

MARINE PETROLEUM TRUST

Form 10-K

September 27, 2010

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

Form 10-K

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

For the fiscal year ended June 30, 2010

OR

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

For the transition period from _____ to _____ .

Commission File No. 000-08565

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:

**U.S. Trust, Bank of America Private Wealth
Management**

P. O. Box 830650, Dallas, Texas

(Address of principal executive offices)

75283-0650

(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 whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

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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, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer <input type="radio"/>	Accelerated filer <input type="radio"/>	Non-accelerated filer <input type="radio"/>	Smaller reporting company <input type="checkbox"/>
		(Do not check if a smaller reporting company)	

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

YES ☐ NO ☐

Aggregate market value of units of beneficial interest held by non-affiliates of the registrant at December 31, 2009 (the last business day of the registrant's most recently completed second fiscal quarter) was approximately \$26.5 million. (For purposes of determination of the above stated amount, only directors, executive officers and 10% or greater stockholders have been deemed affiliates.)

The number of units of beneficial interest outstanding as of September 22, 2010 was 2,000,000.

Documents Incorporated by Reference:

None

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ITEM 1. BUSINESS

Organization. Marine Petroleum Trust (the "Trust") is a royalty trust that was created in 1956 under the laws of the State of Texas. The Trust 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 the Trust'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") and its assignees.

The indenture pursuant to which the Trust was created (as amended, the "Indenture") 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 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 next succeeding business day. U.S. Trust, Bank of America Private Wealth Management serves as corporate trustee (the "Trustee"). The Indenture prohibits the operation of any kind of trade or business by the Trust.

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.

The Trust's wholly-owned subsidiary, Marine Petroleum Corporation ("MPC", collectively with the Trust, "Marine"), holds title to interests in properties subject to the Trust's interests that are situated offshore of Louisiana. Ninety-eight percent of all oil, natural gas, and other mineral royalties collected by MPC less the cost of receiving and collection are retained by and delivered to the Trust. 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 the corpus. MPC, like the Trust, 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 are sometimes referred to as overriding royalty interests in this Annual Report on Form 10-K. 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 its assignees may acquire.

Marine also owns a 32.6% interest in Tidelands Royalty Trust "B" ("Tidelands"), a separate Texas trust, which owns interests in five leases covering 22,948 gross acres. 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 of 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 its subsidiary that are retained by and delivered to Tidelands on a quarterly basis, less (iii) administrative expenses of Tidelands. Marine recommends 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 226,564 gross acres (including Tidelands' interest in 22,948 gross 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 U.S. Federal government may force termination of a lease if the working interest owner fails to fully develop a lease once it is acquired.

For the fiscal year ended June 30, 2010, approximately 71% of Marine's royalty revenues were attributable to the sale of oil and approximately 29% 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 changes in the market price for oil and natural gas. The following table presents the percent of royalties received from various working interest owners, which account for over 90% of the royalties received in each of the past three years.

Company	Fiscal Year Ended June 30,		
	2010	2009	2008
Chevron USA, Inc.	60%	57%	56%
Anglo Suisse Offshore Partners LLP	8%	10%	9%
Century Exploration Company	8%	4%	6%
Walter Oil & Gas Corporation	8%	3%	3%
Devon Energy Production Company LP	3%	1%	2%
Apache Corporation	2%	6%	5%
Energy XXI GOM LLC	2%	4%	3%
SPN Resources LLC	2%	3%	4%
McMoran Oil & Gas LLC	2%	3%	2%
W&T Offshore Inc.	1%	3%	2%
Others	4%	6%	8%
	100%	100%	100%

In addition, Marine's revenues from its interest in Tidelands accounted for approximately 28%, 34%, and 21% of Marine's revenue for the fiscal years ended June 30, 2010, 2009 and 2008, respectively. Tidelands has reported that royalty revenues from Devon Energy Production Company LP, NOEX Energy, Inc., W&T Offshore Inc., McMoran Oil & Gas LLC and Newfield Exploration Company accounted for more than 95% of Tidelands' royalty revenue for the years ended December 31, 2009, 2008 and 2007.

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

Trust Functions. The Trust is administered by officers and employees of its Trustee, U.S. Trust, Bank of America Private Wealth Management. The Trust has no employees. See *Item 10. Directors and Executive Officers of the Registrant.*

All aspects of Marine's operations are conducted by third parties. These operations include the production and sale of oil and natural gas and the calculation of royalty payments to Marine, which are conducted by oil and natural gas companies that lease tracts subject to Marine's interests. American Stock Transfer and Trust Company, LLC is the transfer agent for Marine and is responsible for reviewing, processing and payment of distributions.

MPC leases office space in Dallas, Texas to provide work space and record storage for the Trust, MPC, Tidelands 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 oil and natural gas royalties.

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 *Item 2.*

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Properties below). Moreover, no revenues are payable to Marine until sales of production commence from any such lease.

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

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

U.S. Trust, Bank of America Private Wealth Management

P.O. Box 830650

Dallas, Texas 75283-0650

Telephone number: (800) 985-0794

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

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 the Trust.

