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

FORM 10-Q

(Mark One)

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

For the quarterly period ended January 31, 2010

OR

TRANSITION REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the transition period from _____ to _____

Commission file number: 33-2249-FW

MILLER PETROLEUM, INC.

(Exact name of registrant as specified in its charter)

TENNESSEE

62-1028629

(State or other jurisdiction of
incorporation or organization)

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

3651 BAKER HIGHWAY, HUNTSVILLE, TN

37756

(Address of principal executive offices) (Zip Code)

(423) 663-9457

(Registrant's telephone number, including area code)

N/A

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes 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 during the preceding 12 months (or for such shorter period of time that the registrant was required to submit and post such files) Yes No

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Title of Class	No. of Shares Outstanding at March 9, 2010
----- Common Stock	----- 27,145,539

MILLER PETROLEUM, INC.
 FORM 10-Q
 JANUARY 31, 2010

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This report contains forward-looking statements. These forward-looking statements are subject to known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements were based on various factors and were derived utilizing numerous assumptions and other factors that could cause our actual results to differ materially from those in the forward-looking statements. These factors include, but are not limited to, the availability of sufficient capital to fund the anticipated growth of our company, fluctuations in the prices of oil and gas, the competitive nature of our business environment, our dependence on a limited number of customers, our ability to comply with environmental regulations, changes in government regulations which could adversely impact our business and other factors. Most of these factors are difficult to predict accurately and are generally beyond our control. You should consider the areas of risk described in connection with any forward-looking statements that may be made herein or in our Annual Report on Form 10-K for the year ended April 30, 2009. Readers are cautioned not to place undue reliance on these forward-looking statements and readers should carefully review this report in its entirety. Except for our ongoing obligations to disclose material information under the Federal securities laws, we undertake no obligation to release publicly any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events. These forward-looking statements speak only as of the date of this report, and you should not rely on these statements without also considering the risks and uncertainties associated with these statements and our business.

OTHER PERTINENT INFORMATION

Unless specifically set forth to the contrary, when used in this report the terms the "Company," "we," "us," "ours," and similar terms refers to Miller Petroleum, Inc., a Tennessee corporation doing business as Miller Energy Resources and our subsidiaries, Miller Rig & Equipment, LLC, Miller Drilling TN, LLC and Miller Energy Services, LLC, East Tennessee Consultants, Inc., East Tennessee Consultants II, LLC, Miller Energy GP, LLC, Miller Energy Income 2009-A, LP and Cook Inlet Energy, LLC.

The information which appears on our web site at www.millereenergyresources.com is not part of this report.

PART 1 - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

MILLER PETROLEUM, INC.
SUMMARY FINANCIAL INFORMATION
(UNAUDITED)

	For the Three Months Ended January 31, 2010 -----	For the Three Months Ended January 31, 2009 -----	For the Nine Months ended January 31, 2010 -----	For the Nine Months ended January 31, 2009 -----
Total Revenue	1,162,107	612,838	2,023,131	1,312,679
Total Costs and Expenses	5,371,783 -----	1,489,576 -----	8,046,629 -----	3,536,085 -----
LOSS FROM OPERATIONS	(4,209,676)	(876,738)	(6,023,498)	(2,223,406)
NET INCOME (LOSS)	\$ 271,952,491	\$ (556,097)	\$ 271,868,681	\$ 9,153,333
	January 31, 2010 (Unaudited) -----	October 31, 2009 (Unaudited) -----	July 31, 2009 (Unaudited) -----	April 30, 2009 -----
Cash	\$ 2,508,186	\$ 94,838	\$ 100,018	\$ 46,566
Cash, restricted	131,499	1,982,489	1,976,510	1,982,552
Total Cash	2,639,685 -----	2,077,327 -----	2,076,528 -----	2,029,118 -----
Oil and Gas Properties	371,725,938	4,047,713	3,235,278	1,787,911
Total Assets	493,244,733	12,456,570	12,234,383	9,941,733
Total Current Liabilities	1,284,932	3,743,949	3,552,707	2,574,500
Total Long-term Liabilities	201,350,622	545,524	661,104	89,251
Total Stockholders' Equity	290,609,179	8,167,097	8,020,572	7,220,736
Total Producing Oil Wells	196	194	173	20
Total Producing Gas Wells	249	263	253	32
Total Producing Wells	445 -----	457 -----	426 -----	52 -----
Gross Oil and Gas Lease Acreage	657,170	54,506	54,256	14,489
Net Oil and Gas Lease Acreage ..	610,728	54,506	54,256	14,489
Total Proved Oil Reserves MBOE .	9.578 (4)	0.129 (3)	0.129 (1)	0.053 (2)
Total Proved Gas Reserves MBOE .	1.149 (4)	0.335 (3)	0.335 (1)	0.311 (2)
Total Proved, Probable, Possible Oil Reserves MBOE	16.602 (4)	0.168 (3)	0.129 (1)	0.053 (2)
Total Proved Probable, Possible Gas Reserves MBOE	2.652 (4)	0.335 (3)	0.335 (1)	0.311 (2)

(1) Based on Reserve Reports dated April 30, 2009, June 8, 2009 and June 18, 2009.

(2) Based on Reserve Report dated April 30, 2009.

(3) Based on Reserve Reports dated April 30, 2009, June 8, 2009, June 18, 2009 and October 31, 2009.

(4) Based on Reserve Reports dated April 30, 2009, June 8, 2009, June 18, 2009, October 31, 2009, and December 10, 2009

MILLER PETROLEUM, INC.
CONSOLIDATED BALANCE SHEETS
ASSETS

	January 31, 2010 (Unaudited)	April 30, 2009
	-----	-----
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,508,186	\$ 46,566
Cash, restricted	131,499	1,982,552
Accounts receivable	690,605	124,815
Accounts receivable - related parties	30,699	19,882
Prepaid expenses	20,651	-
Inventory	232,071	87,120
	-----	-----
Total Current Assets	3,613,711	2,260,935
Fixed Assets	115,924,957	5,751,017
Less: accumulated depreciation	(1,503,869)	(1,022,017)
	-----	-----
Net Fixed Assets	114,421,088	4,729,000
OIL AND GAS PROPERTIES		
(On the basis of successful efforts accounting)	371,725,938	1,787,911
Land	526,500	406,500
Deferred interest	-	6,892
Prepaid offering cost	305,358	666,476
Cash - restricted, long-term	2,071,488	84,019
Deferred financing costs, net	580,648	-
	-----	-----
Total Other Assets	3,483,994	1,163,887
	-----	-----
TOTAL ASSETS	\$ 493,244,733	\$ 9,941,733
	=====	=====

The accompanying notes are an integral part of these consolidated financial statements.

