

MARINE PETROLEUM TRUST

Form 10-K

September 27, 2006

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-K

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended June 30, 2006.

OR

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from _____ to _____.

Commission File No. 0-8565

Marine Petroleum Trust

(Exact name of registrant as specified in its charter)

Texas

(State or other jurisdiction of incorporation or organization)

75-6008017

(I.R.S. Employer Identification No.)

c/o The Corporate Trustee:

Bank of America, N.A.

P. O. Box 830241, Dallas, Texas

(Address of principal executive offices)

75283-0241

(Zip Code)

Registrant's telephone number, including area code

(at the office of the Corporate Trustee): **(800) 985-0794**

Securities registered pursuant to Section 12(b) of the Act:

None

Securities registered pursuant to Section 12(g) of the Act:

Units of Beneficial Interest

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES NO

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES NO

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 No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

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

Yes No

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Aggregate market value of Units of Beneficial Interest held by non-affiliates of the registrant at December 31, 2005: \$51,888,254.

Number of Units of Beneficial Interest outstanding as of September 27, 2006 2,000,000 Units.

Documents Incorporated by Reference:

None

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ITEM 1. BUSINESS

Organization. Marine Petroleum Trust (Marine) is a royalty trust that was created in 1956 under the laws of the State of Texas. Marine 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 thereto between Marine s predecessors and Gulf Oil Corporation (Gulf). As a result of various transactions that have occurred since 1956, the Gulf interests are now held by Chevron Corporation (Chevron), Elf Exploration, Inc. (Elf), and their assignees.

The indenture pursuant to which Marine was created (the Indenture) provides that the corporate trustee is to distribute all cash in Marine, less an amount reserved for the payment of accrued liabilities and estimated future expenses, to unitholders of record on the last business day of February, May, August and November. Payments are to be made on the 28th day of September, December, March and June of each fiscal year. If the 28th falls on a Saturday, Sunday or legal holiday, the distribution is payable on the immediately preceding business day.

The Indenture, as amended, also provides that the term of the royalty 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.

Marine s wholly-owned subsidiary, Marine Petroleum Corporation (MPC), holds title to interests in properties subject to Marine s interests that are situated offshore of Louisiana. Ninety-eight percent of all oil, natural gas, and other mineral royalties collected by the subsidiary less the cost of receiving and collection are paid to Marine. MPC retains the remaining two percent of the overriding royalties along with other items of income and expense until such time as the board of directors declares a dividend out of retained earnings. MPC, like Marine, 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 only industry segment or purpose is the administration and collection of royalties.

Royalties. Marine s rights are generally referred to as overriding royalty interests by the oil and natural gas industry, and we sometimes refer to them as overriding royalty interests in this annual report. All production and marketing functions are conducted by the working interest owners of the leases. Revenues from overriding royalties are 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.

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 the leases described in the Properties section below. Marine s overriding royalty interest applies only to existing leases and does not apply to new leases that Chevron or Elf may acquire.

Marine also owns a 32.6% equity interest in Tidelands Royalty Trust B (Tidelands), a separate Texas trust, which owns interests in the oil, natural gas, or other mineral leases acquired by Gulf and/or its transferees and assignees in a 1,370,000-acre area of the Gulf of Mexico (the Royalty Area). The term of the Tidelands royalty trust will expire in 2021, unless extended by the vote of the holders of a majority of the outstanding units of beneficial interest. Tidelands indenture provides that the corporate trustee is to distribute all cash in the trust, less an amount reserved for payment of accrued liabilities and estimated future expenses, to unitholders of record on the last business day of March, June, September and December of each year. Such payments are to be made within 15 days after the record date. Distributable income is paid from the unconsolidated account balances of Tidelands. Distributable income is comprised of (i) royalties from offshore Texas leases owned directly by Tidelands, plus (ii) 95% of the overriding royalties received by the subsidiary that are paid to Tidelands on a quarterly basis, less (iii) administrative expenses of Tidelands. We recommend that you read Tidelands public filings for a description of its risks, business, properties and financial condition and results of operations.

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As of the date of filing of this Annual Report on Form 10-K, the leases subject to Marine's interests cover 240,584 gross acres (including Tidelands' interest in 25,448 leased acres). These leases will remain in force until the expiration of their respective terms. Leases may be voluntarily released by the working interest owner after all oil and natural gas reserves are produced. Leases may also be abandoned by the working interest owner due to the failure to discover sufficient reserves to make development economically worthwhile. In addition, the federal government may force termination of a lease if the working interest owner fails to fully develop a lease once it is acquired. Three leases containing 15,300 acres were terminated during the year. The lease on Grand Isle block 95 had no producing wells and was held by a unitization agreement which expired. Production ceased on Matagorda Island Block 556 on March 6, 2005 and was terminated on September 2, 2005. Hurricane Katrina destroyed the platform on South Timbalier block 176 and the owner determined that the reserves did not support the investment that would be required to rebuild the platform and redrill the well.

For the year ended June 30, 2006, approximately 49% of Marine's royalty revenues were attributable to the sale of oil and approximately 51% were attributable to the sale of natural gas. The royalty revenues received by Marine are affected by a number of factors, including seasonal fluctuations in demand, ability of wells to produce due to depletion and by changes in the market price for oil and natural gas. The following table presents the percent of production from various companies which paid 90% of the royalties in each of the past three years.