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

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

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

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

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

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

Marine's quarterly distributions are highly dependent upon the prices realized from the sale of oil and natural gas. A significant downward movement in the prices for oil and natural gas could have a material adverse

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effect on Marine's distributable income, which could decrease the distributions to unitholders. Historically, prices have been volatile and are likely to continue to be volatile in the future due to factors beyond Marine's control. These factors include, but are not limited to:

- political conditions worldwide, in particular political disruption, war or other armed conflicts in oil producing regions;

- worldwide economic conditions;

- weather conditions;

- the supply and price of domestic and foreign oil and natural gas;

- the level of consumer demand;

- the price and availability of alternative fuels;

- the proximity to, and capacity of, transportation facilities; and

- the effect of worldwide energy conservation measures.

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

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

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

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

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

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

The occurrence of drilling, production or transportation accidents and other natural disasters on the properties underlying the leases can reduce distributions. These occurrences include blowouts, cratering, explosions, environmental and hurricane damage that may result in personal injuries, property damage, damage to productive formations or equipment and environmental damages. For example, in September 2008, Hurricanes Gustav and Ike hit the Gulf Coast, which generally caused (i) a disruption of oil and natural gas production, (ii) damage to offshore production platforms and (iii) damage to onshore oil and natural gas pipeline facilities. As a result, oil and natural gas

production was interrupted. Marine believes that most significant leases in which Marine has an interest that experienced a disruption in production were back on production during the first quarter of 2009.

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Failure to collect royalty payments from working interest owners could adversely affect Marine's distributions to its unitholders.

A significant portion of Marine's royalties are attributable to a limited number of working interest owners. For the fiscal year ended June 30, 2010, Chevron USA, Inc. accounted for 60% of the royalty payments to Marine. Marine does not require working interest owners to pledge collateral or otherwise post security for royalty payments. At any time, Marine may encounter collection issues with one or more of the working interest owners, which could result in Marine not receiving payment for some or all of its royalty interests. Any reduction in royalty payments would reduce distributable income to Marine's unitholders.

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

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

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

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

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

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

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

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

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

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

Unitholders have limited voting rights.

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

The limited liability of the unitholders is uncertain.

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

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

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

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

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

On April 20, 2010, a deepwater drilling rig exploded and sank in the Gulf of Mexico, which resulted in loss of life and a substantial oil spill. Marine did not receive royalties from the well, and Marine's wells are located in shallow water. To date, Marine has not been directly impacted by the loss of the well or its aftermath, and the current drilling moratorium does not currently impact the leases in which Marine has an interest. However, how Marine may be affected by this incident in the future, including any new or additional regulations that may be adopted in response to the incident that affects wells from which Marine receives royalties, are unknown at this time.

Cash held by the Trustee is not insured by the Federal Deposit Insurance Corporation.

Currently, cash held by Marine reserved for the payment of accrued liabilities and estimated future expenses and distributions to unitholders is typically held in cash deposits, U.S. Treasury and agency bonds and

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money market accounts. Marine places such reserve cash with financial institutions that Marine considers credit worthy and limits the amount of credit exposure from any one financial institution. However, none of these accounts are insured by the Federal Deposit Insurance Corporation. In the event that any such financial institution becomes insolvent, Marine may be unable to recover any or all such cash from the insolvent financial institution. Any loss of such cash may have a material adverse effect on Marine's cash balances and any distributions to unitholders.

Financial information of Marine is not prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP.

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

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

In May 2006, the State of Texas enacted legislation, as amended in June 2007, and again in June 2009, to implement a new franchise or margin tax. Certain entities that were previously exempt from the franchise tax, including many trusts, may now be subject to the tax. Trusts, however, other than business trusts (as defined in U.S. Treasury Regulation section 301.7701-4(b)), that meet certain statutory requirements are exempt from the franchise tax as passive entities.

The Trustee does not expect that the Trust will be required to pay any amounts under the Texas state franchise tax for tax year 2010, based on the Trustee's belief that the Trust is exempt from the franchise tax as a passive entity (*i.e.*, the Trust is not a business trust, it receives at least 90% of its U.S. Federal gross income from certain passive sources, and no more than 10% of its income is derived from an active trade or business). If it is subsequently determined that the Trust is not exempt from the franchise tax, the Trust will be required to deduct and withhold from future distributions the amount required to satisfy and pay the Trust's franchise tax liability for tax year 2010. In addition, the Trust would be required to timely pay franchise tax liability due with respect to current and future years.

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

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. Marine does not own or directly lease any physical properties.

Reserves. As indicated above, 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

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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, 2010 with any U.S. 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 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:

	Fiscal Year Ended June 30,		
	2010	2009	2008
Net quantities sold:			
Oil (in barrels (bbls))	21,168	16,885	35,620
Natural Gas (in thousands of cubic feet (mcf))	129,349	114,730	239,484
Weighted average sales price for royalty oil and natural gas sold:			
Oil (per bbl) (1)	\$ 71.18	\$ 100.13	\$ 81.89
Natural Gas (per mcf)(1)	\$ 4.65	\$ 9.22	\$ 7.98

(1) The weighted average sales price is calculated from data provided by the operators.

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 *Item 7. Trustee's Discussion and Analysis of Financial Condition and Results of Operations* below.

Productive Wells. Based on the latest public records reviewed by Marine from the Bureau of Ocean Energy Management, Regulation and Enforcement, a division of the U.S. government, there were approximately 210 gross active wells subject to Marine's interests (excluding its interest in Tidelands). Marine believes that the term "active wells" is synonymous with the term "productive wells" as defined in Subpart 1200 of Regulation S-K. Marine believes that most of the active wells produce both oil and natural gas; however, Marine is unable to determine the actual number of wells classified as either oil or natural gas wells without unreasonable efforts and expense. See *Difficulty in Obtaining Certain Data* below.