MILLER PETROLEUM, INC.
CONSOLIDATED BALANCE SHEETS
LIABILITIES AND STOCKHOLDERS' EQUITY

	January 31, 2010 Unaudited	April 30, 2009
	-----	-----
CURRENT LIABILITIES		
Accounts payable - trade	\$ 1,016,335	\$ 301,082
Accrued expenses	159,074	271,099
Unearned revenue	109,523	131,587
Current portion of notes payable	-	1,870,732
	-----	-----
Total Current Liabilities	1,284,932	2,574,500
	-----	-----
LONG-TERM LIABILITIES		
Deferred income taxes payable	195,509,846	778
Notes payable, net of debt discount	3,778,771	88,473
Asset retirement liability	2,062,005	57,246
	-----	-----
Total Long-term Liabilities	201,350,622	146,497
	-----	-----
Total Liabilities	202,635,554	2,720,997
STOCKHOLDERS' EQUITY		
Common stock, 500,000,000 shares authorized at \$0.0001 par value, 26,743,136 and 15,974,356 shares issued and outstanding, respectively .	2,674	1,597
Additional paid-in capital	20,074,011	8,555,324
Retained earnings (accumulated deficit)	270,532,494	(1,336,185)
	-----	-----
Total Stockholders' Equity	290,609,179	7,220,736
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 493,244,733	\$ 9,941,733
	=====	=====

The accompanying notes are an integral part of these consolidated financial statements.

MILLER PETROLEUM, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	For the Three Months Ended January 31, 2010	For the Three Months Ended January 31, 2009	For the Nine Months ended January 31, 2010	For the Nine Months ended January 31, 2009
REVENUES				
Oil and gas revenue	\$ 438,525	\$ 62,093	\$ 1,055,142	\$ 472,993
Service and drilling revenue	723,582	550,745	967,989	839,686
Total Revenue	1,162,107	612,838	2,023,131	1,312,679
COSTS AND EXPENSES				
Cost of oil and gas revenue	201,341	145,569	229,718	203,968
Cost of service and drilling revenue ...	1,916,638	498,953	2,375,291	1,001,299
Selling, general and administrative ...	2,623,553	643,581	4,304,785	1,924,499
Depreciation, depletion and amortization	630,251	201,473	1,136,835	406,319
Total Costs and Expenses	5,371,783	1,489,576	8,046,629	3,536,085
LOSS FROM OPERATIONS	(4,209,676)	(876,738)	(6,023,498)	(2,223,406)
OTHER INCOME (EXPENSE)				
Interest income	6,295	15,016	21,766	45,235
Interest expense	(121,848)	(17,114)	(140,975)	(67,347)
Loan fees and costs	(576,086)	(23,107)	(691,463)	(97,355)
Gain on sale of equipment	-	-	(9,755)	8,550
Gain on sale of oil and gas properties .	-	-	-	11,715,570
Gain on acquisitions	472,473,332	-	474,292,096	-
Total Other Income (Expense)	471,781,693	(25,205)	473,471,669	11,604,653
NET INCOME (LOSS) BEFORE INCOME TAXES ..	467,572,017	(901,943)	467,448,171	9,381,247
INCOME TAX EXPENSE (BENEFIT)	195,619,527	(345,846)	195,579,490	227,914
NET INCOME (LOSS)	\$ 271,952,490	\$ (556,097)	\$ 271,868,681	\$ 9,153,333
INCOME (LOSS) PER SHARE				
BASIC	\$ 12.44	\$ (0.04)	\$ 14.14	\$ 0.65
DILUTED	\$ 9.51	\$ (0.04)	\$ 10.47	\$ 0.65
WEIGHTED AVERAGE SHARES OUTSTANDING				
BASIC	21,856,076	15,616,856	19,227,773	14,045,298
DILUTED	28,597,465	15,616,856	25,969,162	14,045,298

The accompanying notes are an integral part of these consolidated financial statements.

MILLER PETROLEUM, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

	For the Nine Months Ended January 31, 2010	For the Nine Months Ended January 31, 2009
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$ 271,868,681	\$ 9,153,333
Depreciation, depletion and amortization	1,136,835	406,319
Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities:		
Loss (gain) on sale of equipment	9,755	(8,550)
Gain on sale of oil and gas properties	-	(11,715,570)
Gain on acquisitions	(474,292,096)	-
Issuance of equity for services	1,093,693	429,800
Issuance of equity for financing costs	235,588	97,089
Write off of prepaid offering costs	344,795	-
Changes in Operating Assets and Liabilities:		
Accounts receivable	(550,830)	91,449
Inventory	67,277	13,191
Prepaid expense	(20,651)	-
Accounts payable	715,254	(14,590)
Accrued expenses	(54,032)	(85,816)
Deferred revenue	(22,064)	63,065
Income taxes payable	195,509,068	227,914
Deferred interest	6,892	-
	-----	-----
Net Cash Used by Operating Activities	(3,951,835)	(1,342,366)
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment and improvements	(43,382)	(4,329,881)
Purchase of land	-	(110,000)
Sale of oil and gas properties	25,000	13,514,090
Purchase of oil and gas properties	(20,849)	(1,268,417)
Proceeds from sale of equipment	50,000	19,000
Cash paid for Alaska acquisition	(4,541,251)	-
Deferred interest	-	(7,537)
	-----	-----
Net Cash Provided (Used) by Investing Activities .	(4,530,482)	7,817,255
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on notes payable	(1,959,205)	(732,786)
Asset retirement liability	184,681	-
Deferred financing assets	(619,360)	-
Proceeds from borrowing	5,576,444	1,912,159
Proceeds from sale of stock, net	5,689,000	-
Cash acquired through acquisition	203,993	-
Exercise of equity rights	1,800	-
Restricted cash	1,851,053	7,500
Restricted cash non-current	(792)	-
Stock repurchase	-	(4,350,000)
Prepaid offering cost	16,323	(584,115)
	-----	-----
Net Cash Provided (Used) by Financing Activities .	10,943,937	(3,747,242)
	-----	-----
NET INCREASE IN CASH	2,461,620	2,727,647
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	46,566	42,436
	-----	-----
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 2,508,186	\$ 2,770,083
	=====	=====