Company	Years Ended June 30,		
	2006	2005	2004
ChevronTexaco	65%	78%	72%
Walter Oil & Gas Corp.	8%		
Anglo Suisse Offshore LLP	6%		
Century Exploration Company	5%	5%	6%
Kerr McGee	3%	2%	
Newfield Exploration	2%	2%	1%
BP America	2%	2%	7%
Devon Production Company	1%	2%	4%
Others	8%	9%	10%
	100%	100%	100%

In addition, Marine's revenues from its equity interest in Tidelands accounted for approximately 9%, 14% and 6% of Marine's revenue for the years ended June 30, 2006, 2005 and 2004, respectively. Tidelands has reported that royalty revenues from Baron Petroleum, Dunhill Resources, Inc, W & T Offshore and Devon Energy Production Company accounted for a substantial portion of Tidelands' royalty revenue for the years ended December 31, 2005, 2004 and 2003.

Marine derives no revenues from foreign sources and has no export sales.

Trust Functions. Marine is administered by officers and employees of its Trustee, Bank of America, N.A. See Management and Principal Unitholders.

All aspects of Marine's operations are conducted by third parties. Oil and natural gas companies that lease tracts subject to Marine's interests conduct the production and sale of oil and natural gas and the calculation of royalty payments to Marine. Marine's distributions are processed and paid by Mellon Investor Services, LLC as the agent for the trustee of Marine.

MPC leases office space in Dallas, Texas to provide work space and record storage for MPC and Tidelands wholly-owned subsidiary corporation, Tidelands Royalty Trust - B Corporation. The cost of this office facility is shared by MPC and Tidelands Royalty Trust - B Corporation proportionately based on each entity's gross income.

The ability of Marine to receive revenues is entirely dependent upon its entitlement to its rights with respect to the leases held by Chevron and its assignees in the Gulf of Mexico (as more fully described in Properties below). Moreover, no revenues are payable to Marine until sales of production commence from any such lease.

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The royalty interests held by Marine are depleting with each barrel of oil and mcf of natural gas produced. No funds are reinvested by Marine; thus, these depleting assets are not being replaced.

ITEM 1A. RISK FACTORS

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

Oil and natural gas prices fluctuate due to a number of factors, and lower prices will reduce net proceeds available 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 our revenues and operating cash flows, which could decrease our distributions to unitholders. Historically, prices have been volatile and are likely to continue to be volatile in the future due to factors beyond our 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 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.

Lower prices may reduce the amount of oil and natural gas that is economic to produce and reduce net profits 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 Royalty Area is being sold under short-term or multi-month contracts at market clearing prices or on the spot market.

Operating risks for the working interest owners' interests in the Royalty Area can adversely affect distributions.

The occurrence of drilling, production or transportation accidents and other natural disasters in the Royalty Area will 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. Oil and natural gas production for the first, second, third and fourth quarters of fiscal 2006 were down 45%, 61%, 41% and 7% from the oil and natural gas production realized in the fourth quarter of fiscal 2005.

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 we are unable to predict changes to existing laws and regulations, such changes could significantly impact our royalty interests.

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

The Trustee, Marine and its unitholders have little, if any, influence or control over the operation or future development of the underlying properties. The properties in the Royalty Area 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 Royalty Area and payments to Marine for its royalty interests.

The current working interest owners are under no obligation to continue operating the properties. The Trustee, Marine and its unitholders do not have the right to replace an operator.

The owner of any properties in the Royalty Area may abandon any property, terminating the related royalty interest Marine may hold.

The working interest owners may at any time transfer all or part of the properties in the Royalty Area 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 Royalty Area 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 Royalty Area, and the current owner of the Royalty Area would have no continuing obligation to Marine for those properties.

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

Marine's royalty interest can be sold and the Marine trust can be terminated.

The Marine trust may be terminated and the Trustee may sell Marine's royalty interests if holders of 80% of the units of beneficial interest of Marine 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 Marine. Any such sale may not be on terms acceptable to all unitholders.

Royalty interests are depleting assets and, if the working interest owners or other operators of the Royalty Area do not perform additional development projects, the assets may deplete faster than expected.

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. The reduction in proved reserve quantities is a common measure of depletion. Future maintenance and development projects in the Royalty Area will 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 Royalty Area 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.

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, Marine is administered by a corporate Trustee in accordance with the Indenture and other organizational documents. The Trustee has extremely limited discretion in its administration of Marine.

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 the military or other actions taken in response, cause instability in the global financial and energy markets. Terrorism and other geopolitical hostilities could adversely affect Marine'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.

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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 as to reserves, availability of oil and natural gas, average production cost (lifting cost) per unit, undeveloped acreage, net wells and net acres, with respect to the particular leases subject to Marine's interests, lies solely within the knowledge of these concerns. Engineering data, if any, regarding these leaseholds would have been compiled principally by or for the working interest owners of these leaseholds. Historically, Marine has not had access to this information and does not expect to have access to this information in the future.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not Applicable.

ITEM 2. PROPERTIES

General. Marine is not engaged in oil and natural gas operations, although its income is based upon the oil and natural gas operations of others. Marine's income is derived from contracts that provide for payments in the nature of overriding royalties made to Marine based on oil and natural gas sales from certain leases in the Gulf of Mexico.

Reserves. Marine is not engaged in the production of oil or natural gas. Marine's income is derived from overriding royalty payments that are carved out of working interests in oil and natural gas leases in the Gulf of Mexico. Marine does not have the engineering data necessary to make an estimate of the proved oil and natural gas reserves attributable thereto (nor the present value of future net cash flows from such reserves), and is not entitled to receive such data from the owners of the working interests from which Marine's interests are derived. Similarly, Tidelands does not have access to the engineering data necessary to make an estimate of the proved oil and natural gas reserves attributable thereto. See also "Difficulty in Obtaining Certain Data" below.

