MARINE PETROLEUM TRUST
Form 10-Q
February 17, 2009

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended December 31, 2008

OR

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

For the transition period from _____ to _____.

Commission file number 000-08565

Marine Petroleum Trust

(Exact name of registrant as specified in its charter)

Texas	**75-6008017**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
c/o The Corporate Trustee: U.S. Trust, Bank of America Private Wealth Management P. O. Box 830650, Dallas, Texas	**75283-0650**
(Address of principal executive offices)	(Zip Code)

Registrant s telephone number, including area code **(800) 985-0794**

None

(Former name, former address and former fiscal year if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes þ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company þ

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes o No þ

Indicate number of units of beneficial interest outstanding as of the latest practicable date:
As of February 13, 2009, Marine Petroleum Trust had 2,000,000 units of beneficial interest outstanding.

MARINE PETROLEUM TRUST
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

MARINE PETROLEUM TRUST AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ASSETS, LIABILITIES AND TRUST CORPUS
As of December 31, 2008 and June 30, 2008

	December 31, 2008 (Unaudited)	June 30, 2008 (Audited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,003,033	$ 1,668,486
Producing oil and gas properties	7	7
Receivable from affiliate		11,274
Total assets	$ 1,003,040	$ 1,679,767
LIABILITIES AND TRUST CORPUS		
Current liabilities:		
Federal income taxes payable	$ 7,900	$ 9,300
Total current liabilities	$ 7,900	$ 9,300
Trust corpus authorized 2,000,000 units of beneficial interest, issued 2,000,000 units at nominal value	995,140	1,670,467
	$ 1,003,040	$ 1,679,767

See accompanying notes to condensed consolidated financial statements.

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MARINE PETROLEUM TRUST AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF DISTRIBUTABLE INCOME
For the Three and Six Months Ended December 31, 2008 and 2007
(Unaudited)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2008	2007	2008	2007
Income:				
Oil and gas royalties	$ 720,751	$ 989,059	$ 2,201,248	$ 2,310,325
Oil and gas royalties from affiliate	343,647	384,054	628,584	709,256
Interest income	3,649	18,852	11,588	38,796
Total income	$ 1,068,047	$ 1,391,965	$ 2,841,420	$ 3,058,377
Expenses:				
General and administrative	$ 83,687	$ 88,837	$ 203,142	$ 143,093
Distributable income before Federal income taxes	984,360	1,303,128	2,638,278	2,915,284
Federal income taxes of subsidiary		2,000	3,600	8,700
Distributable income	$ 984,360	$ 1,301,128	$ 2,634,678	$ 2,906,584
Distributable income per unit	$ 0.49	$ 0.65	$ 1.32	$ 1.45
Distributions per unit	$ 0.89	$ 0.76	$ 1.66	$ 1.53
Units outstanding	2,000,000	2,000,000	2,000,000	2,000,000

See accompanying notes to condensed consolidated financial statements.

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MARINE PETROLEUM TRUST AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN TRUST CORPUS
For the Six Months Ended December 31, 2008 and 2007
(Unaudited)

	Six Months Ended December 31,	
	2008	**2007**
Trust corpus, beginning of period	$ 1,670,467	$ 1,653,412
Distributable income	2,634,678	2,906,584
Distributions to unitholders	3,310,005	3,065,402
Trust corpus, end of period	$ 995,140	$ 1,494,594

See accompanying notes to condensed consolidated financial statements.

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MARINE PETROLEUM TRUST AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2008
(Unaudited)

Note 1. Accounting Policies

The financial statements include the financial statements of Marine Petroleum Trust (the Trust) and its wholly-owned subsidiary, Marine Petroleum Corporation (MPC, and collectively with the Trust, Marine). The financial statements are condensed and consolidated and should be read in conjunction with the Trust s Annual Report on Form 10-K for the fiscal year ended June 30, 2008. The financial statements included herein are unaudited, but in the opinion of the trustee of the Trust, they include all adjustments necessary for a fair presentation of the results of operations for the periods indicated. Operating results for the interim periods reported herein are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 2009.

Note 2. Basis of Accounting

The financial statements of Marine are prepared on the modified cash basis method and are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America (GAAP). Under the modified cash basis method:

Royalty income is recognized in the month when received by Marine.

Marine s expenses (which include accounting, legal, and other professional fees, trustees fees and out-of-pocket expenses) are recorded on an accrual basis. Reserves for liabilities that are contingent or uncertain in amount may also be established if considered necessary.

Distributions to unitholders are recognized when declared by the trustee of the Trust.

The financial statements of Marine differ from financial statements prepared in conformity with GAAP because of the following:

Royalty income is recognized in the month received rather than in the month of production.