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

	Fiscal Year Ended June 30,		
	2010	2009	2008
Development			
Oil	7	6	10
Natural Gas	17	13	13
Dry	0	2	1
Totals	24	21	24

Information regarding net wells or acres is not included since Marine does not own any working interests.
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Lease Acreage. Marine has an overriding royalty interest (including its interest in Tidelands) in 62 different oil and natural gas leases covering 226,564 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 Acreage
United States	221,034
State of Texas	640
State of Louisiana	4,890
	226,564

(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. Marine's overriding royalty area is determined by a contract that defines the area in which Marine is entitled to receive a royalty interest. In some cases, that area does not cover an entire lease block. In those cases, Marine's royalty interest only applies to the area that lies within the lease. Of the 226,564 total gross acres in which Marine has an overriding

royalty interest,
there are 3,958
gross acres
located on
leases that have
commercial
production, but
the production
is not on
Marine's
overriding
royalty area
within those
leases.

A 5,760 gross acre lease was terminated during the fiscal year ended June 30, 2010.

The overriding royalty interest owned by Marine is three-fourths of 1% of the working interest held by Chevron or its assigns. The fractional interest will therefore vary from lease to lease. The acreage weighted average of the fractional interest in all leases, including Marine's interest in the leases held by Tidelands, is 0.58776%. The following table presents the acreage breakdown by fractional interests of Marine and its interest in the Tidelands leases:

Trust	Gross Acres	Interest
Tidelands	22,948	1.1928%
Marine	105,672	0.7500%
Marine	1,527	0.5000%
Marine	40,151	0.3750%
Marine	56,266	0.1905%
Summary	226,564	0.58776%

Present Activities. As of September 7, 2010, public records indicate that three 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 three additional operations, which may include drilling, permits to work over or recompleting a well or other types of operations. There is no assurance that wells will be drilled, and if they are drilled, that they will be successful. Marine is not obligated to provide any fixed and determinable quantities of oil or natural gas in the future under any existing contracts or agreements.

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 with respect to the particular leases subject to Marine's interests, including, but not limited to, (i) reserves, (ii) availability of oil and natural gas, (iii) average production cost (lifting cost) per unit, (iv) undeveloped acreage and (v) net wells and net acres, lies solely within the knowledge of these working interest owners. Engineering data, if any, regarding these leaseholds would have been compiled principally by or for the working interest owners of these leaseholds, and Marine believes that it will not be provided access to such information. As a result, it appears that unreasonable efforts and expense would be involved in seeking to obtain all of the information required under Item 102 and Subpart 1200 of Regulation S-K.

Table of Contents**ITEM 3. LEGAL PROCEEDINGS**

Neither the Trust 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. [RESERVED]**ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED UNITHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

The units of beneficial interest in the Trust 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 of the units on the Nasdaq Capital Market by quarter for the past two fiscal 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 Per Unit
	High	Low	
September 30, 2008	\$ 33.55	\$ 22.50	\$ 0.77
December 31, 2008	24.47	17.18	0.89
March 31, 2009	24.00	15.85	0.30
June 30, 2009	17.97	15.21	0.26
September 30, 2009	\$ 18.22	\$ 14.85	\$ 0.25
December 31, 2009	18.00	14.00	0.32
March 31, 2010	19.05	14.56	0.32
June 30, 2010	18.72	14.77	0.38

The Trust is authorized to issue and has issued 2,000,000 units of beneficial interest. On June 30, 2010, these outstanding units of record were held by 352 unitholders. There were no changes in the number of outstanding units of beneficial interest during the fiscal year ended June 30, 2010.

The Trust 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 \$75,750 for the distribution paid on June 30, 2010. Such distributions have been made since the Trust's inception and will continue so long as the income from oil and natural gas royalties exceeds administrative costs.

Distributions primarily 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 the Trust on the determination date.

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

While the Trust's complete Annual Report on Form 10-K (excluding exhibits) for the fiscal year ended June 30, 2010 is distributed to unitholders, a copy of the Form 10-K (excluding exhibits) is available without charge to interested parties. There will be copying and mailing charges for copies of any exhibits requested. Written requests should be directed to Mr. Ron E. Hooper, U.S. Trust, Bank of America Private Wealth Management, P.O. Box 830650, Dallas, Texas 75283-0650.

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The following table summarizes selected financial information that has been derived from Marine's audited consolidated financial statements. You should read the information set forth below in conjunction with *Item 7. Trustee's Discussion and Analysis of Financial Condition and Results of Operations* and the consolidated financial statements and notes thereto included elsewhere in this Annual Report on Form 10-K.