Since Marine does not have access to this reserve information, Marine is unable to compute the standardized measure of discounted future net cash flows therefrom.

Marine did not file any reports during the fiscal year ended June 30, 2006 with any federal authority or agency with respect to oil and natural gas reserves.

Due to the nature of Marine's business, it does not have any delivery commitments.

Production. Information regarding the net quantities of oil and natural gas produced with respect to Marine's overriding royalty interests (excluding its equity interest in Tidelands) for each of the last three fiscal years, as well as the average sales price per unit of oil and natural gas produced upon which payments to Marine are based, is set forth in the following table:

	Year Ended June 30,		
	2006	2005	2004
Net Quantities Sold			
Oil (in barrels (bbls))	35,336	49,132	62,158
Natural Gas (in thousands of cubic feet (mcf))	231,811	309,951	474,871
Average Price			
Oil (per bbl)	\$ 54.53	\$ 46.02	\$ 31.32
Natural Gas (per mcf)	\$ 8.65	\$ 6.29	\$ 4.98

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Information about average production cost (lifting cost) per unit of production has been omitted due to its unavailability and inapplicability to Marine. For more recent information regarding prices, see Management's Discussion and Analysis of Financial Condition and Results of Operations below.

Productive Wells. Based on the latest public records reviewed by Marine, there were approximately 260 producing wells subject to Marine's interests, some of which contained multiple completions. Approximately 120 wells were classified as oil wells and approximately 140 wells were classified as natural gas wells. Most of the wells produce both oil and natural gas. See Difficulty in Obtaining Certain Data below.

Drilling Activity. The following table shows the number of wells drilled in which Marine has an interest (including its equity interest in Tidelands) for each of its last three fiscal years:

	Year Ended June 30,		
	2006	2005	2004
Development			
Oil	10	20	19
Natural Gas	15	27	36
Dry	2	8	1
Totals	27	55	56

Information regarding net wells or acres is not included since Marine does not own any working interests.

Lease Acreage. Marine has an overriding royalty interest (including its equity interest in Tidelands) in 64 different oil and natural gas leases covering 240,584 gross acres. These leases are located in the Central and Western areas of the Gulf of Mexico off the coasts of Louisiana and Texas. This acreage is presented in the following table:

Leases Granted by⁽¹⁾:	Producing
United States	235,054
State of Texas	640
State of Louisiana	4,890
	240,584

(1) Leases are typically granted for a term of five years, during which the lease owner must establish a commercial production capability, or the lease expires. There are 3,958 acres located on leases that have commercial

production, but
the production
is not on
Marine's
overriding
royalty area
within those
leases.

Expired Leases. Three leases containing 15,300 acres were terminated during the year. The lease on Grand Isle Block 95 had no producing wells and was held by a unitization agreement which expired. Production ceased on Matagorda Island Block 556 on March 6, 2005 and was terminated on September 2, 2005. Hurricane Katrina destroyed the platform on South Timbalier block 176 and the owner determined that the reserves did not support the investment that would be required to rebuild the platform and redrill the well.

The overriding royalty interest owned by Marine is a fractional interest out of total oil and natural gas sold, and is free and clear of all operating costs. The actual percentage interest in a lease attributable to Marine's interest varies from lease to lease. The acreage weighted average percentage interest attributable to Marine's interest in all of these leases is 0.58625%.

Present Activities. As of June 30, 2006, public records indicate that 13 wells are either being drilled, re-drilled or worked over on tracts in which Marine has an interest. Public records indicate that operators have designated locations for 8 additional operations. There is no assurance that these wells will be drilled, and if they are drilled, that they will be successful.

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Difficulty in Obtaining Certain Data. Marine's only activities are the collection and distribution of revenues from overriding royalties on certain oil and natural gas leases in the Gulf of Mexico, pursuant to purchase agreements between Marine's predecessors and Gulf and its transferees. 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 as to reserves, availability of oil and natural gas, average production cost (lifting cost) per unit, undeveloped acreage, net wells and net acres, with respect to the particular leases subject to Marine's interests, lies solely within the knowledge of these concerns. Engineering data, if any, regarding these leaseholds would have been compiled principally by or for the working interest owners of these leaseholds. In the past, Marine has asked for such information and was told it is not entitled to receive such information. Marine believes that it will not be provided access to such information in the future. As a result, Marine is not able to obtain all of the information required to be disclosed under Item 102 of Regulation S-K and Securities Exchange Act of 1934 Industry Guide 2.

ITEM 3. LEGAL PROCEEDINGS

Neither Marine nor MPC, nor any of their respective properties, is a party to or subject to any material pending litigation as of the date hereof.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters have been presented to the unitholders to be voted upon during the fiscal year ended June 30, 2006.

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED UNITHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The units of beneficial interest in Marine trade on the Nasdaq SmallCap Market under the symbol MARPS. Distributions of cash are made to unitholders quarterly. The following table presents the range of high and low sales prices by quarter for the past two years. The per unit amount of cash distributed to unitholders for each of these quarters is also presented in the table.

Quarter Ending	Sales Price		Distributions
	High	Low	Per Unit
September 30, 2005	28.50	24.90	.609
December 31, 2005	31.98	27.50	.789
March 31, 2006	34.00	22.82	.392
June 30, 2006	25.60	20.00	.447
September 30, 2004	33.06	28.46	.645
December 31, 2004	31.98	27.00	.559
March 31, 2005	29.60	24.66	.542
June 30, 2005	31.90	22.00	.543

Marine is authorized to issue and has issued 2,000,000 units of beneficial interest. On June 30, 2006, these outstanding units were held of record by 477 unitholders.