Reserves may be established for contingencies that would not be recorded under GAAP.

This comprehensive basis of accounting corresponds to the accounting principles permitted for royalty trusts by the U.S. Securities and Exchange Commission (the SEC), as specified by Staff Accounting Bulletin Topic 12:E, Financial Statements of Royalty Trusts.

Note 3. Distributable Income

The Trust s Indenture (the Indenture) provides that the trustee is to distribute all cash in the Trust, less an amount reserved for the payment of accrued liabilities and estimated future expenses, to unitholders on the 28th day of March, June, September and December of each year. If the 28th day falls on a Saturday, Sunday or legal holiday, the distribution is payable on the immediately succeeding business day.

As stated under Accounting Policies above, the financial statements in this Quarterly Report on Form 10-Q are the condensed and consolidated account balances of the Trust and MPC. However, distributable income is paid from the account balances of the Trust. Distributable income is comprised of (i) royalties from offshore Texas leases owned directly by the Trust, (ii) 98% of the royalties received from offshore Louisiana leases owned by MPC, which are retained by and delivered to the Trust on a quarterly basis, (iii) cash distributions from the Trust s interest in Tidelands Royalty Trust B (Tidelands), a separate publicly traded royalty trust, (iv) dividends paid by MPC, less (v) administrative expenses and taxes incurred by the Trust. Distributions fluctuate from quarter to quarter primarily due to changes in oil and natural gas prices and production quantities.

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Note 4. Investment in Affiliate Tidelands Royalty Trust B

At December 31, 2008 and 2007, the Trust owned 32.6% of the outstanding units of beneficial interest in Tidelands.

The following summary financial statements have been derived from the unaudited consolidated financial statements of Tidelands:

TIDELANDS CONSOLIDATED STATEMENTS OF DISTRIBUTABLE INCOME

	Three Months Ended September 30, 2008	Three Months Ended December 31, 2007	Six Months Ended December 31, 2007
Income	$ 1,390,370	$ 905,267	$ 2,059,441
Expenses	107,525	40,255	80,909
Distributable income before Federal income taxes	1,282,845	865,012	1,978,532
Federal income taxes of Tidelands subsidiary	13,100	12,000	25,100
Distributable income	$ 1,269,745	$ 853,012	$ 1,953,432

Tidelands is a reporting company under the Securities Exchange Act of 1934, as amended, and has filed its Annual Report on Form 10-K for the fiscal year ended December 31, 2007. Tidelands has not yet filed its financial statements for the fiscal year ended December 31, 2008 with the SEC. Therefore, consolidated statements of distributable income data concerning Tidelands has been presented through September 30, 2008, the latest period for which such information is publicly available. Reference should be made to Tidelands public filings for current information concerning Tidelands and its financial position and results of operations.

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Item 2. Trustee s Discussion and Analysis of Financial Condition and Results of Operations

Organization

The Trust is a royalty trust that was created in 1956 under the laws of the State of Texas. U.S. Trust, Bank of America Private Wealth Management serves as corporate trustee (the Trustee). The Indenture provides that the term of Trust will expire on June 1, 2021, unless extended by the vote of the holders of a majority of the outstanding units of beneficial interest. The Trust is not permitted to engage in any business activity because it was organized for the sole purpose of providing an efficient, orderly, and practical means for the administration and liquidation of rights to payments from certain oil and natural gas leases in the Gulf of Mexico, pursuant to license agreements and amendments between the Trust s predecessors and Gulf Oil Corporation (Gulf). As a result of various transactions that have occurred since 1956, the Gulf interests now are held by Chevron Corporation (Chevron), Elf Exploration, Inc. (Elf), and their assignees. The Trust holds title to interests in properties that are situated offshore of Texas.

The Trust s wholly-owned subsidiary, MPC, holds title to interests in properties that are situated offshore of Louisiana because at the time the Trust was created, trusts could not hold these interests under Louisiana law. MPC is prohibited from engaging in a trade or business and does only those things necessary for the administration and liquidation of its properties.

Marine s rights are generally referred to as overriding royalty interests in the oil and natural gas industry. An overriding royalty interest is created by an assignment by the owner of a working interest in an oil or gas lease. The royalty rights associated with an overriding royalty interest terminate when the underlying lease terminates. All production and marketing functions are conducted by the working interest owners of the leases. Income from overriding royalties is paid to Marine either (i) on the basis of the selling price of oil, natural gas and other minerals produced, saved and sold, or (ii) at the value at the wellhead as determined by industry standards, when the selling price does not reflect the value at the wellhead.