CASH PAID FOR INTEREST	\$	211,071	\$	67,347
CASH PAID FOR TAXES	\$	0	\$	0

SUPPLEMENTAL DISCLOSURE OF NON CASH FINANCING ITEMS:

Portion of Alaska acquisition financed by equity....	\$	2,071,655	\$	-
Beneficial conversion right of debt issues.....	\$	809,263	\$	-
Fair value of equity rights issued with debt.....	\$	1,048,765	\$	-
Common stock issued for prepaid offering costs.....	\$	-	\$	115,000
Cash acquired through issuance of stock	\$	203,993	\$	-
Restricted cash acquired through issuance of stock..	\$	196,682	\$	-
Net assets acquired through issuance of stock	\$	1,988,089	\$	-

The accompanying notes are an integral part of these consolidated financial statements.

MILLER PETROLEUM, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

(1) ORGANIZATION AND DESCRIPTION OF BUSINESS

These consolidated financial statements include the accounts of Miller Petroleum, Inc. (the "Company") and the accounts of its subsidiaries, Miller Drilling TN, LLC and Miller Energy Services, LLC for the comparative periods ended January 31, 2010 and 2009. Miller Petroleum, Inc.'s subsidiaries East Tennessee Consultants, Inc., East Tennessee Consultants II, LLC, Miller Energy GP, LLC, and Cook Inlet Energy, LLC were included in the consolidation for the period ended January 31, 2010 only, since these subsidiaries started up subsequent to the nine months ended January 31, 2009. All inter-company balances have been eliminated in consolidation.

The Company's principal business consists of oil and gas exploration, production and related property management in the Appalachian region of eastern Tennessee as well as Anchorage, Alaska. The Company's corporate offices are in Huntsville, Tennessee. The Company operates as one reportable business segment, based on the similarity of activities.

Certain information and footnote disclosures normally included in the financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that these financial statements be read in conjunction with the Company's April 30, 2009 Annual Report on Form 10-K. The results of operations for the period ended January 31, 2010 are not necessarily indicative of operating results for the full year. In the opinion of management, all adjustments (consisting of only normal recurring accruals) considered necessary for a fair presentation have been included.

(2) ACCOUNTING POLICIES

RECLASSIFICATIONS

Certain reclassifications have been made to the prior period amounts presented to conform to the current period presentations.

PRINCIPLES OF CONSOLIDATION AND NON-CONTROLLING INTEREST

The consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly-owned at January 31, 2010 except for Miller Energy Income, 2009-A, LP("MEI"), which is controlled by the Company. All material intercompany transactions have been eliminated.

CASH AND CASH EQUIVALENTS

The Partnership classifies as cash and cash equivalents highly liquid investments with maturities of less than ninety days. As of January 31, 2010, the Company has cash which at time is in excess of \$250,000, which exceeds the FDIC insurance limits and is therefore uninsured. Restricted cash relates to amounts held in escrow for payments on the Bonds, discussed hereafter.

USE OF ESTIMATES

The preparation of the Company's consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities that exist at the date of the Company's consolidated financial statements, as well as the reported amounts of revenue and costs and expenses during the reporting periods. The Company's consolidated financial statements are based on a number of significant estimates, including the revenue and expense accruals, deferred tax assets and liabilities, depletion, depreciation and amortization, asset impairments, the probability of forecasted transactions and the allocation of purchase price to the fair value of assets acquired. Actual results could differ from those estimates.

The natural gas industry principally conducts its business by processing actual transactions as much as 60 days after the month of delivery. Consequently, the most recent two months' financial results were recorded using estimated volumes and contract market prices. Differences between estimated and actual amounts are recorded in the following month's financial results. Management believes that the operating results presented for the three and nine months ended January 31, 2010 represent actual results in all material respects.

IMPAIRMENT OF LONG-LIVED ASSETS

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If it is determined that an asset's estimated future cash flows will not be sufficient to recover its carrying amount, an impairment charge will be recorded to reduce the carrying amount for that asset to its estimated fair value if such carrying amount exceeds the fair value.

The review of the Company's oil and gas properties is done by determining if the historical cost of proved properties less the applicable accumulated depletion, depreciation and amortization and abandonment is less than the estimated expected undiscounted future cash flows. The expected future cash flows are estimated based on the Company's plans to continue to produce and develop proved reserves. Expected future cash flow from the sale of production of reserves is calculated based on estimated future prices. The Company estimates prices based upon current contracts in place, adjusted for basis differentials and market related information including published futures prices. The estimated future level of production is based on assumptions surrounding future prices and costs, field decline rates, market demand and supply and the economic and regulatory climates. If the carrying value exceeds the expected future cash flows, an impairment loss is recognized for the difference between the estimated fair market value (as determined by discounted future cash flows) and the carrying value of the assets.

The determination of oil and natural gas reserve estimates is a subjective process, and the accuracy of any reserve estimate depends on the quality of available data and the application of engineering and geological interpretation and judgment. Estimates of economically recoverable reserves and future net cash flows depend on a number of variable factors and assumptions that are difficult to predict and may vary considerably from actual results

Oil and gas properties are reviewed annually for impairment or whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment charges are recorded if conditions indicate the Company will not explore the acreage prior to expiration of the applicable leases or if it is determined that the carrying value of the properties is above their fair value. There were no impairments of oil and gas properties or unproved properties recorded by the Company for the three and nine months ended January 31, 2010 and 2009.

INVENTORY

Inventory consists primarily of crude oil in tanks and is carried at the lower of cost or market on a "FIFO" basis.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Effective May 1, 2008, the Company adopted guidance issued by the Financial Accounting Standards Board ("FASB") on "Fair Value Measurements" for assets and liabilities measured at fair value on a recurring basis. This guidance establishes a common definition for fair value to be applied to existing generally accepted accounting principles that require the use of fair value measurements, establishes a framework for measuring fair value, and expands disclosure about such fair value measurements. The adoption of this guidance did not have an impact on the Company's financial position or operating results, but did expand certain disclosures.