Marine must distribute to its unitholders all cash accumulated each quarter, less an amount reserved for accrued liabilities and estimated future expenses. As of June 30, 2006, the amount reserved equals approximately \$25,000. Such distributions have been made since Marine's inception and will continue so long as the income from oil and natural gas royalties exceeds administrative costs.

Distributions fluctuate from quarter to quarter due to changes in oil and natural gas prices and production quantities. Distributions are determined by the cash available to Marine on the determination date.

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	For Years Ended June 30,				
	(In Thousands Except Per Unit Amounts)				
	2006	2005	2004	2003	2002
Statement of Income and Undistributed Income Selected Data					
Income:					
Oil and natural gas royalties	\$ 3,942	\$ 4,211	\$ 4,312	\$ 4,909	\$ 4,772
Equity in Tidelands	405	711	288	440	235
Interest	54	28	24	35	52
	\$ 4,401	\$ 4,950	\$ 4,624	\$ 5,384	\$ 5,059
Expenses:					
General and administrative	\$ 218	\$ 207	\$ 227	\$ 218	\$ 231
Federal income taxes of subsidiary	8	3		7	(19)
	226	210	227	\$ 225	\$ 212
Net income	\$ 4,175	\$ 4,740	\$ 4,397	\$ 5,159	\$ 4,847
Distributions	\$ 4,472	\$ 4,576	\$ 5,259	\$ 4,478	\$ 5,065
Per Unit (2,000,000 outstanding)					
Net income	\$ 2.09	\$ 2.37	\$ 2.20	\$ 2.58	\$ 2.42
Distributions	\$ 2.24	\$ 2.29	\$ 2.63	\$ 2.24	\$ 2.53
Balance Sheet Selected Data					
Total assets	\$ 2,785	\$ 3,081	\$ 2,916	\$ 3,779	\$ 3,098
Trust equity	\$ 2,783	\$ 3,080	\$ 2,916	\$ 3,779	\$ 3,098

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Critical Accounting Policies. As an overriding royalty owner, actual production results are not known to us until reported by the operator, which could be a period of 60-90 days later than the actual month of production. To comply with accounting principles generally accepted in the United States of America, we must estimate earned but unpaid royalty from this production. To estimate this amount, we utilize historical information based on the latest production reports from the individual leases and current average prices as reported for oil by Chevron USA and the spot market price for natural gas delivered at the Henry Hub in Louisiana for the period under report.

Results of Operations. Marine's revenues are derived from the oil and natural gas production activities of unrelated parties. Marine's revenues and distributions fluctuate from period to period based upon factors beyond Marine's control, including without limitation the number of leases subject to Marine's interests, the number of productive wells drilled on leases subject to Marine's interests, the level of production over time from such wells and the prices at which the oil and natural gas from such wells are sold. Marine believes that it will continue to have revenues sufficient to permit distributions to be made to unitholders for the foreseeable future, although no assurance

can be made regarding the amounts thereof. The foregoing sentence is a forward-looking statement and is subject to numerous factors. Factors that might cause actual results to differ from expected results include reductions in prices or demand for oil and natural gas, which might then lead to decreased production; reductions in production due to depletion of existing wells or disruptions in service, including as the result of storm damage, blowouts or other production accidents, and geological changes such as cratering of productive formations; and the expiration or release of leases subject to Marine's interests.

Marine's income consists primarily of oil and natural gas royalties and is based on the value at the well of its percentage interest in oil and natural gas sold without reduction for any of the expenses of production. Value at the well for oil means the purchaser's posted price at its receiving point onshore, less the cost of transportation from the offshore lease to the onshore receiving point.

Summary Review. Marine's net income for the year ended June 30, 2006 amounted to \$4,175,357 or \$2.09 per unit as compared to \$4,739,610 or \$2.37 per unit in fiscal 2005 and \$4,396,316 or \$2.20 per unit in fiscal 2004.

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These results also include income from Marine's equity interest in Tidelands which amounted to \$405,260 for fiscal 2006, \$710,818 for fiscal 2005 and \$287,991 for fiscal 2004. Income from Tidelands contributed approximately 9% of Marine's royalty income for fiscal 2006 as compared to 14% and 6% of Marine's income for fiscal 2005 and 2004, respectively.

Marine's administrative expenses increased to \$217,665 in fiscal 2006 from \$207,170 spent in fiscal 2005. This increase was substantially due to increased fees for professional services.

Interest income increased to \$53,492 in fiscal 2006 from \$28,201 realized in fiscal 2005 due to a moderate increase in interest rates.

The following table shows the number of wells drilled or worked over on leases in which Marine has an interest (including its equity interest in Tidelands) and the number of producing wells for the past three fiscal years.

	For the Years Ended June 30,		
	2006	2005	2004
Drilled	27	55	56
Producing	260	320	390

Hurricanes Katrina and Rita are the primary cause of the 19% decrease in the number of active wells on leases in which Marine has an interest. The majority of the loss of active wells was due to Hurricane Katrina with some wells lost due to Hurricane Rita. A number of wells were lost due to depletion in the South Marsh Island Area which was not in the path of either hurricane.

A significant amount of equipment and personnel that would normally be working on drilling new wells and working over old wells had to be used to restore wells and facilities damaged by the hurricanes.

The following table and related discussion and analysis shows the royalty income, the net quantities sold, and the average price received for oil and natural gas during the past three years excluding Marine's equity interest in Tidelands.