The Trustee assumes that some units of beneficial interest are held by middlemen, as such term is broadly defined in U.S. Treasury Regulations (and includes custodians, nominees, certain joint owners, and brokers holding an interest for a customer in street name). Therefore, the Trustee considers the Trust to be a widely held fixed investment trust (WHFIT) for U.S. Federal income tax purposes. Accordingly, the Trust will provide tax information in accordance with applicable U.S. Treasury Regulations governing the information reporting requirements of the Trust as a WHFIT. The representative of the Trust that will provide the required information is U.S. Trust, Bank of America Private Wealth Management and the contact information for the representative is as follows:

U.S. Trust, Bank of America Private Wealth Management
P.O. Box 830650
Dallas, Texas 75283-0650
Telephone number: (800) 985-0794

Each unitholder should consult his or her own tax advisor for compliance matters.

Liquidity and Capital Resources

Due to the limited purpose of the Trust as stated in the Trust s Indenture, there is no requirement for capital. The Trust s only obligation is to distribute to unitholders the distributable income actually collected. As an administrator of oil and natural gas royalty properties, the Trust collects royalties monthly, pays administration expenses, and disburses all net royalties collected to its unitholders each quarter.

The Trust s Indenture (and MPC s charter and by-laws) expressly prohibits the operation of any kind of trade or business. The Trust s oil and natural gas properties are depleting assets and are not being replaced due to the prohibition against these investments. These restrictions, along with other factors, allow the Trust to be treated as a grantor trust. As a grantor trust, all income and deductions, for state and Federal tax purposes, generally flow through to each individual unitholder. Note, however, that in May 2006, the State of Texas passed legislation to

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implement a new franchise or margin tax. Although it is not entirely clear, currently, it appears that the Trust will not be subject to the franchise tax because at least 90% of its income is from passive sources. Please see the Annual Report on Form 10-K for the fiscal year ended June 30, 2008 for further information. MPC is a taxable entity and pays state and Federal taxes on its income. However, MPC s income specifically excludes 98% of oil and natural gas royalties collected by MPC, which are retained by and delivered to the Trust in respect of the Trust s net profits interest.

The Leases

Marine relies on public records for information regarding drilling operations. The public records available up to the date of this report indicate that there were eight new well completions made during the six months ended December 31, 2008 on leases in which Marine has an interest. Public records also indicate that there were four wells in the process of being drilled and three permits for wells to be drilled in the future.

Marine holds an overriding royalty interest equal to three-fourths of 1% of the value at the well of any oil, natural gas, or other minerals produced and sold from 59 leases covering 215,136 gross acres located in the Gulf of Mexico. Marine s overriding royalty interest applies only to existing leases and does not apply to any new leases that Chevron or Elf may acquire. The Trust also owns a 32.6% interest in Tidelands. Tidelands has an overriding royalty interest in five leases covering 22,948 gross acres located in the Gulf of Mexico. As a result of this ownership, the Trust receives periodic distributions from Tidelands.

Critical Accounting Policies and Estimates

In accordance with SEC Staff Accounting Bulletin Topic 12:E, Financial Statements of Royalty Trusts, Marine uses the modified cash basis method of accounting. Under this accounting method, royalty income is recorded when received, and distributions to unitholders are recorded when declared by the Trustee of the Trust. Expenses of Marine (which include accounting, legal, and other professional fees, trustees fees and out-of-pocket expenses) are recorded on an accrual basis. Marine also reports distributable income instead of net income under the modified cash basis method of accounting. Cash reserves are permitted to be established by the Trustee for certain contingencies that would not be recorded under GAAP.

Marine did not have any changes in critical accounting policies or in significant accounting estimates during the six months ended December 31, 2008. Please see the Annual Report on Form 10-K for the fiscal year ended June 30, 2008 for a detailed discussion of critical accounting policies.

General

During the six months ended December 31, 2008, Marine realized 63% of its royalty income from the sale of oil and 37% from the sale of natural gas, excluding its interest in Tidelands. Royalty income consists of oil and natural gas royalties received from producers.

Marine s royalty income is derived from the oil and natural gas production activities of unrelated parties. Marine s royalty income fluctuates from period to period based upon factors beyond Marine s control, including, without limitation, the number of productive wells drilled and maintained on leases subject to Marine s interest, the level of production over time from such wells and the prices at which the oil and natural gas from such wells are sold.

Important aspects of Marine s operations are conducted by third parties. Marine s royalty income is dependent on the operations of the working interest owners of the leases on which Marine has an overriding royalty interest. The oil and natural gas companies that lease tracts subject to Marine s interests are responsible for the production and sale of oil and natural gas and the calculation of royalty payments to Marine. The only obligation of the working interest owners to Marine is to make monthly overriding royalty payments of Marine s interest in the oil and natural gas sold. Marine s distributions are processed and paid by American Stock Transfer as the agent for Marine. American Stock Transfer replaced Mellon Investor Services LLC Marine s transfer agent as of November 1, 2008.