	Fiscal Year Ended June 30, (In Thousands Except Per Unit Amounts)				
	2010	2009	2008	2007	2006
Statement of Distributable Income Selected Data:					
Income:					
Oil and natural gas royalties	\$ 2,109	\$ 2,749	\$ 4,827	\$ 4,654	\$ 3,993
Equity in Tidelands	835	1,419	1,313	623	725
Interest		12	59	79	55
	\$ 2,944	\$ 4,180	\$ 6,199	\$ 5,356	\$ 4,773
Expenses:					
General and administrative	\$ 303	\$ 380	\$ 314	\$ 218	\$ 218
Federal income taxes of subsidiary		(19)	21	20	8
	303	361	335	238	226
Distributable income	\$ 2,641	\$ 3,819	\$ 5,864	\$ 5,118	\$ 4,547
Distributions to unitholders	\$ 2,536	\$ 4,436	\$ 5,847	\$ 4,921	\$ 4,472
Distributable income per unit	\$ 1.32	\$ 1.91	\$ 2.93	\$ 2.56	\$ 2.27
Distributions per unit	\$ 1.27	\$ 2.22	\$ 2.92	\$ 2.46	\$ 2.24
			At June 30,		
	2010	2009	2008	2007	2006
Statement of Assets, Liabilities and Trust Corpus Selected Data:					
Total assets	\$ 1,158	\$ 1,053	\$ 1,680	\$ 1,661	\$ 1,459
Trust corpus	\$ 1,158	\$ 1,053	\$ 1,670	\$ 1,653	\$ 1,457

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

Critical Accounting Policies. As of June 30, 2008, the financial statements of Marine have been prepared on the modified cash basis method and are not intended to present financial position and results of operations in conformity with GAAP. Under the modified cash basis method:

Royalty income is recognized when received by Marine.

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

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

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

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

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

The preparation of financial statements in conformity with the modified cash basis method of accounting requires the Trustee to make various estimates and assumptions that affect the reported amount of liabilities at the date of the financial statements and the reported amount of expenses during the reporting period. Actual results may differ from such estimates.

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's results of operations are significantly impacted by oil and natural gas commodity prices and the quantity of oil and natural gas production. Oil and natural gas prices have historically experienced significant volatility. Marine is not permitted to manage its commodity price risk through the use of fixed price contracts or financial derivatives.

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' selling price at its receiving point onshore, less the cost of transportation from the offshore lease to the onshore receiving point. Value at the well for natural gas means the selling price less the cost of compression, dehydration and transportation from the lease to the delivery point of the pipeline transporting the product to market. In general, value at the well is determined on the basis of the selling price of oil, natural gas and other minerals produced, saved and sold, or at wellhead prices determined by industry standards, where the selling price does not reflect value at the well. In the event an agreement is not arms-length in nature, the value is based upon current market prices.

Summary Review. On April 20, 2010, a deepwater drilling rig exploded and sank in the Gulf of Mexico, which resulted in loss of life and a substantial oil spill. Marine did not receive royalties from the well, and Marine's wells are located in shallow water. To date, Marine has not been directly impacted by the loss of the well or its aftermath. However, how Marine may be affected by this incident in the future, including any new or additional regulations that may be adopted in response to the incident that affects wells from which Marine receives royalties, are unknown at this time.

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In September 2008, Hurricanes Gustav and Ike hit the Gulf Coast, which generally caused (i) a disruption of oil and natural gas production, (ii) damage to offshore production platforms and (iii) damage to onshore oil and natural gas pipeline facilities. Because Marine is not the operator of the leases on which it has an overriding royalty interest, Marine received limited information regarding the effects of the hurricanes on production. However, based on the limited information that Marine received from operators and from data from the Bureau of Ocean Energy Management, Regulation and Enforcement records and publications, Marine believes that all significant leases in which Marine has an interest that experienced a disruption in production were back on production by the third quarter of 2009. Production volumes may be slow to reach and may not reach the volumes realized before damage was caused by the hurricanes. The Bureau of Ocean Energy Management, Regulation and Enforcement is a division of the U.S. government.

In general, Marine receives royalties two months after oil production and three months after natural gas production. The March 2010 distribution increased slightly from the December 2009 distribution, from \$0.322823 per unit to \$0.323140 per unit, and the June 2010 distribution increased 16% from the March 2010 distribution, from \$0.323140 per unit to \$0.376013 per unit. The September 2010 distribution decreased slightly from the June 2010 distribution, from \$0.376013 per unit to \$0.374810 per unit.

Marine's distributable income for the fiscal year ended June 30, 2010 amounted to \$2,640,561 or \$1.32 per unit as compared to \$3,818,752 or \$1.91 per unit in fiscal 2009 and \$5,864,499 or \$2.93 per unit in fiscal 2008.

These results also include income from the Trust's interest in Tidelands, which amounted to \$835,401 for fiscal 2010, \$1,419,539 for fiscal 2009 and \$1,313,536 for fiscal 2008. Income from Tidelands contributed approximately 28% of Marine's royalty income for fiscal 2010 as compared to 34% and 21% of Marine's royalty income for fiscal 2009 and 2008, respectively.

The following table shows the number of wells drilled or recompleted on leases in which Marine has an interest (including its interest in Tidelands) and the number of active wells at the end of each of the past three fiscal years.

	Fiscal Year Ended June 30,		
	2010	2009	2008
Wells Drilled or Recompleted (Gross)	24	21	24
Active Wells (Gross)	210	220	240

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 fiscal years 2010, 2009 and 2008, excluding the Trust's interest in Tidelands.