The Financial Accounting Standards Board ("FASB") defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Additionally, the "FASB" requires the use of valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

These inputs are prioritized below:

- Level 1: Observable inputs such as quoted market prices in active markets for identical assets or liabilities
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data
- Level 3: Unobservable inputs for which there is little or no market data, which require the use of the reporting entity's own assumptions.

The Company did not have any Level 2 or Level 3 assets or liabilities as of January 31, 2010.

The Company discloses the estimated fair values for all financial instruments for which it is practicable to estimate fair value. As of January 31, 2010, the fair value short-term financial instruments including cash, accounts receivable, accounts payable, accrued expenses, and loans, approximates book value due to their short-term duration.

No fair value valuation was made of the long term debt, as the other conditions of such debt make it impractical to value.

Cash and cash equivalents include money market securities and commercial paper and marketable securities representing certificates of deposits maturing in less than one year that are considered to be highly liquid and easily tradable. These securities are valued using inputs observable in active markets for identical securities and are therefore classified as Level 1 within the fair value hierarchy.

In addition, the Financial Accounting Standards Board ("FASB") issued, "The Fair Value Option for Financial Assets and Financial Liabilities," effective for May 1, 2008. This guidance expands opportunities to use fair value measurements in financial reporting and permits entities to choose to measure many financial instruments and certain other items at fair value. The Company did not elect the fair value option for any of its qualifying financial instruments, other than those subject to a recent acquisition.

RECENT ACCOUNTING PRONOUNCEMENTS

On January 1, 2009, we adopted the FASB guidance for Business Combinations, which replaces SFAS No. 141, Business Combinations ("SFAS 141R" FASB ASC 805-10), and requires an acquirer to recognize the assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree at the acquisition date, measured at their fair values as of that date, with limited exceptions. This Statement also requires the acquirer in a business combination achieved in stages to recognize the identifiable assets and liabilities, as well as the non-controlling interest in the acquiree, at the full amounts of their fair values. Additionally, this Statement requires acquisition-related costs to be expensed in the period in which the costs were incurred and the services are received instead of including such costs as part of the acquisition price. This guidance makes various other amendments to authoritative literature intended to provide additional guidance or to conform the guidance in that literature to that provided in this Statement. Our acquisition of the Ky-Tenn Oil, Inc assets and the stock and membership interests of East Tennessee Consultants, Inc. and East Tennessee Consultants II, LLC were recorded in accordance with this guidance. See Note 7.

In April 2009, the FASB issued FASB ASC 805-20 (formerly FSP SFASNo. 141R-1, Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies). FASB ASC 805-20 amends the guidance in FASB ASC 805 (formerly SFAS 141R) relating to the initial recognition and measurement, subsequent measurement and accounting and disclosures of assets and liabilities arising from contingencies in a business combination. FASB ASC 805 (formerly FSP SFAS 141R) is effective for fiscal years beginning after December 15, 2008. We adopted FASB ASC 805 (formerly FSP SFAS 141R) as of the beginning of fiscal 2009. We will apply the requirements of FASB ASC 805-20 (formerly FSP FAS 141R-1) prospectively to any future acquisitions.

In May 2009, the FASB issued FASB ASC 855-10 (formerly SFAS No. 165, Subsequent Events (SFAS 165)), which establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The provisions of FASB ASC 855-10 (formerly SFAS 165) are effective for interim and annual reporting periods ending after June 15, 2009. The adoption of FASB ASC 855-10 (formerly SFAS 165) did not have any impact on our financial statements.

In June 2009, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard (SFAS) No. 168, The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles - a replacement of FASB Statement No. 162 (SFAS 162). Effective for our financial statements issued for interim and annual periods commencing with the quarterly period ended October 31, 2009, the FASB Accounting Standards Codification (Codification or ASC) is the source of authoritative U.S. GAAP recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. The Codification supersedes all then-existing, non-SEC accounting and reporting standards. In the FASB's view, the Codification does not change GAAP, and therefore the adoption of SFAS 168, now referred to as FASB ASC 105, Generally Accepted Accounting Principles, did not have an effect on our consolidated financial position, results of operations or cash flows. However, where we have referred to specific authoritative accounting literature, both the Codification and pre-Codification GAAP literature are disclosed. FASB ASC 820, Fair Value Measurements and Disclosures (formerly SFAS 157, Fair Value Instruments and FASB Staff Position No. FAS 157-2, Effective Date of FASB Statement No. 157) (Topic 820) defines fair value, establishes a framework for measuring fair value in accordance with GAAP and expands disclosures about fair value measurement. Topic 820 applies to other accounting pronouncements that require or permit fair value measurements but does not require any new fair value measurements. The adoption of Topic 820 for financial assets and liabilities, as of January 1, 2008, did not have a material impact on our financial position or operations. Topic 820 delayed the effective date of Topic 820's fair value measurement requirements for nonfinancial assets and liabilities that are not required or permitted to be measured at fair value on a recurring basis. Fair value measurements identified in Topic 820 are effective for our fiscal year beginning May 1, 2009 and did not have any impact on our consolidated financial position, results of operations or cash flows.

Consolidations - Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities

In December 2009, the FASB issued guidance for Consolidations - Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities (Topic 810). The amendments in this update are a result of incorporating the provisions of SFAS No. 167, Amendments to FASB Interpretation No. 46(R). The provisions of such Statements are effective for fiscal years, and interim periods within those fiscal years, beginning on or after November 15, 2009. Earlier adoption is not permitted. The presentation and disclosure requirements shall be applied prospectively for all periods after the effective date. Management believes this Statement will not have a material impact on the financial statements of the Company once adopted.

All other issued, but not yet effective accounting pronouncements, are determined to be inapplicable or insignificant by management and once adopted are not expected to have a material impact on the financial position of the Company.

(3) SALE OF OIL AND GAS PROPERTIES AND EQUIPMENT PURCHASES

On June 13, 2008 we sold approximately 30,000 acres of oil and gas leases and eight drilled but not completed wells to Atlas America, LLC ("Atlas") for \$19.625 million. At that time Wind City Oil & Gas, LLC and related entities were paid \$10.6 million for 2.9 million shares of the Company's common stock, eight drilled but not completed gas wells, two producing gas wells, and a RD20 drilling rig and related equipment in settlement of all litigation between the parties.