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The volume of oil and natural gas produced and its selling price are primary factors in the calculation of overriding royalty payments. Production is affected by the declining capability of the producing wells, the number of new wells drilled and the number of existing wells re-worked and placed back in production. Production from existing wells is anticipated to decrease in the future due to normal well depletion. Marine has no input with the operators regarding future drilling or re-working operations which could impact the oil and natural gas production on the leases on which Marine has an overriding royalty interest.

Hurricanes Gustav and Ike

In September 2008, Hurricanes Gustav and Ike hit the Gulf Coast, which generally caused (i) a disruption of oil and natural gas production, (ii) damage to offshore production platforms and (iii) damage to onshore oil and natural gas pipeline facilities.

Because Marine is not the operator of the leases on which it has an overriding royalty interest, Marine has received limited information regarding the effect of the hurricanes on production. However, based on limited information available to Marine from the Minerals Management Service, at least six offshore production platforms on leases in which Marine has an overriding royalty interest were either destroyed or severely damaged by the hurricanes. Of these six production platforms, only one (on East Cameron Block 330) had producing wells. Marine does not know the extent to which production may have been disrupted due to hurricane damage to the other five platforms. During the twelve months ended June 30, 2008, over 70% of Marine s royalty income was generated from wells on leases in the Eugene Island, South Timbalier, Grand Isle and West Delta areas. While none of the six production platforms that were either destroyed or severely damaged by the hurricanes were in these areas, Marine was previously advised that wells in the South Timbalier area were off production due to damage to onshore pipeline facilities. Marine was further advised that production was expected to be substantially restored in the South Timbalier area in November 2008. Marine has not independently verified the foregoing information regarding the status of various wells and the extent of damage to facilities. In addition, there may be other damage to offshore platforms and onshore pipeline facilities causing a disruption in production.

In general, Marine receives royalties two months after oil production and three months after natural gas production. Based upon royalty receipts received in November and December of 2008 and January 2009 from natural gas production in August, September and October of 2008 and oil production in September, October and November 2008, the distribution to be paid in March 2009 will be $.301562 per unit, a decrease of 66% from the distribution paid in December 2008. The distribution to be paid in June 2009 will be based on production in November and December of 2008 and January and February 2009. At this time, Marine is unable to predict how this distribution will be affected by the damage caused by the hurricanes.

To Marine s knowledge, there were no platforms destroyed on the leases on which Tidelands has an overriding royalty interest, and Marine has been advised that the wells on these leases were generally only shut-in for a short period of time. The revenue received from Marine s equity interest in Tidelands accounted for approximately 67% of the distribution per unit to be paid in March 2009.

Prices

During the second quarter of fiscal 2009, oil and natural gas prices continued to decline. In December 2008, the average price quoted for crude oil delivered onshore in Louisiana had dropped 71% to $39.69 per barrel down from $137.81 in July 2008. In December 2008, natural gas prices were down 45% to $5.70 per million btu from $10.32 in July.

Summary of Operating Results

Distributable income for the six months ended December 31, 2008 decreased approximately 9% to $1.32 per unit as compared to $1.45 per unit for the comparable period in 2007. For the six months ended December 31, 2008, oil production decreased 6,568 barrels and natural gas production decreased 54,756 thousand cubic feet (mcf) from the levels realized in the comparable period in 2007. For the six months ended December 31, 2008, the average price realized for a barrel of oil increased $51.56 over the price realized in the comparable period in 2007

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and the average price realized for an mcf of natural gas increased $4.14 over the price realized in the comparable period in 2007.

Distributions to unitholders amounted to $1.66 per unit for the six months ended December 31, 2008, an increase of $0.13 per unit over the distributions for the comparable period in 2007.

The following table presents the net production quantities of oil and natural gas and distributable income and distributions per unit for the last five quarters.

	Net Production Quantities (1)			
Quarter Ended	Oil (bbls)	Natural Gas (mcf)	Distributable Income Per Unit	Distribution Per Unit
December 31, 2007	8,355	49,268	$ 0.65	$ 0.76
March 31, 2008	9,458	58,251	$ 0.71	$ 0.65
June 30, 2008	9,049	57,014	$ 0.77	$ 0.75
September 30, 2008	6,972	41,078	$ 0.83	$ 0.77
December 31, 2008	3,573	28,385	$ 0.49	$ 0.89

(1) Excludes the Trust s interest in Tidelands.