	For Years Ended June 30,		
	2006	2005	2004
Income from			
Oil royalties	\$1,937,145	\$2,260,902	\$1,946,945
Natural gas royalties	\$2,004,925	\$1,949,859	\$2,364,588
Totals	\$3,942,070	\$4,210,761	\$4,311,533
Net quantities sold			
Oil (bbls)	35,336	49,132	62,158
Natural gas (mcf)	231,811	309,951	474,871
Average price			
Oil	\$ 54.53	\$ 46.02	\$ 31.32
Natural gas	\$ 8.65	\$ 6.29	\$ 4.98

Oil and Gas Royalties 2006 and 2005. Revenue from oil royalties amounted to \$1,937,145 in fiscal 2006, a decrease of 14% from the \$2,260,902 realized in fiscal 2005. The average price realized for a barrel of oil increased 18% to \$54.53 over the \$46.02 realized in fiscal 2005. Oil production decreased 28% to 35,336 barrels.

Revenue from natural gas royalties amounted to \$2,004,925, an increase of 3% over the \$1,949,859 realized in fiscal 2005. The average price of a thousand cubic feet (mcf) of natural gas increased 38% to \$8.65 and production decreased 25% to 231,811 mcf.

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Weather was the primary cause of the decline in oil and natural gas royalties in fiscal 2006. There were two major hurricanes in the Gulf of Mexico during the fiscal year ended June 30, 2006. Some wells were lost due to the 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 March 31, 2006. Revenues for the first, second and third quarters of fiscal 2006 were down 34%, 45%, and 20% from the revenue realized in the fourth quarter of fiscal 2005.

Oil and Gas Royalties 2005 and 2004. Revenue from oil royalties amounted to \$2,260,902 in fiscal 2005, an increase of 16% over the \$1,946,945 realized in fiscal 2004. The average price of a barrel of oil increased 47% to \$46.02 and production decreased 21% to 49,132 barrels.

Revenue from natural gas royalties amounted to \$1,949,859, a decrease of 18% over the \$2,364,588 realized in fiscal 2004. The average price of a thousand cubic feet (mcf) of natural gas increased 26% to \$6.29 and production decreased 35% to 309,951 mcf.

Production from existing wells is anticipated to continue to decrease in the future due to normal well depletion. Marine has no input with the operators regarding future drilling operations which could impact Marine's future oil and natural gas production.

Capital Resources and Liquidity. Because of the nature of Marine as a trust entity, there is no requirement for capital. Marine's only obligation is to distribute to unitholders the net income actually collected. As an administrator of oil and natural gas royalty properties, Marine collects income monthly, pays expenses of administration, and disburses all net income collected to its unitholders each quarter. Because all of Marine's revenues are invested in liquid funds pending distribution, Marine does not experience liquidity problems.

Marine's Indenture (and the charter and by-laws of MPC) expressly prohibits the operation of any kind of trade or business. Marine owns an interest in oil and natural gas properties which are depleting assets. Marine cannot acquire new or additional interests due to the prohibition against these investments. Because of these restrictions, Marine does not require short term or long term capital. These restrictions, along with other factors, allow Marine to be treated as a grantor trust; thus all income and deductions, for tax purposes, should flow through to each individual unitholder. Marine is not a taxable entity.

Marine does not currently have any long term contractual obligations.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

As described elsewhere herein, Marine's only function is to collect overriding royalties from leases operated by others and distribute those royalties to its unitholders after paying the cost of collection and administration. Marine's income is highly dependent on the prices realized from the sale of oil and natural gas. Oil and natural gas prices have historically experienced significant volatility. Marine does not attempt to manage its commodity price risk through the use of fixed price contracts or financial derivatives.

Due to the short length of time between receipts and disbursements, cash held by Marine is held in a non-interest bearing trust account.

Oil and natural gas royalties received by MPC prior to payment of the 98% net profits interest are held in money market accounts that invest in U. S. Treasury securities and are considered not at risk.

The retained earnings of MPC are held in either money market accounts or U. S. Treasury or agency securities to be held to maturity. Funds held in money market accounts and U. S. Treasury securities that mature in less than one year are considered not at risk.

Table of Contents**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

The financial statements listed in the following Index, together with the related notes and the report of KPMG LLP, independent registered public accounting firm, are presented on the following pages.

	Page
<u>Report of Independent Registered Public Accounting Firm</u>	15
Financial Statements:	
<u>Consolidated Balance Sheets as of June 30, 2006 and 2005</u>	16
<u>Consolidated Statements of Income and Undistributed Income for the Three Years Ended June 30, 2006</u>	17
<u>Consolidated Statements of Cash Flows for the Three Years Ended June 30, 2006</u>	18
<u>Notes to Consolidated Financial Statements</u>	19

See also *Exhibits, Financial Statement Schedules and Reports on Form 8-K* of this Form 10-K for further information concerning the financial statements of Marine and its subsidiaries.

All schedules have been omitted for the reason that they are either not required, not applicable or the required information is included in the financial statements and notes thereto.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

During fiscal 2006 and 2005, there have been no disagreements between Marine and its independent registered public accounting firm on accounting or financial disclosure matters which would warrant disclosure under Item 304 of Regulation S-K.

ITEM 9A. CONTROLS AND PROCEDURES

As of the end of the period covered by this Annual Report on Form 10-K, the Trustee carried out an evaluation of the effectiveness of Marine's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934). 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 Annual Report on Form 10-K.

There has not been any change in Marine's internal control over financial reporting that occurred during Marine's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, Marine's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Marine is a trust created under the laws of the State of Texas. Marine's Indenture does not provide for directors or officers or the election of directors or officers. Under the Indenture, Bank of America, N.A., serves as Trustee.

