MARINE PETROLEUM TRUST
Form 10-K
September 28, 2007

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

[X] **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended June 30, 2007.**

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	**75-6008017**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

c/o The Corporate Trustee:	
Bank of America, N.A.	
P. O. Box 830650, Dallas, Texas	**75283-0241**
(Address of principal executive offices)	(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 o NO þ

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 o NO þ

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 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. þ

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 o Accelerated filer o Non-accelerated filer þ

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

Yes o No þ

Aggregate market value of units of beneficial interest held by non-affiliates of the registrant at December 29, 2006 (the last business day of the registrant s most recently completed second fiscal quarter) was approximately

$44,926,275. (For purposes of determination of the above stated amount, only directors, executive officers and 10% or greater stockholders have been deemed affiliates.)

Number of units of beneficial interest outstanding as of September 10, 2007 was 2,000,000.

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 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. Marine may not engage in any other trade or business.

The indenture pursuant to which Marine was created (as amended, 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 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.

As of the date of filing of this Annual Report on Form 10-K, the leases subject to Marine s interests cover 238,084 gross acres (including Tidelands interest in 22,948 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. The Tidelands lease on West Cameron Block 262 covering 2,500 acres was terminated during the year.

For the year ended June 30, 2007, approximately 57% of Marine s royalty revenues were attributable to the sale of oil and approximately 43% 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 over 90% of the royalties in each of the past three years.

	Year Ended June 30,		
Company	**2007**	**2006**	**2005**
Chevron USA, Inc.	63%	65%	78%
Walter Oil & Gas Corporation	7%	8%	
Anglo Suisse Offshore Partners LLP	6%	6%	
Century Exploration Company	5%	5%	5%
Devon Energy Production Company	4%	1%	2%
Apache Corporation	3%		
Newfield Exploration Company	2%	2%	2%
Energy XXI GOM LLC	2%		
SPN Resources LLC	2%		
W&T Offshore Inc.	2%		
Kerr-McGee Corporation	1%	3%	2%
BP America Production Company	1%	2%	2%
Others	2%	8%	9%
	100%	100%	100%

In addition, Marine s revenues from its equity interest in Tidelands accounted for approximately 19%, 9% and 14% of Marine s revenue for the years ended June 30, 2007, 2006 and 2005, respectively. Tidelands has reported that royalty revenues from Baron Petroleum, Noex Energy Inc., W & T Offshore and Devon Energy Production Company accounted for more than 95% of Tidelands royalty revenue for the years ended December 31, 2006, 2005 and 2004.

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

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. As a result, oil and natural gas production for the first, second, third and fourth quarters of fiscal 2006 were down 45%, 61%, 41% and 7%, respectively, 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.

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 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 oil and natural gas, which are 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 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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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 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.

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

The Trustee does not intend to pay any amounts for the new Texas margin tax for tax year 2007, based on Marine s belief that it is exempt from tax as a passive entity; however, there is currently no clear statutory authority that Marine meets requirements for the margin tax exemption as a passive entity. If it is subsequently determined that Marine is not exempt from the margin tax, Marine would be required to deduct and withhold from future distributions the amounts necessary to pay the margin tax for the entire 2007 year, including the tax liability accruing on income distributed after December 2006, attributable to 2007 revenues, from which no tax was withheld.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

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, 2007 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:

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	Year Ended June 30,		
	2007	2006	2005
Net Quantities Sold			
Oil (in barrels (bbls))	42,260	35,336	49,132
Natural Gas (in thousands of cubic feet (mcf))	292,326	231,811	309,951
Average Price			
Oil (per bbl)	$ 65.98	$ 54.53	$ 46.02
Natural Gas (per mcf)	$ 7.30	$ 8.65	$ 6.29

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 240 producing wells subject to Marine s interests, some of which contained multiple completions. Approximately 100 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,		
	2007	2006	2005
Development			
Oil	15	10	20
Natural Gas	30	15	27
Dry	3	2	8
Totals	48	27	55

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 238,084 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	232,554
State of Texas	640
State of Louisiana	4,890
	238,084

(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. The 2,500-acre lease on West Cameron Block 262 expired at the end of its 5-year term. There were no wells drilled on the lease.