Results of Operations Three Months Ended December 31, 2008 and 2007

Distributable income decreased 24% to $984,360 for the three months ended December 31, 2008, from $1,301,128 realized for the comparable three months in 2007.

Excluding the Trust s interest in Tidelands, oil and gas production (barrels of oil equivalent) in the three months ended December 31, 2008 decreased 50% over the volumes realized in the quarter ended December 31, 2007, with a 57% decrease in the production of oil and a 42% decrease in the production of natural gas.

Income from oil royalties, excluding the Trust s interest in Tidelands, for the three months ended December 31, 2008 decreased 29% to $446,668 from $631,890 realized for the comparable three months in 2007. There was a 57% decrease in production and a 65% increase in the price realized.

Income from natural gas royalties, excluding the Trust s interest in Tidelands, for the three months ended December 31, 2008 decreased 23% to $274,082 from $357,169 for the comparable three months in 2007. There was a 42% decrease in production and a 33% increase in the price realized.

Income from the Trust s interest in Tidelands decreased approximately 11% for the three months ended December 31, 2008 as compared to the comparable three months of 2007, primarily due to increased oil and natural gas prices offset by a decline in production of both oil and natural gas. The decrease in production was due in part to the loss of production as a result of Hurricanes Gustav and Ike.

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The following table presents the quantities of oil and natural gas sold and the average price realized from current operations for the three months ended December 31, 2008, and those realized in the comparable three months in 2007, excluding the Trust s interest in Tidelands.

	Three Months Ended December 31,		
	2008	2007	
	(Unaudited)	(Unaudited)	% Change
Oil			
Barrels sold	3,573	8,355	(57)%
Average price	$ 125.01	$ 75.63	65%
Natural gas			
Mcf sold	28,385	49,268	(42)%
Average price	$ 9.66	$ 7.25	33%

General and administrative expenses decreased to $83,687 in the three months ended December 31, 2008 from $88,837 in the prior year period.

Results of Operations Six Months Ended December 31, 2008 and 2007

Distributable income decreased 9% to $2,634,678 for the six months ended December 31, 2008, from $2,906,584 realized for the comparable six months in 2007.

Excluding the Trust s interest in Tidelands, oil and gas production (barrels of oil equivalent) in the six months ended December 31, 2008 decreased 42% over the volumes realized in the comparable six months in 2007, with a 38% decrease in the production of oil and a 44% decrease in the production of natural gas.

Income from oil royalties, excluding the Trust s interest in Tidelands, for the six months ended December 31, 2008 increased 1% to $1,385,700 from $1,366,534 realized for the comparable six months in 2007. There was a 38% decrease in production and a 65% increase in the price realized.

Income from natural gas royalties, excluding the Trust s interest in Tidelands, for the six months ended December 31, 2008 decreased 14% to $815,548 from $943,791 for the comparable six months in 2007. There was a 44% decrease in production and a 54% increase in the price realized.

Income from the Trust s interest in Tidelands decreased approximately 11% for the six months ended December 31, 2008 as compared to the comparable six months of 2007, primarily due to increased oil and natural gas prices offset by a decline in production of both oil and natural gas. The decrease in production was due in part to the loss of production as a result of Hurricanes Gustav and Ike.

The following table presents the quantities of oil and natural gas sold and the average price realized from current operations for the six months ended December 31, 2008, and those realized in the comparable six months in 2007, excluding the Trust s interest in Tidelands.

	Six Months Ended December 31,		
	2008	2007	
	(Unaudited)	(Unaudited)	% Change
Oil			
Barrels sold	10,545	17,113	(38)%
Average price	$131.41	$ 79.85	65%
Natural gas			
Mcf sold	69,463	124,219	(44)%

Average price	$ 11.74	$ 7.60	54%

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General and administrative expenses increased to $203,142 in the six months ended December 31, 2008 from $143,093 in the prior year period, primarily due to increased professional fees and expenses related to the accounting change discussed in the Annual Report on Form 10-K for the fiscal year ended June 30, 2008.

Forward-Looking Statements

The statements discussed in this Quarterly Report on Form 10-Q regarding Marine s future financial performance and results, and other statements that are not historical facts, are forward-looking statements as defined in Section 27A of the Securities Act of 1933. This report uses the words may, expect, anticipate, estimate, believe, continue, intend, plan, budget, or other similar words to identify forward-looking statements. You should read statements that contain these words carefully because they discuss future expectations, contain projections of Marine s financial condition, and/or state other forward-looking information. Actual results may differ from expected results because of: reductions in price or demand for oil and natural gas, which might then lead to decreased production; reductions in production due to the depletion of existing wells or disruptions in service, which may be caused by storm damage to production facilities, blowouts or other production accidents, or geological changes such as cratering of productive formations; and the expiration or release of leases subject to Marine s interests. Additional risks are set forth in the Annual Report on Form 10-K for the fiscal year ended June 30, 2008. Events may occur in the future that Marine is unable to accurately predict or over which it has no control. If one or more of these uncertainties materialize, or if underlying assumptions prove incorrect, actual outcomes may vary materially from those forward-looking statements included in this Quarterly Report on Form 10-Q.