Because Marine has no employees, it does not have a code of ethics. Employees of the corporate trustee, Bank of America, N.A., must comply with the bank's code of ethics, a copy of which will be made available to unitholders without charge, upon request by appointment at Bank of America Plaza, 17th floor, 901 Main Street, Dallas, Texas 75202.

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Marine has no directors and therefore has no audit committee or audit committee financial expert and no nominating committee.

ITEM 11. EXECUTIVE COMPENSATION

During the fiscal year ended June 30, 2006, Marine paid or accrued fees of \$33,976 to Bank of America, N.A., as Trustee. These fees are paid in accordance with the terms of the Indenture, as amended, governing Marine.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED UNITHOLDER MATTERS

The following table sets forth the persons known to Marine who own beneficially more than five percent of the outstanding units of beneficial interest as of September 27, 2006:

Name and Address	Amount and Nature of Beneficial Ownership	Percent of Class
Robert H. Paslay 1007 Gasserway Circle Brentwood, TN 37027	202,949 units	10.1%
Patricia Martin 2520 Whispering Oaks Lane Delray Beach, FL 33445	174,529 units	8.7%

There are no executive officers or directors of Marine. Bank of America, N.A. does not beneficially own any units of beneficial interest.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

During the fiscal year ended June 30, 2006, there were no material transactions or series of similar transactions, or any currently proposed transactions or series of similar transactions, to which Marine was or is to be a party, in which the amount involved exceeds \$60,000, and in which any executive officer or any security holder who is known by Marine, or any member of the immediate family of any of the foregoing persons, has an interest.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Fees for services performed by KPMG LLP for the years ended June 30, 2006 and 2005 are:

	2006	2005
Audit Fees	\$37,100	\$32,250
Audit-related Fees		
Tax Fees		
Other		

As referenced in Item 10 above, Marine has no audit committee, and as a result, has no audit committee pre-approval policy with respect to fees paid to KPMG LLP.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) Financial Statements see Financial Statements and Supplementary Data above.

The consolidated financial statements, together with the related notes and the report of KPMG LLP, independent registered public accounting firm, as contained in the Form 10-K of Tidelands Royalty Trust B for its

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fiscal year ended December 31, 2004 and filed with the Securities and Exchange Commission, are hereby incorporated herein by reference for all purposes.

(b) Exhibits:

- 4.1 Indenture, as amended on December 8, 2000, of Marine Petroleum Trust, filed as Exhibit 4.1 to the Annual Report on Form 10-K of Marine for the fiscal year ended June 30, 2001, and incorporated by reference herein.

- 21.1 Subsidiaries of Marine, filed as Exhibit 21.1 to the Annual Report on Form 10-K of Marine for the fiscal year ended June 30, 2002, and incorporated by reference 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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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Trustee

Marine Petroleum Trust:

We have audited the accompanying consolidated balance sheets of Marine Petroleum Trust and subsidiary (Marine) as of June 30, 2006 and 2005 and the related consolidated statements of income and undistributed income and cash flows for each of the years in the three-year period ended June 30, 2006. These financial statements are the responsibility of Marine s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Marine Petroleum Trust and subsidiary as of June 30, 2006 and 2005 and the results of their operations and their cash flows for each of the years in the three-year period ended June 30, 2006, in conformity with U.S. generally accepted accounting principles.

/s/ KPMG LLP

Dallas, Texas

September 25, 2006

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**MARINE PETROLEUM TRUST AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
June 30, 2006 and 2005**

	2006	2005
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,454,283	\$ 1,171,006
Oil and gas royalties receivable	919,494	970,334
Receivables from affiliate	67,123	205,500
Interest receivable		1,426
 Total current assets	 2,440,900	 2,348,266
Investment in U.S. Treasury and agency bonds		200,000
Investment in affiliate	343,856	530,349
Office equipment, at cost less accumulated depreciation		2,400
Producing oil and gas properties	7	7
	\$ 2,784,763	\$ 3,081,022
 LIABILITIES AND TRUST EQUITY		
Current liabilities		
Federal income taxes payable	1,800	1,000
Trust equity		
Corpus authorized 2,000,000 units of beneficial interest, issued 2,000,000 units at nominal value	8	8
Undistributed income	2,782,955	3,080,014
 Total trust equity	 2,782,963	 3,080,022
	\$ 2,784,763	\$ 3,081,022

See accompanying notes to consolidated financial statements.

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MARINE PETROLEUM TRUST AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME AND UNDISTRIBUTED INCOME
Three Years Ended June 30, 2006

	2006	2005	2004
Income:			
Oil and gas royalties	\$ 3,942,070	\$ 4,210,761	\$ 4,311,533
Equity in earnings of affiliate	405,260	710,818	287,991
Interest income	53,492	28,201	23,646
	4,400,822	4,949,780	4,623,170
Expenses:			
General and administrative	217,665	207,170	226,854
Income before Federal income taxes	4,183,157	4,742,610	4,396,316
Federal income taxes of subsidiary	7,800	3,000	
Net income	4,175,357	4,739,610	4,396,316
Undistributed income at beginning of year	3,080,014	2,916,196	3,779,351
	7,255,371	7,655,806	8,175,667
Distributions to unitholders	4,472,416	4,575,792	5,259,471
Undistributed income at end of year	\$ 2,782,955	\$ 3,080,014	\$ 2,916,196
Net income per unit	\$ 2.09	\$ 2.37	\$ 2.20
Distributions per unit	\$ 2.24	\$ 2.29	\$ 2.63

See accompanying notes to consolidated financial statements.