	Fiscal Year Ended June 30,		
	2010	2009	2008
Income from:			
Oil royalties	\$ 1,506,768	\$ 1,690,654	\$ 2,916,843
Natural gas royalties	\$ 601,835	\$ 1,058,045	\$ 1,909,973
Totals	\$ 2,108,603	\$ 2,748,699	\$ 4,826,816
Net quantities sold:			
Oil (bbls)	21,168	16,885	35,620
Natural gas (mcf)	129,349	114,730	239,484
Average price:			
Oil (1)	\$ 71.18	\$ 100.13	\$ 81.89
Natural gas (1)	\$ 4.65	\$ 9.22	\$ 7.98

(1) These amounts
are net of the

cost of
transportation
from offshore
leases to
onshore
receiving points.

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Fiscal Year 2010 Compared to Fiscal Year 2009. During fiscal 2010, Marine received approximately 71% of its royalty income from the sale of oil and 29% from the sale of natural gas, as compared to approximately 62% of its royalty income from the sale of oil and 38% from the sale of natural gas in fiscal 2009. Income from oil and natural gas royalties in fiscal 2010 decreased approximately 23% from fiscal 2009, primarily due to decreased prices realized for oil and natural gas.

Revenue from oil royalties amounted to \$1,506,768 in fiscal 2010, a decrease from the \$1,690,654 realized in fiscal 2009. The average price realized for a barrel of oil decreased to \$71.18 from the \$100.13 realized in fiscal 2009. In fiscal 2010, oil production increased to 21,168 barrels from the 16,885 barrels produced in fiscal 2009.

Revenue from natural gas royalties amounted to \$601,835 in fiscal 2010, a decrease from the \$1,058,045 realized in fiscal 2009. In fiscal 2010, the average price of an mcf of natural gas decreased to \$4.65 from the \$9.22 realized in fiscal 2009. In fiscal 2010, natural gas production increased to 129,349 mcf from the 114,730 mcf produced in fiscal 2009.

General and administrative expenses for fiscal 2010 amounted to \$303,454, a decrease from the \$380,400 incurred in fiscal 2009, due to a decrease in professional fees and expenses.

Fiscal Year 2009 Compared to Fiscal Year 2008. During fiscal 2009, Marine received approximately 61% of its royalty income from the sale of oil and 39% from the sale of natural gas. Income from oil and natural gas royalties in fiscal 2009 decreased 43% from fiscal 2008, primarily due to decreased production of oil and natural gas. As previously discussed, Hurricanes Gustav and Ike caused (i) a disruption of oil and natural gas production, (ii) damage to offshore production platforms and (iii) damage to onshore oil and natural gas pipeline facilities, which had an effect on Marine's royalty income in the first and second quarters of fiscal 2009.

Revenue from oil royalties amounted to \$1,690,654 in fiscal 2009, a decrease from the \$2,916,843 realized in fiscal 2008. The average price realized for a barrel of oil increased to \$100.13 from the \$81.89 realized in fiscal 2008. In fiscal 2009, oil production decreased to 16,885 barrels from the 35,620 barrels produced in fiscal 2008.

Revenue from natural gas royalties amounted to \$1,058,045 in fiscal 2009, a decrease from the \$1,909,973 realized in fiscal 2008. In fiscal 2009, the average price of an mcf of natural gas increased to \$9.22 from the \$7.98 realized in fiscal 2008. In fiscal 2009, natural gas production decreased to 114,730 mcf from the 239,484 mcf produced in fiscal 2008.

General and administrative expenses for fiscal 2009 amounted to \$380,400, an increase from the \$313,865 incurred in fiscal 2008, due to an increase in professional fees and expenses.

Interest income decreased to \$12,189 in fiscal 2009 from the \$58,712 realized in fiscal 2008, due to a decrease in interest rates and a decrease in undistributed royalties.

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

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

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 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 the Trust is held in a non-interest bearing trust account. Oil and natural gas royalties received by MPC prior to delivery of the 98% net profits interest to the Trust are held in money market accounts that invest in U.S. Treasury securities and are considered not at risk. 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.

	Page
<u>Report of Independent Registered Public Accounting Firm</u>	20
Financial Statements:	
<u>Consolidated Statements of Assets, Liabilities and Trust Corpus as of June 30, 2010 and 2009</u>	21
<u>Consolidated Statements of Distributable Income for the Three Years Ended June 30, 2010</u>	22
<u>Consolidated Statements of Changes in Trust Corpus for the Three Years Ended June 30, 2010</u>	23
<u>Notes to Consolidated Financial Statements</u>	24

See also *Item 15. Exhibits, Financial Statement Schedules* of this Annual Report on Form 10-K for further information concerning the financial statements of Marine.

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 2010 and 2009, there have been no disagreements between Marine and its independent registered public accounting firm on accounting or financial disclosure matters which would require disclosure under Item 304 of Regulation S-K.

ITEM 9A(T). CONTROLS AND PROCEDURES*Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures*

As of the end of the period covered by this report, the Trustee carried out an evaluation of the effectiveness of the design and operation of the Trust's disclosure controls and procedures pursuant to Rules 13a-15 and 15d-15 of the Exchange Act. 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.

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Changes in Internal Control Over Financial Reporting

There has not been any change in Marine's internal control over financial reporting during the fourth quarter of fiscal 2010 that has materially affected, or is reasonably likely to materially affect, Marine's internal control over financial reporting.