Website

Marine now has an Internet website and has made available its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to such reports, filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, at www.marps-marinepetroleumtrust.com. These reports will be posted as soon as reasonably practicable after such report is electronically filed with or furnished to the SEC.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Marine did not experience any significant changes in market risk during the period covered by this Quarterly Report on Form 10-Q. Marine s market risk is described in more detail in Item 7A: Quantitative and Qualitative Disclosures About Market Risk in the Annual Report on Form 10-K for the fiscal year ended June 30, 2008.

Item 4T. Controls and Procedures

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

U.S. Trust, Bank of America Private Wealth Management, as Trustee of the Trust, is responsible for establishing and maintaining Marine s disclosure controls and procedures. These controls and procedures are designed to ensure that material information relating to Marine is communicated to the Trustee. As of the end of the period covered by this report, the Trustee carried out an evaluation of the effectiveness of the design and operation of Marine s disclosure controls and procedures pursuant to Rules 13a-15 and 15d-15 of the Securities Exchange Act of 1934, as amended. Based upon that evaluation, the Trustee concluded that Marine s disclosure controls and procedures were effective as of the end of the period covered by this Quarterly Report on Form 10-Q.

Changes in Internal Control Over Financial Reporting

There has not been any change in Marine s internal control over financial reporting during the period covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, Marine s internal control over financial reporting.

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PART II. OTHER INFORMATION

Item 1A. Risk Factors

Although various risk factors and specific cautionary statements are described elsewhere in this Quarterly Report on Form 10-Q, the following is a summary of the principal risks associated with an investment in units of the Trust.

Marine is unable to acquire royalty interests in any more leases.

Marine s overriding royalty interest applies only to existing leases and does not apply to new leases that Chevron or Elf may acquire. Therefore, Chevron, Elf and their assignees are no longer obligated to assign any interest to Marine out of any lease that they acquire. In addition, Marine is not permitted to carry on any business, including making investments in additional oil and gas interests. Marine will continue to receive payments on its existing leases, so long as the leases exist. Once the leases terminate or expire, any overriding royalties payable to Marine will terminate and Marine cannot acquire any additional or replacement royalty interests.

Royalty interests are depleting assets and may deplete faster than expected or entirely.

The net proceeds payable to Marine are derived from the sale of depleting assets. Accordingly, the portion of the distributions to unitholders attributable to depletion may be considered a return of capital as opposed to a return on investment. Distributions that are considered a return of capital will ultimately diminish the depletion tax benefits available to unitholders, which could reduce the market value of the units over time.

The reduction in proved reserve quantities is a common measure of depletion. Future maintenance and development projects on the leases will likely affect the quantity of proved reserves. The timing and size of these projects will depend on the market prices of oil and natural gas. If operators of the leases do not implement additional maintenance and development projects, the future rate of production decline of proved reserves may be higher than the rate currently experienced by Marine. Eventually, the properties on the leases will stop producing in commercial quantities, and Marine will therefore cease to receive any distributions of net proceeds therefrom.

Oil and natural gas prices are volatile and fluctuate due to a number of factors, and lower prices will reduce royalty payments to Marine and distributions to its unitholders.

Marine s quarterly distributions are highly dependent upon the prices realized from the sale of oil and natural gas. A significant downward movement in the prices for oil and natural gas could have a material adverse effect on Marine s distributable income, which could decrease the distributions to unitholders. Recently, prices for oil and natural gas have declined dramatically from recent high prices. Historically, prices have been volatile and are likely to continue to be volatile in the future due to factors beyond Marine s control. These factors include, but are not limited to:

- political conditions worldwide, in particular political disruption, war or other armed conflicts in oil producing regions;
- worldwide economic conditions;
- weather conditions;
- the supply and price of domestic and foreign oil and natural gas;
- the level of consumer demand;
- the price and availability of alternative fuels;
- the proximity to, and capacity of, transportation facilities; and
- the effect of worldwide energy conservation measures.

Moreover, government regulations, such as regulation of natural gas transportation and price controls, can affect product prices in the long term.