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**MARINE PETROLEUM TRUST AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
Three Years Ended June 30, 2006**

	2006	2005	2004
Cash flows from operating activities:			
Net income	\$ 4,175,357	\$ 4,739,610	\$ 4,396,316
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	2,400		
Equity in earnings of affiliate	(405,260)	(710,818)	(287,991)
Distributions of earnings of affiliate	591,753	547,679	339,647
Amortization of premium		4,606	12,104
Change in assets and liabilities:			
Oil and gas royalties receivable	50,840	(4,339)	203,490
Receivables from affiliate	138,377	(135,081)	62,778
State & federal taxes refundable		578	(578)
Interest receivable	1,426	708	3,550
Income taxes payable	800	1,000	
Net cash provided by operating activities	4,555,693	4,443,943	4,729,316
Cash flows from investing activities			
Investment in U.S. Treasury and agency bonds			(201,049)
Proceeds from sale of U.S. agency bonds	200,000	100,000	600,000
Net cash provided by investing activities	200,000	100,000	398,951
Cash flows used in financing activities distributions to unitholders	(4,472,416)	(4,575,792)	(5,259,471)
Net increase (decrease) in cash and cash equivalents	283,277	(31,849)	(131,204)
Cash and cash equivalents at beginning of period	1,171,006	1,202,855	1,334,059
Cash and cash equivalents at end of period	\$ 1,454,283	\$ 1,171,006	\$ 1,202,855

See accompanying notes to consolidated financial statements.

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**MARINE PETROLEUM TRUST AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Three Years Ended June 30, 2006**

(1) Summary of Significant Accounting Policies

(a) General

The Marine Petroleum Trust (Marine) was established on June 1, 1956 with the transfer of property to Marine consisting of certain contract rights, units of beneficial interest and common stock in exchange for units of beneficial interest in Marine. The contract rights entitled Marine to receive a .0075 overriding royalty interest in oil, natural gas and other mineral leasehold interests acquired by Gulf Oil Corporation, now Chevron U.S.A., Inc. (Chevron), a subsidiary of Chevron Corporation, in certain areas of the Gulf of Mexico prior to January 1, 1980.

Marine must distribute all income, after paying its liabilities and obligations, to the unitholders during the months of March, June, September and December each year. Marine and its subsidiary cannot engage in a trade or business. Funds held by the subsidiary pending distribution to Marine are invested in U.S. Treasury and agency bonds.

A Louisiana trust can only exist for a short period of time; therefore, the unitholders assigned their contract rights off-shore of Louisiana to Marine Petroleum Corporation, a wholly-owned subsidiary of Marine, (MPC) reserving a 98% net profits interest to themselves. The net profits interest contract was transferred to Marine along with the other properties. Marine is authorized to pay expenses of MPC should it be necessary.

Marine is to continue until June 1, 2021, or until such later date as holders of the units owning a majority of the outstanding units may designate, but in any event, not more than 20 years from such designation. However, the unitholders owning eighty percent (80%) of the outstanding units may terminate the trust on any date.

(b) Principles of Consolidation

The consolidated financial statements include Marine and its wholly-owned subsidiary, MPC. All material intercompany accounts and transactions have been eliminated in consolidation.

(c) Producing Oil and Gas Properties

At the time Marine was established, no determinable market value was available for the assets transferred to Marine; consequently, nominal values were assigned. Accordingly, no allowance for depletion has been computed.

All income from oil and natural gas royalties relate to proved developed oil and natural gas reserves.

(d) Undistributed Income

Marine's indenture agreement provides that the corporate 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 of record on the 28th day of March, June, September and December of each year. If the 28th falls on a Saturday, Sunday or legal holiday, the distribution is payable on the immediately preceding business day. Undistributed income includes \$897,051 and \$910,880 applicable to MPC at June 30, 2006 and 2005, respectively.

(e) Federal Income Taxes

No provision has been made for Federal income taxes on Marine's income since such taxes are the liability of the unitholders.

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MARINE PETROLEUM TRUST AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
Three Years Ended June 30, 2006

Federal income taxes have been provided on the income of MPC, excluding the 98% net profits interest to be distributed to Marine and deducting statutory depletion. MPC uses the cash method of reporting for federal income taxes.

At June 30, 2006 and 2005, deferred tax assets and liabilities were as follows:

	June 30, 2006	June 30, 2005
Deferred tax assets		
Net operating loss carryforward	\$	\$ 800
Deferred tax liabilities		
Income not yet recognized for income taxes		(800)
Net deferred tax liability	\$	\$

MPC had a net operating loss carryforward of approximately \$5,000 at June 30, 2005, which was used to reduce taxable income in 2006.

The primary difference between the effective tax rate of the Trust and the statutory tax rate is the fact that only MPC income, excluding the 98% net profits interest, is subject to federal income tax.

(f) Credit Risk Concentration and Cash Equivalents

Financial instruments which potentially subject Marine and MPC to concentrations of credit risk are primarily investments in cash equivalents, U.S. Treasury and agency bonds and receivables. Marine and MPC place their cash investments with financial institutions or companies that management considers credit worthy and limit the amount of credit exposure from any one financial institution or company. Marine has not experienced significant problems collecting its receivables in the past.

Marine and MPC had cash equivalents and investments in U.S. Treasury and agency bonds of \$1,454,283 and \$1,371,006 at June 30, 2006 and 2005, respectively, which consisted of money market accounts, U.S. Treasury and agency bonds, and money market mutual funds. For purposes of the statements of cash flows, Marine considers all investments with initial maturities of three months or less to be cash equivalents.

(g) Statements of Cash Flows

MPC made Federal income tax payments of \$7,000 and \$2,000 in the years ended June 30, 2006 and 2005, respectively.