On November 10, 2008, the Company finalized a drilling contract with Atlas Energy Resources, LLC, an affiliate of Atlas. This is a two year agreement that will utilize two of the Company's drilling rigs operating in the East Tennessee area of the Appalachian Basin. We acquired a 2007 COPCO Model RD III drilling rig and related equipment from Atlas to assist in drilling the wells. This rig has been mobilized to the site and has commenced drilling operations. The Company borrowed \$1,850,125, secured by a certificate of deposit, to purchase this drilling rig. As of January 31, 2010, the debt was paid in full.

After the sale was completed, the Company paid off all notes, all undisputed payables, transaction fees of \$600,000 to Cresta Capital/Consortium, and paid a transaction fee of \$300,000 and issued 2,500,000 shares of common stock valued at \$825,000 to Mr. Scott Boruff, a former associate of Cresta Capital. Mr. Boruff was subsequently hired effective August 1, 2008 as the new CEO of the Company (see Commitments note below). He is a son-in-law of Deloy Miller the former CEO and current Chairman of the Board of Directors. Cresta was also granted a warrant to purchase one million shares of the Company's common stock for \$1.00 per share for a period expiring three years after the grant date and cancelled the five million performance warrants that it held.

The net gain on this sale of oil and gas property transaction was \$11,715,570.

A third party interested in aforementioned sale of the oil and gas properties is contesting the sale, see the Litigation note below.

(4) PARTICIPANT RECEIVABLES AND RELATED PARTY RECEIVABLES

Participant and related party receivables consist of receivables contractually due from our various joint venture partners in connection with routine exploration, betterment and maintenance activities. Our collateral for these receivables generally consists of lien rights over the related oil producing properties at both April 30, 2009 and January 31, 2010. No reserve for Allowance for Doubtful Accounts has been recorded at January 31, 2010 as such accounts are deemed to be fully collectible.

(5) LONG-TERM DEBT

The Company had the following debt obligations at January 31, 2010 and April 30, 2009.

	January 31, 2010	April 30, 2009
	-----	-----
6% convertible secured promissory notes, secured by 35,235 lease acreage, bearing interest at 6.00%, due December 4, 2016	\$ 2,855,000	\$ -
Secured promissory notes, secured by certain equipment, bearing interest at 12%, due November 1, 2013 and December 15, 2013	2,721,444	-
Note payable to Commercial Bank, secured by cash, bearing interest at 3.75%, due December 22, 2009 .	-	1,850,000
Note payable to Commercial Bank, secured by vehicle, dated March 31, 2009, bearing interest at 7.50%, due in monthly payments of \$1,376.22, with the final payment due March 31, 2013	-	55,786
Note payable to GMAC Financing, secured by vehicle, dated June 27, 2008, bearing zero interest, due in monthly payments of \$861.58, with the final payment due June 27, 2012	-	53,419
	-----	-----
Total Notes Payable	5,576,444	1,959,205
Less current maturities on other notes payable	-	1,870,732
Less debt discount	(1,797,673)	-
	-----	-----
Notes Payable - Long-term	\$ 3,778,771	\$ 88,473
	=====	=====

In December 2009, the Company raised \$2,855,000 as 6% convertible secured promissory notes. These convertible secured notes bear interest at 6% per annum and mature in December 2016. The convertible secured notes, including any accrued and unpaid interest are convertible into common stock at \$.55 per share, at the option of the holder. The conversion price was below market at the time of this debt raise, as a result the fair value of beneficial conversion feature was computed to be \$809,263. This beneficial conversion feature was recorded as a debt discount and is being amortized over the term of the debt. The amortization expense recorded for the quarter ended January 31, 2010 was \$14,808.

On November 1, 2009 we borrowed \$2,365,174 from Miller Energy Income 2009-A, LP ("MEI"), a limited partnership of which our wholly-owned subsidiary, Miller Energy GP, LLC, is the general partner. Under the four year Secured Promissory Note we issued MEI to evidence this loan, interest is payable at the rate of 12% per annum, with interest only payments due monthly. On December 15, 2009 we borrowed an additional \$365,270 from MEI and issued it a second four year Secured Promissory Note which also pays interest at the rate of 12% per annum with interest only payments due monthly. In connection with these loans, we granted MEI a first priority security interest in oil and gas drilling equipment owned by us. Pursuant to the terms of an Escrow Agreement, a third-party escrow agent has been retained to hold the certificates of title for the collateral to which title is evidenced by a certificate. The remaining equipment is subject to a financing statement that has been filed with the Tennessee Secretary of State. We used the proceeds from these loans for general corporate purposes including reducing outstanding debt and to partially fund the Alaska transaction. The description of the terms and conditions of the Secured Promissory Notes, the Loan and Security Agreement and the Escrow Agreement do not purport to be complete and are qualified in their entirety by reference to the full text of such documents which are filed as Exhibits 10.1-10.4 of this report.

(6) STOCKHOLDERS' EQUITY

During the nine months ended January 31, 2010, we issued the following securities: 10,768,780 shares, which included 350,000 shares issued to an investor for \$0.34 per share and expensed at \$119,000, 2,000,000 shares for acquisitions that occurred during the first quarter (see note 7), 39,100 shares issued to a vendor in lieu of cash and expensed at \$25,799 and 1,329,250 shares and 1,328,250 warrants with a five year term and an exercise price of \$1.00 issued to new investors as an incentive to invest in the Miller Energy Income 2009-A, LP partnership and capitalized at \$1,048,765 as a debt discount. Miller Energy Income 2009-A, LP's general partner is Miller Energy GP, LLC, a 100% owned subsidiary of Miller Petroleum, Inc. In addition, we issued 350,000 shares to an individual lender for a short-term financing that was paid off during the current quarter and expensed at \$245,000 and 6,015,000 shares were issued in a Regulation D stock program, at \$1.00 per share. The costs associated with this equity raise were \$326,000. Also, two warrant holders exercised warrants for 700,000 shares in a cashless exercise that netted them 505,430 shares and two other warrant holders exercised warrants for 180,000 shares for an exercise price of \$1,800.