Trustee's Report on Internal Control Over Financial Reporting

The Trustee is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) promulgated under the Exchange Act. The Trustee conducted an evaluation of the effectiveness of Marine's internal control over financial reporting based on the criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the Trustee's evaluation under the framework in Internal Control-Integrated Framework, the Trustee concluded that Marine's internal control over financial reporting was effective as of June 30, 2010. This Annual Report on Form 10-K does not include an attestation report of Marine's registered public accounting firm regarding internal control over financial reporting. The Trustee's report was not subject to attestation by Marine's registered public accounting firm pursuant to an exemption for smaller reporting companies pursuant to Section 404(c) of the Sarbanes-Oxley Act of 2002.

ITEM 9B. OTHER INFORMATION

None.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors and Officers. The Trust is a trust created under the laws of the State of Texas. The Trust's Indenture does not provide for directors or officers or the election of directors or officers. Under the Indenture, U.S. Trust, Bank of America Private Wealth Management, serves as the Trustee.

Section 16(a) Beneficial Ownership Reporting Compliance. The Trust 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 Exchange Act.

Code of Ethics. Because the Trust has no employees, it does not have a code of ethics. Employees of the Trustee must comply with U.S. Trust'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. The Trust has no directors and therefore has no audit committee or audit committee financial expert and no nominating committee or compensation committee.

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Table of Contents**ITEM 11. EXECUTIVE COMPENSATION**

The Trust has no directors or officers and is administered by the Trustee. Accordingly, the Trust does not have a compensation committee or maintain any equity compensation plans, and there are no units reserved for issuance under any such plans. During the past three fiscal years, the Trust paid or accrued fees to the Trustee, as set forth below.

Name of Individual or Entity	Fiscal Year	Other Annual Compensation⁽¹⁾
U.S. Trust, Bank of America Private Wealth Management, the Trustee	2010	\$32,615
	2009	\$34,378
	2008	\$35,358

(1) Under the Indenture, the Trustee is entitled to reasonable and customary fees and compensation for its services.

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

The following table sets forth the persons known to the Trust who own beneficially more than five percent of the outstanding units of beneficial interest as of September 8, 2010:

Name and Address	Amount and Nature of Beneficial Ownership	Percent of Class
Robert H. Paslay 1007 Gasserway Circle Brentwood, TN 37027	204,368 units	10.2%
Patricia Martin 110 Woodbine Place Missoula, MT 59803	174,529 units	8.7%

There are no executive officers or directors of the Trust. The Trustee does not beneficially own any units of beneficial interest.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

Pursuant to an arrangement with MPC to share certain administrative expenses related to the use of office space, Tideland Royalty Trust B Corporation paid the following amounts to MPC during the past three fiscal years. The arrangement provides that administrative expenses are shared in the ratio of each of MPC's and Tideland Royalty Trust B Corporation's gross oil and natural gas royalties to the total gross oil and natural gas royalties of both entities.

Fiscal Year	Amount Paid
2010	\$48,900
2009	\$48,906
2008	\$48,886

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ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Fees for services performed by KPMG LLP for the fiscal years ended June 30, 2010 and 2009 were:

	2010	2009
Audit Fees	\$60,000	\$110,000
Audit-Related Fees		
Tax Fees		
All Other Fees		

As referenced in *Item 10. Directors, Executive Officers and Corporate Governance* above, the Trust 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 AND FINANCIAL STATEMENT SCHEDULES

(a) Financial Statements see *Item 8. 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, 2009 filed with the SEC, 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 year ended December 31, 2009, and report of KPMG LLP, independent registered public accounting firm.

* Filed herewith.

(c) Financial Statement Schedules All required schedules are included in the financial statements included in this Annual Report on Form 10-K.

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Report of Independent Registered Public Accounting Firm

Trustee and Holders of Trust Units of

Marine Petroleum Trust:

We have audited the accompanying consolidated statements of assets, liabilities, and trust corpus of Marine Petroleum Trust (the Trust) as of June 30, 2010 and 2009, and the related consolidated statements of distributable income and changes in trust corpus for each of the years in the three-year period ended June 30, 2010. 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. The Trust is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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.

As described in Note 2 to the consolidated financial statements, these consolidated financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the assets, liabilities, and trust corpus of Marine Petroleum Trust as of June 30, 2010 and 2009 and its distributable income and changes in trust corpus for each of the years in the three-year period ended June 30, 2010 in conformity with the modified cash basis of accounting described in Note 2.

/s/ KPMG LLP

Dallas, Texas

September 24, 2010

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MARINE PETROLEUM TRUST AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ASSETS, LIABILITIES AND TRUST CORPUS
As of June 30, 2010 and 2009

	June 30, 2010	June 30, 2009
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,143,454	\$ 1,038,850
Federal income taxes refundable	14,425	14,425
Producing oil and gas properties	7	7
Total assets	\$ 1,157,886	\$ 1,053,282
Liabilities and Trust Corpus		
Current liabilities:		
Federal income taxes payable		
Total current liabilities	\$	\$
Trust Corpus authorized 2,000,000 units of beneficial interest, issued 2,000,000 units at nominal value	1,157,886	1,053,282
	\$ 1,157,886	\$ 1,053,282

See accompanying notes to consolidated financial statements.

