a successful independent oil and gas company in Australia and the UK in existence since the 1960s. Our mission is to enhance shareholder value by economically establishing the full potential of our existing assets.

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SOURCE Magellan Petroleum Corporation