In May 2005 the Company entered into a \$4.15 million credit agreement which had terms that specified that the Company would prepare and file a Registration Statement that would cover the resale of all of the Registerable Securities. The Company agreed to provide certain registration rights under the Securities Act of 1933, as amended, and the rules and regulations thereunder, or any similar successor statute, and applicable state securities laws. The Company is required to issue 40,000 penalty warrants each month the Company has not registered the aforementioned underlying securities. The shares are not registered and throughout the nine months ended January 31, 2010, the Company issued 360,000 penalty warrants at an average exercise price of \$1.15 per share with a five-year term valued and expensed at \$235,588.

In the nine months ended January 31, 2010, The Company issued warrants to purchase 1,000,000 shares to our new President, Ford Graham, which were expensed at \$603,285, warrants to purchase 100,000 shares to our new Investor Relations Manager, which were expensed at \$100,609, warrants to purchase 3,500,000 shares as part of our Alaska acquisition, which were expensed at \$2,071,655 during the quarter (See Note 7). In addition, we entered into a 6% convertible secured promissory note program during the quarter, which raised \$2,855,000. These notes have a conversion feature which allows them to convert to common shares at \$0.55, which was a 10% discount to market. This discount resulted in a beneficial conversion feature which increased additional paid in capital by \$809,263.

The Company presents "basic" earnings (loss) per share and, if applicable, "diluted" earnings per share pursuant to the accounting guidance issued by the FASB. The calculation of diluted earnings per share is similar to that of basic earnings per share, except that the denominator is increased to include the number of additional common shares that would have been outstanding if all potentially dilutive common shares, such as those issuable upon the exercise of stock options and warrants, were issued during the period.

As of January 31, 2010 the exercise price of warrants and options below market value were 8,336,750, and therefore there are dilutive effects of the common stock equivalents for the outstanding vested stock options and warrants for the three and nine months ended January 31, 2010.

(7) ACQUISITIONS

KTO Acquisition

On June 8, 2009, we closed on the acquisition of certain assets of privately owned Ky-Tenn Oil, Inc., ("KTO") which includes approximately 35,325 leased acres located on the Chattanooga Shale and 153 natural gas and oil producing wells. For these assets we issued 1,000,000 shares of our common stock, which was valued at \$320,000 on the date of acquisition. The acquired assets included the aforementioned 35,325 leased acres with 153 producing oil and gas wells as

well as \$194,400 in restricted bond certificates for well reclamation with a related liability. In addition a complaint has been filed in United States District Court for the Eastern District of Tennessee, Northern Division by Gunsight Holdings, LLC, a Florida limited liability company pertaining to KTO and the Company. The lease which is the subject of the litigation was included in the assets purchased by us from KTO. The Plaintiff is alleging that the Company and KTO have failed or refused to pay royalties due to the Plaintiff's predecessors and have breached the implied duty of further exploration by failing to drill required wells, failing to reasonably develop or explore the property, failing to maintain an active interest in further development of the property and otherwise failing to act as a prudent operator of the property thereby causing damages to the Plaintiff exceeding \$75,000. The Plaintiff is seeking a declaratory judgment of its allegations, removal of the Company and KTO from the property, a full accounting of activities related to the property and all monies received from those activities, damages and costs of action. We have filed an answer denying the various claims and asserting affirmative defenses including that there has been continuous production from the subject lease. While we intend to vigorously defend this action, we are unable at this time to predict the outcome of the action or whether the company will have any liability to the Plaintiff. See Note 10. No cash or receivables were acquired from KTO. A third-party analysis was performed to determine the fair value of the assets acquired. The report was prepared utilizing methods and procedures regularly used by petroleum engineers to estimate oil and gas reserves for properties of this type and character. The value as determined by this evaluation was \$252,455. The value of the restricted bond certificates had an offsetting retirement liability, therefore, under the guidance of SFAS 141(R) (FASB ASC 805-10) the difference between the value of the oil and gas properties less the value of the common stock resulted in a loss of \$67,545 and was recorded in the Consolidated Statements of Operations as a net to Gain on Acquisitions. Pursuant to this FASB guidance, we originally valued these assets at \$252,455 and recorded a loss on the transaction of \$67,545. Subsequently, we completed the determination of the value of all undeveloped reserves for this acreage during the quarter ended October 31, 2009 and accordingly we recorded an additional gain of \$1,057,564 on this transaction.

No additional supplemental pro-forma information with regards to results of operations have been provided as the KTO acquisition was a purchase of select assets only.

ETC Acquisition

On June 18, 2009 the Company acquired 100% of the stock of East Tennessee Consultants, Inc., a Tennessee corporation ("ETC") and 100% of the membership interests in East Tennessee Consultants II, LLC, a Tennessee limited liability company ("LLC") from the owners of these entities. The acquisition included 221 producing oil and gas wells and consisted of approximately 4,442 acres. The Company issued 1,000,000 shares for all of ETC and LLC membership interest. Our common shares were valued at \$250,000 on the date of acquisition. The acquisition included the following balance sheet items:

Assets		Liabilities and equity	
Cash	\$ 203,993	Accounts payable	\$ 202,760
Receivables	24,904	Deferred tax	580,864
Fixed assets, net	313,458	Value of shares issued ...	250,000
Oil and gas properties	1,319,140	Bargain Purchase Gain ...	828,745
Other assets	874		
	-----		-----
Total assets	\$1,862,369	Total liabilities and equity	\$1,862,369
	=====		=====

We valued this acquisition under the FASB guidance and, accordingly, a bargain purchase of \$828,745 was recorded as of the acquisition date. For the nine months ended January 31, 2010 the consolidation of this entity increased the Company revenues by \$590,455 and increased costs of revenues by \$272,628. The impacts of consolidation on all other line items within our Consolidated Statements of Operations were not significant. Our Consolidated Balance Sheet at January 31, 2010 reflects consolidation of this entity by \$1,319,140 in oil and gas properties.