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MARINE PETROLEUM TRUST AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF DISTRIBUTABLE INCOME
For the Three Years Ended June 30, 2010

	2010	2009	2008
Income:			
Oil and natural gas royalties	\$ 2,108,603	\$ 2,748,699	\$ 4,826,816
Oil and natural gas royalties from affiliate	\$ 835,401	\$ 1,419,539	\$ 1,313,536
Interest income	11	12,189	58,712
Total income	2,944,015	4,180,427	6,199,064
Expenses:			
General and administrative	303,454	380,400	313,865
Distributable income before Federal income taxes	2,640,561	3,800,027	5,885,199
Federal income taxes of subsidiary		(18,725)	20,700
Distributable income	\$ 2,640,561	\$ 3,818,752	\$ 5,864,499
Distributable income per unit	\$ 1.32	\$ 1.91	\$ 2.93
Distributions per unit	\$ 1.27	\$ 2.22	\$ 2.92
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 CHANGES IN TRUST CORPUS

For the Three Years Ended June 30, 2010

	2010	2009	2008
Trust corpus, beginning of year	\$ 1,053,282	\$ 1,670,467	\$ 1,653,412
Distributable income	2,640,561	3,818,752	5,864,499
Distributions to unitholders	2,535,957	4,435,937	5,847,444
Trust corpus, end of year	\$ 1,157,886	\$ 1,053,282	\$ 1,670,467

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, 2010**

(1) Summary of Significant Accounting Policies

(a) General

Marine Petroleum Trust (the Trust) was established on June 1, 1956 with the transfer of property to the Trust consisting of certain contract rights, units of beneficial interest and common stock in exchange for units of beneficial interest in the Trust. The contract rights entitled the Trust to receive an 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.

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

The unitholders assigned their contract rights off-shore of Louisiana to Marine Petroleum Corporation, a wholly-owned subsidiary of the Trust, (MPC, and collectively with the Trust, Marine) reserving a 98% net profits interest to themselves. The net profits interest contract was transferred to the Trust along with the other properties. The Trust is authorized to pay expenses of MPC should it be necessary.

The Trust 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 the Trust 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 the Trust was established, no determinable market value was available for the assets transferred to the Trust; 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) U.S. Federal Income Taxes

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

U.S. Federal income taxes have been provided on the income of MPC (which specifically excludes the 98% net profits interest to be retained by and delivered to the Trust), after deducting statutory depletion. MPC uses the cash method of reporting for U.S. Federal income taxes.

The primary difference between the actual tax expense of MPC and the expected tax expense is due to the fact that only 2% of MPC's income (i.e., excluding the 98% net profits interest retained by and delivered to the Trust) is subject to U.S. Federal income tax.

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The Federal income taxes refundable which arose during the prior year are as a result of payments made in excess of the estimated taxes payable.

MPC recognizes interest and penalties related to unrecognized tax benefits in income tax expense.

(e) Credit Risk Concentration and Cash Equivalents

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

Marine had cash equivalents of \$1,143,454 and \$1,038,850 at June 30, 2010 and 2009, respectively, which consisted of cash deposits, U.S. Treasury and agency bonds, and money market mutual funds.

(f) Use of Estimates

The preparation of financial statements in conformity with the modified cash basis method of accounting requires the Trustee to make various estimates and assumptions that affect the reported amount of liabilities at the date of the financial statements and the reported amount of expenses during the reporting period. Actual results may differ from such estimates.

(g) Distributable Income per Unit

Distributable income per unit is determined by dividing distributable income by the number of units of beneficial interest outstanding during the period.

(h) Significant Royalty Sources

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

Company	Fiscal Year Ended June 30,		
	2010	2009	2008
Chevron USA, Inc.	60%	57%	56%
Anglo Suisse Offshore Partners LLP	8%	10%	9%
Century Exploration Company	8%	4%	6%
Walter Oil & Gas Corporation	8%	3%	3%
Devon Energy Production Company LP	3%	1%	2%
Apache Corporation	2%	6%	5%
Energy XXI GOM LLC	2%	4%	3%
SPN Resources LLC	2%	3%	4%
McMoran Oil & Gas LLC	2%	3%	2%
W&T Offshore Inc.	1%	3%	2%
Others	4%	6%	8%
	100%	100%	100%

(2) Basis of Accounting

As of June 30, 2008, the financial statements of Marine have been prepared on the modified cash basis method and are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America (GAAP). Under the modified cash basis method:

Royalty income is recognized when received by Marine.

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

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

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

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

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

The preparation of financial statements in conformity with the modified cash basis method of accounting requires the Trustee to make various estimates and assumptions that affect the reported amount of liabilities at the date of the financial statements and the reported amount of expenses during the reporting period. Actual results may differ from such estimates.

(3) Investment in and Receivables from Affiliate – Tideland's Royalty Trust – B

At June 30, 2010 and 2009, the Trust owned 32.6% of the outstanding units of beneficial interest in Tideland's Royalty Trust – B (Tideland's). The 452,366 units owned by the Trust had a quoted market value of \$8,323,534 and \$8,255,680 at June 30, 2010 and 2009, respectively.

Administrative expenses are shared by MPC and Tideland's Royalty Trust – B Corporation in the ratio of each of MPC's and Tideland's Royalty Trust – B Corporation's gross oil and natural gas royalties to the total gross oil and natural gas royalties of both entities.