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 0.5811%.

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Present Activities. As of June 30, 2007, public records indicate that nine 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 four additional operations. There is no assurance that these wells will be drilled, and if they are drilled, that they will be successful.

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, 2007.

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 Capital 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.

	Sales Price		
Quarter Ending	**High**	**Low**	**Distributions Per Unit**
September 30, 2006	31.00	19.58	0.568
December 31, 2006	26.24	22.29	0.576
March 31, 2007	27.79	23.20	0.613
June 30, 2007	32.64	26.05	0.703
September 30, 2005	28.50	24.90	0.609
December 31, 2005	31.98	27.50	0.789
March 31, 2006	34.00	22.82	0.392
June 30, 2006	25.60	20.00	0.447

Marine is authorized to issue and has issued 2,000,000 units of beneficial interest. On June 30, 2007, these outstanding units were held of record by 449 unitholders.

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Marine must distribute to its unitholders all cash accumulated each quarter, less an amount reserved for accrued liabilities and estimated future expenses. The amount reserved varies from quarter to quarter and amounted to $35,000 for the distribution paid on June 28, 2007. Such distributions have been made since Marines 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.

Marine does not maintain any equity compensation plans. Marine did not repurchase any units of beneficial interest during the period covered by this report.

ITEM 6. SELECTED FINANCIAL DATA

	Year Ended June 30, (In Thousands Except Per Unit Amounts)				
	2007	**2006**	**2005**	**2004**	**2003**
Statement of Income and Undistributed Income Selected Data					
Income:					
Oil and natural gas royalties	$ 4,921	$ 3,942	$ 4,211	$ 4,312	$ 4,909
Equity in Tidelands	1,189	405	711	288	440
Interest	79	54	28	24	35
	$ 6,189	$ 4,401	$ 4,950	$ 4,624	$ 5,384
Expenses:					
General and administrative	$ 218	$ 218	$ 207	$ 227	$ 218
Federal income taxes of subsidiary	20	8	3		7
	238	226	210	227	$ 225
Net income	$ 5,951	$ 4,175	$ 4,740	$ 4,397	$ 5,159
Distributions	$ 4,922	$ 4,472	$ 4,576	$ 5,259	$ 4,478
Per Unit (2,000,000 outstanding)					
Net income	$ 2.98	$ 2.09	$ 2.37	$ 2.20	$ 2.58
Distributions	$ 2.46	$ 2.24	$ 2.29	$ 2.63	$ 2.24
Balance Sheet Selected Data					
Total assets	$ 3,820	$ 2,785	$ 3,081	$ 2,916	$ 3,779
Trust equity	$ 3,812	$ 2,783	$ 3,080	$ 2,916	$ 3,779

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 purchasers 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, 2007 amounted to $5,950,819 or $2.98 per unit as compared to $4,175,357 or $2.09 per unit in fiscal 2006 and $4,739,610 or $2.37 per unit in fiscal 2005.

These results also include income from Marine s equity interest in Tidelands which amounted to $1,189,027 for fiscal 2007, $405,260 for fiscal 2006 and $710,818 for fiscal 2005. Income from Tidelands contributed approximately 19% of Marine s royalty income for fiscal 2007 as compared to 9% and 14% of Marine s income for fiscal 2006 and 2005, respectively.

Marine s administrative expenses increased to $218,089 in fiscal 2007 from $217,665 spent in fiscal 2006. This increase was substantially due to increased fees for professional services.

Interest income increased to $78,418 in fiscal 2007 from $53,492 realized in fiscal 2006 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.

	Year Ended June 30,		
	2007	**2006**	**2005**
Drilled	48	27	55
Producing	240	260	320

Hurricanes Katrina and Rita are the primary cause of the 25% decrease since 2005 in the number of producing wells on leases in which Marine has an interest. The majority of the loss of producing wells was due to Hurricane Katrina. In addition, some wells have been lost due to depletion.

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.