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Lower prices may reduce the amount of oil and natural gas that is economical to produce and reduce distributable income available to Marine. The volatility of energy prices reduces the predictability of future cash distributions to unitholders. Substantially all of the oil, natural gas and natural gas liquids produced from the leases is being sold under short-term or multi-month contracts at market clearing prices or on the spot market.

The market price for the units may not reflect the value of the royalty interests held by Marine.

The public trading price for the units tends to be tied to the recent and expected levels of cash distribution on the units. The amounts available for distribution by Marine vary in response to numerous factors outside the control of Marine, including prevailing prices for oil and natural gas produced from properties on the leases. The market price of the units is not necessarily indicative of the value that Marine would realize if it sold its interest in the properties on the leases to a third party buyer and distributed the net proceeds to its unitholders. In addition, the market price of the units is not necessarily reflective of the fact that since the assets of Marine are depleting assets, a portion of each cash distribution paid on the units should be considered by investors as a return of capital, with the remainder being considered as a return on investment. There is no guarantee that distributions made to a unitholder over the life of these depleting assets will equal or exceed the purchase price paid by the unitholder for the unit.

In addition, the public stock markets have experienced price and trading volume volatility. This volatility has had a significant effect on the market prices of securities issued by many companies for reasons that may or may not be related to operating performance. If the public stock markets continue to experience price and trading volume volatility in the future, the market price of the units could be adversely affected. In addition, the units have traded, and may continue to trade, in low volumes. As a result, sales of small amounts of the units in the public market could cause the price of the units to fluctuate greatly, including in a materially adverse manner.

Operating risks for the working interest owners interests on the leases can adversely affect distributions.

The occurrence of drilling, production or transportation accidents and other natural disasters on the properties underlying the leases can reduce distributions. These occurrences include blowouts, cratering, explosions, environmental and hurricane damage that may result in personal injuries, property damage, damage to productive formations or equipment and environmental damages. For example, there were two major hurricanes in the Gulf of Mexico during the fiscal year ended June 30, 2006. Some wells were lost due to these hurricanes. Other wells were off production for most of the quarter that ended December 31, 2005 and did not start recovering until the quarter that ended June 30, 2006. As a result, oil and natural gas production was down during certain of these periods.

The owner of any underlying properties of the leases may transfer any of the properties to another unrelated third party.

The working interest owners may at any time transfer all or part of property underlying a lease to another unrelated third party. Unitholders are not entitled to vote on any transfer, and Marine will not receive any proceeds of any such transfer. Following any transfer, the lease will continue to be subject to Marine s royalty interest, but the net proceeds from the transferred property would be calculated separately and paid by the transferee. The transferee would be responsible for all of the obligations relating to calculating, reporting and paying to Marine its royalty interest on the transferred portion of the lease, and the current owner of the underlying property would have no continuing obligation to Marine for that property. Any such transferee may not be as financially sound as the current working interest owner.

The owner of any underlying properties of the leases may abandon any property, terminating the related royalty interest Marine may hold.

The current working interest owners or any transferee may abandon any well or property if it believes that the well or property can no longer produce in commercially economic quantities or for any other reason. This would result in termination of Marine s royalty interest relating to the abandoned well or property.

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The Trustee, Marine and its unitholders do not control the operation or development of the underlying properties of the leases and have little influence over operation or development.

The Trustee, Marine and the Trust s unitholders have little, if any, influence or control over the operation or future development of the underlying properties of the leases. The properties underlying the leases are owned by independent working interest owners. The working interest owners manage the underlying properties and handle receipt and payment of funds relating to the leases and payments to Marine for its royalty interests. The current working interest owners are under no obligation to continue operating the properties. The failure of a working interest owner to conduct its operations, discharge its obligations, cooperate with regulatory agencies or comply with laws, rules and regulations in a proper manner could have an adverse effect on net proceeds payable to Marine. The Trustee, Marine and the Trust s unitholders do not have the right to replace an operator.

Important reserve and other information with respect to the particular leases subject to Marine s royalty interest is difficult to obtain.

The leasehold working interests that are subject to the rights held by Marine are owned, in most cases, in whole or in part by Chevron, or other oil and natural gas exploration and production companies. Certain information with respect to the particular leases subject to Marine s interests, including, but not limited to, (i) reserves, (ii) availability of oil and natural gas, (iii) average production cost (lifting cost) per unit, (iv) undeveloped acreage and (v) net wells and net acres, lies solely within the knowledge of these working interest owners. Engineering data, if any, regarding these leaseholds would have been compiled principally by or for the working interest owners of these leaseholds and Marine believes that it will not be provided access to such information.

Terrorism and continued geopolitical hostilities could adversely affect Marine s distributions to its unitholders or the market price of its units.