The following summary financial statements have been derived from the unaudited consolidated financial statements of Tideland's:

TIDELANDS CONSOLIDATED STATEMENTS OF ASSETS, LIABILITIES AND TRUST CORPUS

	June 30, 2010	June 30, 2009
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,397,895	\$ 1,673,403
Oil, natural gas and other mineral properties	2	2
Federal taxes refundable	12,734	9,734
Total assets	\$ 1,410,631	\$ 1,683,139
Liabilities and Trust Corpus		
Current liabilities:		
Income distributable to unitholders	\$ 610,206	\$ 762,305
Total current liabilities	\$ 610,206	\$ 762,305
Trust Corpus – authorized 1,386,525 units of beneficial interest, issued 1,386,375 units at nominal value	\$ 800,425	\$ 920,834
	\$ 1,410,631	\$ 1,683,139

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	Twelve Months Ended June 30,		
	2010	2009	2008
Income	\$ 2,535,392	\$ 4,363,355	\$ 4,105,079
Expenses	240,629	329,693	238,291
Distributable income before Federal income taxes	2,294,763	4,033,662	3,866,788
Federal income taxes of Tidelands subsidiary	7,000	32,570	47,400
Distributable income	\$ 2,287,763	\$ 4,001,092	\$ 3,819,388

Tidelands is a reporting company under the Securities Exchange Act of 1934, as amended, and has filed its Annual Report on Form 10-K for the fiscal year ended December 31, 2009.

(4) Summary of Quarterly Financial Data (Unaudited)

The following quarterly financial information for fiscal years 2010 and 2009 is unaudited; however, in the opinion of management, all adjustments necessary for a fair statement of the results of operations for the interim periods have been included.

	Oil and Gas Royalties	Expenses	Distributable Income	Distributable Income Per Unit
Quarter ended:				
September 30, 2008	\$ 1,480,498	\$ 119,455	\$ 1,650,319	\$ 0.83
December 31, 2008	720,751	83,687	984,360	0.49
March 31, 2009	286,774	100,788	590,283	0.30
June 30, 2009	260,676	76,470	593,790	0.29
	\$ 2,748,699	\$ 380,400	\$ 3,818,752	\$ 1.91
Quarter ended:				
September 30, 2009	\$ 448,556	\$ 68,241	\$ 629,184	\$ 0.31
December 31, 2009	476,875	86,346	575,754	0.29
March 31, 2010	604,202	60,628	742,685	0.37
June 30, 2010	578,970	88,239	692,938	0.35
	\$ 2,108,603	\$ 303,454	\$ 2,640,561	\$ 1.32

(5) 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:

	Twelve Months Ended June 30,		
	2010	2009	2008
Marine:			
Oil (barrels)	21,168	16,885	35,620

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Gas (mcf)	129,349	114,730	239,484
Tidelands:			
Oil (barrels)	2,628	1,278	1,952
Gas (mcf)	124,854	167,224	147,188

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(6) Texas Margin Tax

Texas does not impose an income tax. Therefore, no part of the income produced by the Trust is subject to a state income tax in Texas. However, in May 2006, the State of Texas enacted legislation, as amended in June 2007 and again in June 2009, to implement a new franchise tax. Under the new legislation, a 1% tax (in certain cases not applicable here, the tax rate is 0.5%) is imposed on each taxable entity's taxable margin. Taxable margin is generally defined as revenues less certain costs, as provided under the statute. Most entities that provide owners with limited liability protection, including trusts, are considered to be taxable entities for purposes of the Texas franchise tax. The statute provides certain limited exemptions from the tax, including exclusions for certain passive entities that satisfy specified statutory requirements as described below.

Under the Texas franchise tax statute, passive entities, including trusts, that meet the following requirements, are exempt from the Texas state franchise tax: (a) the trust cannot be a business trust within the meaning of U.S. Treasury Regulation section 301.7701-4(b); (b) at least 90% of the trust's income for the taxable year must be derived from passive sources (*e.g.*, royalties, bonuses, delay rental income from mineral properties, dividends, interest, gains from the sale of securities); and (c) no more than 10% of the trust's income for the taxable year can be derived from an active trade or business (*e.g.*, rent, certain income received by a non-operator under a joint operating agreement pursuant to which the operator is the member of an affiliated group that includes such non-operator). An entity will determine on an annual basis whether it meets the requirements to be treated as a passive entity for Texas state franchise tax purposes. All or substantially all of the income of the Trust currently is passive, as it consists of royalty income from the sale of oil and natural gas, dividends and interest income. Subject to any change in the sources of income derived by the Trust or any change in the Indenture, the Trust expects that it will be a passive entity that is not subject to the franchise tax.

If the Trust is exempt from the Texas state franchise tax as a passive entity, each unitholder that is subject to the Texas franchise tax as a taxable entity under the Texas Tax Code would generally include its share of the Trust's revenue in its franchise tax computation. The Texas Tax Code does not apply to natural persons. The Trust anticipates that it will be a passive entity in the tax year ending in 2010.

Each unitholder is urged to consult his or her own tax advisor regarding the requirements for filing state tax returns.

(7) Subsequent Events

Subsequent events have been evaluated through the issue date of the condensed consolidated financial statements for the fiscal year ended June 30, 2010.

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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: U.S. Trust, Bank of America Private Wealth Management in its capacity as trustee of Marine Petroleum Trust and not in its individual capacity or otherwise

Date: September 24, 2010

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.

U.S. Trust, Bank of America Private Wealth Management, in its capacity as trustee of Marine Petroleum Trust and not in its individual capacity or otherwise

Dated: September 24, 2010

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

(The registrant has no directors or executive officers.)

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