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	Year Ended June 30,		
	2007	**2006**	**2005**
Income from:			
Oil royalties	$2,788,226	$1,937,145	$2,260,902
Natural gas royalties	$2,133,187	$2,004,925	$1,949,859
Totals	$4,921,413	$3,942,070	$4,210,761
Net quantities sold:			
Oil (bbls)	42,260	35,336	49,132
Natural gas (mcf)	292,326	231,811	309,951
Average price:			
Oil	$ 65.98	$ 54.53	$ 46.02
Natural gas	$ 7.30	$ 8.65	$ 6.29

Oil and Gas Royalties 2007 and 2006. Revenue from oil royalties amounted to $2,788,226 in fiscal 2007, an increase of 44% from the $1,937,145 realized in fiscal 2006. The average price realized for a barrel of oil increased 21% to $65.98 over the $54.53 realized in fiscal 2006. Oil production increased 20% to 42,260 barrels.

Revenue from natural gas royalties amounted to $2,133,187, an increase of 6% over the $2,004,925 realized in fiscal 2006. The average price of a thousand cubic feet (mcf) of natural gas decreased 16% to $7.30 and production increased 26% to 292,326 mcf.

Oil and Gas Royalties 2006 and 2005. Revenue from oil royalties amounted to $1,937,145 in fiscal 2006, a decrease of 16% from the $2,260,902 realized in fiscal 2005. The average price of a barrel of oil increased 18% to $54.53 and 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.

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.

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%, respectively, from the revenue realized in the fourth quarter of fiscal 2005.

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 net of general and administrative cost. 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 of Marine, for tax purposes, should flow through to each individual unitholder. Marine is not a taxable entity. However, MPC is a taxable entity and pays state and federal taxes on its income, excluding the 98% net profits interest to be distributed to Marine and deducting statutory depletion.

Marine does not currently have any long term contractual obligations. Marine has not participated in any off-balance sheet arrangements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES 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.

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.

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 because 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 years 2007 and 2006, 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.

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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

Directors and Officers. 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.

Section 16(a) Beneficial Ownership Reporting Compliance. Marine has no directors or officers and is not aware of any beneficial owner of more than ten percent of the units of beneficial interest who failed to report on a timely basis reports required by Section 16(a) of the Securities Exchange Act of 1934.

Code of Ethics. 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.

Committees. 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 2007, Marine paid or accrued fees of $35,566 to Bank of America, N.A., as Trustee. These fees are paid in accordance with the terms of the Indenture.

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, 2007:

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%

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

Marine has no equity compensation plans.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Fees for services performed by KPMG LLP for the years ended June 30, 2007 and 2006 are:

	2007	2006
Audit Fees	$44,575	$37,100
Audit-Related Fees		
Tax Fees		
All Other Fees		

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.

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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 fiscal year ended December 31, 2005 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.

99.1 Consolidated financial statements of Tidelands Royalty Trust B for the fiscal years ended December 31, 2006 and 2005, and report of KPMG LLP, independent registered public accounting firm.

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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, 2007 and 2006 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, 2007. These consolidated financial statements are the responsibility of the Trustee. 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, 2007 and 2006 and the results of their operations and their cash flows for each of the years in the three-year period ended June 30, 2007, in conformity with U.S. generally accepted accounting principles.

/s/ KPMG LLP

Dallas, Texas
September 27, 2007

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MARINE PETROLEUM TRUST AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
June 30, 2007 and 2006

ASSETS

	2007	**2006**
Current assets:		
Cash and cash equivalents	$ 1,636,082	$ 1,454,283
Oil and gas royalties receivable	1,186,503	919,494
Receivables from affiliate	350,126	67,123
Total current assets	3,172,711	2,440,900
Investment in affiliate	646,963	343,856
Producing oil and gas properties	7	7
	$ 3,819,681	$ 2,784,763

LIABILITIES AND TRUST EQUITY

Current liabilities Federal income taxes payable	$ 7,600	$ 1,800
Trust equity		
Corpus authorized 2,000,000 units of beneficial interest, issued 2,000,000 units at nominal value	8	8
Undistributed income	3,812,073	2,782,955
Total trust equity	3,812,081	2,782,963
	$ 3,819,681	$ 2,784,763