Terrorist attacks and the threat of terrorist attacks, whether domestic or foreign, as well as military or other actions taken in response to such attacks or threats, could cause instability in the global financial and energy markets. Terrorism and other geopolitical hostilities could adversely affect the Trust s distributions to its unitholders or the market price of its units in unpredictable ways, including through the disruption of fuel supplies and markets, increased volatility in oil and natural gas prices, or the possibility that the infrastructure on which the operators of the underlying properties rely could be a direct target or an indirect casualty of an act of terror.

Unitholders have limited voting rights.

Voting rights as a unitholder are more limited than those of stockholders of most public corporations. For example, there is no requirement for annual meetings of unitholders or for an annual or other periodic re-election of the Trustee. Unlike corporations, which are generally governed by boards of directors elected by their equity holders, the Trust is administered by a corporate trustee in accordance with the Indenture and other organizational documents. The Trustee has limited discretion in its administration of the Trust.

The limited liability of the unitholders is uncertain.

The unitholders are not protected from the liabilities of the Trust to the same extent that a shareholder would be protected from a corporation s liabilities. The structure of the Trust as a trust does not include the interposition of a limited liability entity such as a corporation or limited partnership, which would provide further limited liability protection to unitholders. While the Trust is liable for any excess liabilities incurred if the Trustee fails to insure that such liabilities are to be satisfied only out of the Trust s assets, under the laws of the state of Texas, which are unsettled on this point, a holder of units may be jointly and severally liable for any liability of the Trust if the satisfaction of such liabilities was not contractually limited to the assets of the Trust and the assets of the Trust and the Trustee are not adequate to satisfy such liability. As a result, unitholders may be exposed to personal liability.

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Marine s royalty interest can be sold and the Trust can be terminated.

The Trust may be terminated and the Trustee may sell Marine s royalty interests if holders of 80% of the units of beneficial interest of the Trust approve the sale and vote to terminate the Trust. Following any such termination and liquidation, the net proceeds of any sale will be distributed to the unitholders and unitholders will receive no further distributions from the Trust. Any such sale may not be on terms acceptable to all unitholders.

The operators of the working interest owner are subject to extensive governmental regulation.

Oil and gas operations have been, and in the future will be, affected by Federal, state and local laws and regulations and other political developments, such as price or gathering rate controls and environmental protection regulations. Although Marine is unable to predict changes to existing laws and regulations, such changes could significantly impact royalty interests.

Financial information of Marine is not prepared in accordance with GAAP.

The financial statements of Marine are prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than GAAP. Although this basis of accounting is permitted for royalty trusts by the SEC, the financial statements of Marine differ from GAAP financial statements because royalty income is recognized in the month received rather than in the month of production and reserves may be established for contingencies that would not be recorded under GAAP.

If it is determined that Marine is subject to the Texas franchise tax, the Trustee may have to withhold an amount from future distributions to pay the tax liability.

In May 2006, the State of Texas enacted legislation, as amended in June 2007, to implement a new franchise or margin tax. Certain entities that were previously exempt from the franchise tax, including many trusts, may now be subject to the tax. Trusts, however, other than business trusts (as defined in U.S. Treasury Regulation section 301.7701-4(b)), that meet certain statutory requirements are exempt from the franchise tax as passive entities.

The Trustee does not expect that the Trust will be required to pay any amounts under the new Texas state franchise tax for tax year 2008, based on the Trustee s belief that the Trust is exempt from the franchise tax as a passive entity (*i.e.*, the Trust is not a business trust, it receives at least 90% of its Federal gross income from certain passive sources, and no more than 10% of its income is derived from an active trade or business). If it is subsequently determined that the Trust is not exempt from the franchise tax, the Trust will be required to deduct and withhold from future distributions the amount required to satisfy and pay the Trust s franchise tax liability for tax year 2008. In addition, the Trust would be required to timely pay franchise tax liability due with respect to current and future years.

Assuming the Trust is exempt from the Texas state franchise tax as a passive entity, each unitholder that is subject to the Texas franchise tax as a taxable entity under the Texas Tax Code (which does not include natural persons) would generally include its share of the Trust s revenue in its franchise tax computation. Each unitholder is urged to consult his or her own tax advisor regarding his or her possible Texas state franchise tax liability.

Item 6. Exhibits

The following exhibits are included herein:

31.1 Certification of the Corporate Trustee pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of the Corporate Trustee pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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SIGNATURES

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

MARINE PETROLEUM TRUST
U.S. Trust, Bank of America Private Wealth Management, *Trustee*

February 17, 2009

By: /s/ Ron E. Hooper
Ron E. Hooper
Senior Vice President

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