Alaska Acquisition

On December 10, 2009, the Company acquired former Alaskan assets of Pacific Energy Resources ("Pacific Energy") valued at more than \$479 million through a Delaware Chapter 11 Bankruptcy proceeding. The Company acquired the Alaskan oil and gas assets, which include onshore and offshore production facilities, \$215 million in proven energy reserves, \$122 million in probable energy reserves and \$31 million in possible energy reserves, providing total reserves of \$368 million. The purchased assets include the West McArthur River oil field, the West Foreland natural gas field, and the Redoubt unit with the Osprey offshore platform, all located along the west side of the Cook Inlet. Also included in the asset purchase are 602,000 acres of oil and gas leases as well as completed 3D seismic geology and other production facilities. At closing Miller paid Pacific Energy a purchase price of \$2.25 million and provided \$2.22 million for bonds, contract cure payments and other federal and State of Alaska requirements to operate the facilities. The Company will operate the facilities through its recently acquired wholly-owned subsidiary, Cook Inlet Energy LLC ("Cook"), which has been approved by the State of Alaska as the long-term operator for the Alaskan oil and gas wells. In October 2009, the Company entered into an agreement to acquire the majority of Pacific Energy's Alaskan assets. In November of 2009, the Court approved the sale and the acquisition closed on December 10, 2009.

On December 10, 2009, the Company acquired 100% of the membership interests in Cook Inlet Energy, LLC, an Alaska limited liability company from the owners of this entity. As consideration for this company we issued the sellers, who were unrelated third parties, stock warrants to purchase three million five hundred thousand (3,500,000) shares of our common stock. The Warrants were issued in three tranches with vesting features ranging from immediate to four years and with exercise prices ranging from \$0.01 to \$2.00, the fair value of the warrants issued were determined to be \$2,071,655 and were expensed as a cost of the transaction. In addition, the Company was obligated to deliver \$250,000 in cash by March 10, 2010 to satisfy certain expenses as well as reimbursement for reasonable out of pocket expenses. As of the date of this filing, this obligation is still outstanding. Under the terms of the stock purchase agreement, the sellers agreed not to engage in oil and gas operations for a period of three years following the closing date. We also agreed that each of the sellers, Messrs. David M. Hall, Walter J. Wilcox II and Troy Stafford, would continue their employment with the acquired company for at least three years from the closing date of the transaction at their specifically defined compensation and benefit levels. In addition, Mr. Hall was appointed as a member of the Company's Board of Directors and as Chief Executive Officer of Cook Inlet Energy, LLC., Mr. Hall will receive an annual salary of \$195,000.

The acquisition included the following balance sheet items:

Assets		Liabilities and equity	
Inventory.....	\$ 212,228	Asset Retirement Liability. \$	1,789,995
Fixed Assets.....	110,000,000	Accounts Payable	3,251,252
Oil and gas properties	368,035,281	Deferred Income Tax Payable	195,509,846
Restricted Cash Long		Fair value of equity issued	2,071,655
term	1,789,995	Bargain Purchase Gain	277,414,756
	-----		-----
Total Assets	\$480,037,504	Total Liabilities & Equity .	\$480,037,504

In addition, in a related transaction, the Company issued a \$3,000,000 6% Convertible Secured Promissory Note program ("Note"). The Company had raised \$2,855,000 through this program to provide to the Alaskan asset transaction. \$500,000 of this came from related parties; Director and Chief Executive Officer Scott Boruff and Director Deloy Miller. Interest on the Notes is paid quarterly and the principal is due December 4, 2016. The Note contains a convertible feature which the Note holder has the right, but not the obligation, at the Holder's option, at any time prior to payment in full of the principal balance of the Note, to convert the unpaid principal amount of the Note, in whole or in part, into fully paid and nonassessable shares of Miller's Common Stock at the conversion price of \$0.55 per share.

A second program issued by the Company during the quarter ended January 31, 2010 was a securities purchase program whereas the company sold 6,015,000 shares of stock to accredited investors for \$1.00 per share. This was a discount of 16.67% from market value on the date of determination. The Company received \$6,015,000 in cash, which was used for general corporate purposes, including reducing debt and partially financing the Alaska asset acquisition.

As a result of Miller Petroleum, Inc acquiring a portion of the assets and liabilities Alaskan oil and gas assets from Pacific Energy Alaska Operating LLC and Pacific Energy Alaska Holdings, LLC through a Chapter 11 U.S. bankruptcy proceeding via a newly formed entity Cook, and these oil and gas producing assets were not operational for several months prior to the acquisition due to the bankruptcy nor were accounting records maintained by Pacific Energy Alaska Operating LLC and Pacific Energy Alaska Holdings, LLC on an adequate basis to carve out historical operational results on these specified assets as they were part of a larger enterprise, the resulting assets and liabilities were deemed not to have been a separate business for purposes of preparing pro forma financials with historical results for the past year and / or related stub period. A pro forma balance sheet has been presented only to reflect the acquisition.

(8) STOCK OPTIONS AND WARRANTS

We record share-based payments at fair value and record compensation expense for all share-based awards granted, modified, repurchased or cancelled after the effective date, in accord with FASB guidance for "Share-Based Payments." We record compensation expense for outstanding awards for which the requisite service had not been rendered as of the effective date over the remaining service period.

We estimated the fair value of options and warrants granted during the nine months ended January 31, 2010 and 2009 on the date of grant, using the Black-Scholes pricing model with the following assumptions:

	2010	2009
	-----	-----
Weighted average of expected risk-free interest rates (Approximate 3 year Treasury Bill rate)	1.43%	2.02%
Expected years from vest date to exercise date	2.2	2.5
Expected stock volatility	314-403%	293-527%
Expected dividend yield	0%	0%

The Company recorded \$697,683 and \$17,800 of compensation expense, net of related tax effects, relative to stock options and warrants for the nine months ended January 31, 2010 and 2009, respectively in accordance with the FASB guidance. Net loss per share basic for this expense is \$0.04 and \$0.00 and net loss per share diluted for this expense is \$0.03 and \$0.00.

The Company has adopted the FASB guidance, "Share Based Payments" FASB ASC 718-10. This guidance requires companies to expense the value of employee stock options and similar awards and applies to all outstanding and vested stock-based awards. In computing the impact, the fair value of each option is estimated on the date of grant based on the Black-Scholes options-pricing model utilizing certain assumptions for a risk free interest rate; volatility; and expected remaining lives of the awards. The assumptions used in calculating the fair value of share-based payment awards represent management's best estimates, but these estimates involve inherent uncertainties and the application of management judgment. As a result, if factors change and the Company uses different assumptions, the Company's stock-based compensation expense could be materially different in the future. In addition, the Company is required to estimate the expected forfeiture rate and only recognize expense for those shares expected to vest. In estimating the Company's forfeiture rate, the Company analyzed its historical forfeiture rate, the remaining lives of unvested options, and the amount of vested options as a percentage of total options outstanding. If the Company's actual forfeiture rate is materially different from its estimate, or if the Company reevaluates the forfeiture rate in the future, the stock-based compensation expense could be significantly different from what we have recorded in the current period. The impact of applying this FASB guidance approximated \$697,683 in additional compensation expense during the nine months ended January 31, 2010 and \$265,800 in 2009. Such amount is included in general and administrative expenses on the statement of operations.