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, 2007

	2007	2006	2005
Income:			
Oil and gas royalties	$ 4,921,413	$ 3,942,070	$ 4,210,761
Equity in earnings of affiliate	1,189,027	405,260	710,818
Interest income	78,418	53,492	28,201
	6,188,858	4,400,822	4,949,780
Expenses:			
General and administrative	218,089	217,665	207,170
Income before federal income taxes	5,970,769	4,183,157	4,742,610
Federal income taxes of subsidiary	19,950	7,800	3,000
Net income	5,950,819	4,175,357	4,739,610
Undistributed income at beginning of year	2,782,955	3,080,014	2,916,196
	8,733,774	7,255,371	7,655,806
Distributions to unitholders	4,921,701	4,472,416	4,575,792
Undistributed income at end of year	$ 3,812,073	$ 2,782,955	$ 3,080,014
Net income per unit	$ 2.98	$ 2.09	$ 2.37
Distributions per unit	$ 2.46	$ 2.24	$ 2.29
Units Outstanding	2,000,000	2,000,000	2,000,000

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, 2007

	2007	2006	2005
Cash flows from operating activities:			
Net income	$ 5,950,819	$ 4,175,357	$ 4,739,610
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation		2,400	
Equity in earnings of affiliate	(1,189,027)	(405,260)	(710,818)
Distributions of earnings of affiliate	885,920	591,753	547,679
Amortization of premium			4,606
Change in assets and liabilities:			
Oil and gas royalties receivable	(267,009)	50,840	(4,339)
Receivables from affiliate	(283,003)	138,377	(135,081)
State & federal taxes refundable			578
Interest receivable		1,426	708
Income taxes payable	5,800	800	1,000
Net cash provided by operating activities	5,103,500	4,555,693	4,443,943
Cash flows from investing activities Proceeds from sale of U.S. agency bonds		200,000	100,000
Net cash provided by investing activities		200,000	100,000
Cash flows used in financing activities distributions to unitholders	(4,921,701)	(4,472,416)	(4,575,792)
Net increase (decrease) in cash and cash equivalents	181,799	283,277	(31,849)
Cash and cash equivalents at beginning of period	1,454,283	1,171,006	1,202,855
Cash and cash equivalents at end of period	$ 1,636,082	$ 1,454,283	$ 1,171,006

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, 2007

(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 $900,356 and $897,051 applicable to MPC at June 30, 2007 and 2006, 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, 2007

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.

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. Marine has not experienced significant problems collecting its receivables in the past.

Marine and MPC had cash equivalents of $1,636,082 and $1,454,283 at June 30, 2007 and 2006, respectively, which consisted of cash deposits, 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 $14,150 and $7,000 in the years ended June 30, 2007 and 2006, 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.

(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.

MARINE PETROLEUM TRUST AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
Three Years Ended June 30, 2007

(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:

	Years Ended June 30,		
Company	**2007**	**2006**	**2005**
Chevron USA, Inc.	63%	65%	78%
Walter Oil & Gas Corporation	7%	8%	
Anglo Suisse Offshore Partners LLP	6%	6%	
Century Exploration Company	5%	5%	5%
Devon Energy Production Company	4%	1%	2%
Apache Corporation	3%		
Newfield Exploration Company	2%	2%	2%
Energy XXI GOM LLC	2%		
SPN Resources LLC	2%		
W&T Offshore Inc.	2%		
Kerr-McGee Corporation	1%	3%	2%
BP America Production Company	1%	2%	2%
Others	2%	8%	9%
	100%	100%	100%

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

At June 30, 2007 and 2006, 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 $10,978,923 and $4,862,935 at June 30, 2007 and 2006, respectively.

Marine and Tidelands share certain common costs which are allocated between them 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 2007 and 2006.