(h) Fair Value of Financial Instruments

Marine and MPC define the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties. The carrying value of cash equivalents, oil and natural gas royalties receivable, receivables from affiliates, accounts payable, and taxes payable approximate fair value because of the short maturities of those instruments.

U.S. Treasury and agency bonds held to maturity are valued at amortized cost.

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MARINE PETROLEUM TRUST AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
Three Years Ended June 30, 2006

(i) Use of Estimates

Management of Marine and MPC has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with generally accepted accounting principles. These estimates include royalty earned but not yet remitted by the operators. Actual results could differ from those estimates.

(j) Income Per Unit

Income per unit is calculated by dividing net income by the weighted average number of units of beneficial interest outstanding during the period.

(k) Significant Royalty Sources

Royalty revenue received by Marine from producers is summarized as follows:

Company	Years Ended June 30,		
	2006	2005	2004
ChevronTexaco	65%	78%	72%
Walter Oil & Gas Corp.	8%		
Anglo Suisse Offshore LLP	6%		
Century Exploration Company	5%	5%	6%
Kerr McGee	3%	2%	
Newfield Exploration	2%	2%	1%
BP America	2%	2%	7%
Devon Production Company	1%	2%	4%
Others	8%	9%	10%
	100%	100%	100%

(2) Investment in and Receivables from Affiliate Tidelands Royalty Trust B

At June 30, 2006 and 2005, Marine owned 32.63% of the outstanding units of interest in Tidelands Royalty Trust B (Tidelands). The 452,366 units owned by Marine had a quoted market value of \$4,862,935 and \$6,514,070 at June 30, 2006 and 2005, respectively.

Marine and Tidelands share certain common costs which are allocated based on their respective net revenues.

The investment in affiliate is accounted for by the equity method. The following summarizes changes in this account for 2006 and 2005.

	2006	2005
Balance at beginning of year	\$ 530,349	\$ 367,210
Equity in earnings of affiliate	405,260	710,818
Distribution of earnings	(591,753)	(547,679)
Balance at end of year	\$ 343,856	\$ 530,349

At June 30, 2006 and 2005, receivables from affiliate includes \$62,674 and \$195,458, respectively, of income distributable to Marine as a Tidelands unitholder.

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MARINE PETROLEUM TRUST AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
Three Years Ended June 30, 2006

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

BALANCE SHEETS**Assets**

	June 30,	
	2006	2005
Cash and cash equivalents	\$ 1,089,961	\$ 1,593,764
Oil and gas royalties receivable	162,607	444,358
Other	2	201,366
	\$ 1,252,570	\$ 2,239,488

Liabilities and Trust Equity

	2006	2005
Liabilities (including \$191,691 and \$598,638 payable to unitholders in 2006 and 2005, respectively)	\$ 198,746	\$ 614,116
Corpus	2	2
Undistributed income	1,053,822	1,625,370
	\$ 1,252,570	\$ 2,239,488

Statements of Income

	Year ended June 30,		
	2006	2005	2004
Income	\$ 1,383,272	\$ 2,311,598	\$ 996,249
Expenses	125,976	128,962	109,007
Income before Federal income taxes	1,257,296	2,182,636	887,242
Federal income taxes of Tidelands subsidiary	15,289	13,601	4,630
Net income	\$ 1,242,007	\$ 2,169,035	\$ 882,612

Tidelands is a registrant with the Securities and Exchange Commission and has filed its Annual Report on Form 10-K for the fiscal year ended December 31, 2005.

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MARINE PETROLEUM TRUST AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
Three Years Ended June 30, 2006

(3) Summary of Quarterly Financial Data (Unaudited)

The following quarterly financial information for fiscal year 2006 and 2005 is unaudited; however, in the opinion of management, all adjustments necessary to a fair statement of the results of operations for the interim period have been included.

	Oil and gas royalties	Expenses	Net income	Net income per unit
Quarter ended:				
September 30, 2005	\$ 831,535	49,914	1,047,262	.52
December 31, 2005	695,164	48,305	714,456	.36
March 31, 2006	1,009,414	73,198	982,239	.49
June 30, 2006	1,405,957	46,248	1,431,400	.72
	\$ 3,942,070	217,665	4,175,357	2.09
Quarter ended:				
September 30, 2004	\$ 1,065,738	50,757	1,097,267	.55
December 31, 2004	867,694	49,571	1,001,737	.50
March 31, 2005	1,014,572	65,369	1,166,557	.58
June 30, 2005	1,262,757	41,473	1,474,049	.74
	\$ 4,210,761	207,170	4,739,610	2.37

(4) Supplemental Information Relating to Oil and Gas Reserves (Unaudited)

Oil and natural gas reserve information relating to Marine's and Tidelands' royalty interests is not presented because such information is not available to Marine or Tidelands. Marine's share of oil and natural gas produced for its royalty interests and Marine's equity in oil and natural gas produced for Tidelands' royalty interests were as follows:

	2006	2005	2004
Marine:			
Oil (barrels)	35,336	49,132	62,158
Gas (mcf)	231,811	309,951	474,871
Tidelands:			
Oil (barrels)	1,816	2,627	2,524
Gas (mcf)	41,424	94,703	38,415

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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
(Registrant)

By: BANK OF AMERICA, N.A.
in its capacity as trustee of Marine Petroleum
Trust and not in its individual capacity or
otherwise

Date: September 27, 2006

By: /s/ RON E. HOOPER

Ron E. Hooper
Senior Vice President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

BANK OF AMERICA, N.A.
in its capacity as trustee of Marine Petroleum Trust
and not in its individual capacity or otherwise

Dated: September 27, 2006

By: /s/ RON E. HOOPER

Ron E. Hooper
Senior Vice President

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