	2007	**2006**
Balance at beginning of year	$ 343,856	$ 530,349
Equity in earnings of affiliate	1,189,027	405,260
Distribution of earnings	(885,920)	(591,753)
Balance at end of year	$ 646,963	$ 343,856

At June 30, 2007 and 2006, receivables from affiliate includes $350,126 and $62,674, 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, 2007

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

BALANCE SHEETS
Assets

	June 30,	
	2007	**2006**
Cash and cash equivalents	$ 2,278,043	$ 1,089,961
Oil and gas royalties receivable	740,267	162,607
Other	2	2
	$ 3,018,312	$ 1,252,570

Liabilities and Trust Equity

	2007	**2006**
Liabilities (including $996,271 and $191,691 payable to unitholders in 2007 and 2006, respectively)	$ 1,035,550	$ 198,746
Corpus	2	2
Undistributed income	1,982,760	1,053,822
	$ 3,018,312	$ 1,252,570

Statements of Income

	Year Ended June 30,		
	2007	**2006**	**2005**
Income	$ 3,845,404	$ 1,383,272	$ 2,311,598
Expenses	163,118	125,976	128,962
Income before federal income taxes	3,682,286	1,257,296	2,182,636
Federal income taxes of Tidelands subsidiary	38,250	15,289	13,601
Net income	$ 3,644,036	$ 1,242,007	$ 2,169,035

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, 2006.

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MARINE PETROLEUM TRUST AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
Three Years Ended June 30, 2007

(3) Summary of Quarterly Financial Data (Unaudited)

The following quarterly financial information for fiscal year 2007 and 2006 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, 2006	$ 1,196,408	40,226	1,357,225	0.68
December 31, 2006	1,088,364	72,218	1,302,229	0.65
March 31, 2007	1,291,548	62,099	1,627,707	0.81
June 30, 2007	1,345,093	43,546	1,663,658	0.83
	$ 4,921,413	218,089	5,950,819	2.97
Quarter ended:				
September 30, 2005	$ 831,535	49,914	1,047,262	0.52
December 31, 2005	695,164	48,305	714,456	0.36
March 31, 2006	1,009,414	73,198	982,239	0.49
June 30, 2006	1,405,957	46,248	1,431,400	0.72
	$ 3,942,070	217,665	4,175,357	2.09

(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:

	2007	2006	2005
Marine:			
Oil (barrels)	42,260	35,336	49,132
Gas (mcf)	292,326	231,811	309,951
Tidelands:			
Oil (barrels)	2,466	1,816	2,627
Gas (mcf)	152,936	41,424	94,703

(5) Texas Margin Tax

Texas does not impose an income tax. Therefore, no part of the income produced by Marine is subject to an income tax in Texas. However, corporations and limited liability companies (regardless of how taxed for federal income tax purposes) doing business in Texas are subject to the Texas franchise tax, for tax years through 2006. Beginning with tax year 2007 (and earlier for certain fiscal year taxpayers), the new Texas margin tax applies to almost all entities with liability protection (including trusts). The Texas margin tax is a significant change in Texas tax law. Trusts that meet certain statutory requirements are generally exempt from the margin tax as a passive

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entity. Although the income of Marine is passive as it consists primarily of royalty income from certain oil and natural gas leases, there is currently no clear authority that Marine satisfies all the statutory requirements for the exemption for passive entities to apply. Therefore, pending additional legislative action in the 2007 legislative session or the issuance of applicable administrative rules promulgated by the Texas Comptroller, it is uncertain whether Marine would be exempt from the margin tax as a passive entity or subject to the margin tax at the trust level. Approximately 3% of Marine s royalty income is generated in Texas. If Marine is exempt from the margin tax at the trust level as a passive entity, each Unitholder that is a taxable entity would generally include its share of Marine s revenues in its margin tax computation. If, however, the margin tax is imposed on Marine at the trust level, each Unitholder would generally exclude its share of Marine s revenues from its margin tax calculation. Under certain circumstances, Texas inheritance tax may be applicable to property in Texas (including intangible personal property such as the units) of both resident and nonresident decedents.

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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 28, 2007

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 28, 2007

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

(The registrant has no directors or executive officers.)