The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying awards and the quoted price of our common stock for those awards that have an exercise price currently below the closing price. During the nine months ended January 31, 2010 and 2009, the aggregate intrinsic value of stock options and warrants outstanding was \$9,058,525 and \$0, respectively.

A summary of the stock options and warrants as of January 31, 2010 and 2009 and changes during the periods is presented below:

	Nine months ended January 31, 2010		Nine months ended January 31, 2009	
	Number of Options and Warrants	Weighted Average Exercise Price	Number of Options and Warrants	Weighted Average Exercise Price
Balance at April 30	4,090,000	\$ 0.88	7,535,000	\$ 0.40
Granted	6,671,750	1.00	1,735,000	0.89
Exercised	685,430	0.00	-	-
Expired	75,000	0.82	-	-
Cancelled	194,570	0.94	5,100,000	0.23
Balance at January 31	9,806,750	0.98	4,170,000	0.83
Options exercisable at January 31	7,119,250	\$ 0.85	3,880,000	\$ 0.86

The following table summarizes information concerning stock options and warrants outstanding and exercisable at January 31, 2010:

Options and Warrants Outstanding				Options and Warrants Exercisable	
Range of Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
\$ 0.01	1,270,000	4.2	\$ 0.01	1,270,000	\$ 0.01
0.33 to 0.69	1,375,000	2.5	0.49	1,187,500	0.51
1.00 to 1.15	5,529,250	3.6	1.05	4,029,250	1.07
1.35 to 2.00	1,632,500	4.3	1.90	632,500	1.75
	9,806,750	3.6	\$ 0.98	7,119,250	\$ 0.85

(9) COMMITMENTS

On August 6, 2008 the Board of Directors employed Scott M. Boruff as CEO of the Company. The employment contract, as amended, provided for the following compensation:

- o Base salary of \$250,000 per annum, with provision for cost-of-living increases.
- o Options to purchase 250,000 shares of the Company's common stock at an exercise price per share of \$0.33, with vesting in equal annual installments over a period of four years.
- o A restricted stock grant of 250,000 shares of common stock, with vesting in equal annual installments over a period of four years.

- o Incentive Compensation - For each year of the employment term, (i) cash up to 100% of base salary and (ii) up to 100,000 shares of restricted common stock, in both instances based upon, and subject to, two performance benchmarks, gross revenue and EBITDA. One half of each element of incentive compensation is earned if the gross revenue benchmark is achieved, and the other half of each element is earned if the EBITDA benchmark is achieved.

In August 2008 we engaged a broker-dealer and member of NASDA to assist us in raising capital by means of a private placement of securities. As initial compensation for their services, we paid the firm a \$25,000 retainer, issued the firm's assigns 250,000 shares of our common stock, valued at \$115,000 and agreed to pay a monthly consulting fee of \$5,000. Upon the successful completion of the private offering we will be obligated to pay the firm certain cash compensation and issue them up to an additional 150,000 shares of our common stock in amounts to be determined based upon the gross proceeds received by us from the financing.

On December 10, 2009, the Company appointed Ford F. Graham as Vice-Chairman of the Board of Directors of Miller and as President of the Company. Mr. Graham received a signing bonus of \$200,000, an annual initial salary of \$200,000 and for work provided to the Company, an affiliate of Mr. Graham's received stock warrants to purchase 1,000,000 shares of Company stock, which has exercise prices ranging from \$0.01 to \$2.00. Mr. Graham is currently being compensated under an oral agreement, however, the Company intends to enter into a written employment agreement in the immediate future under the same terms and conditions.

On December 10, 2009, the Company appointed David M. Hall as Director of the Company and Chief Executive Officer of the Company's Alaska subsidiary, Cook Inlet Energy, LLC. Mr. Hall is compensated at an annual initial salary of \$195,000 and has a three year employment agreement. In addition, the Company employed Walter J. Wilcox II and Troy Stafford, with three-year employment agreements to assist Mr. Hall. These gentlemen are currently being compensated under an oral agreement, however, the Company intends to enter into written employment agreements in the immediate future under the same terms and conditions.

On November 1, 2009 we borrowed \$2,365,174 from Miller Energy Income 2009-A, LP ("MEI"), a limited partnership of which our wholly-owned subsidiary, Miller Energy GP, LLC, is the general partner. Under the four year Secured Promissory Note we issued MEI to evidence this loan, interest is payable at the rate of 12% per annum, with interest only payments due monthly. On December 15, 2009 we borrowed an additional \$365,270 from MEI and issued it a second four year Secured Promissory Note which also pays interest at the rate of 12% per annum with interest only payments due monthly. In connection with these loans, we granted MEI a first priority security interest in oil and gas drilling equipment owned by us. Pursuant to the terms of an Escrow Agreement, a third-party escrow agent has been retained to hold the certificates of title for the collateral to which title is evidenced by a certificate. The remaining equipment is subject to a financing statement that has been filed with the Tennessee Secretary of State. We used the proceeds from these loans for general corporate purposes including reducing outstanding debt and to partially fund the Alaska transaction. The description of the terms and conditions of the Secured Promissory Notes, the Loan and Security Agreement and the Escrow Agreement do not purport to be complete and are qualified in their entirety by reference to the full text of such documents which are filed as Exhibits 10.1-10.4 of this report.

(10) LITIGATION

CNX Gas Company, LLC (CNX) commenced litigation in the Chancery Court of Campbell County, State of Tennessee on June 11, 2008 (CNX Gas Company, LLC vs. Miller Petroleum Inc., Civil Action No. 08-071) to enjoin the Company from assigning or conveying certain leases described in the Letter of Intent signed by CNX and the Company on May 30, 2008 (the "Letter of Intent"); to compel the

Company to specifically perform the assignments as described in the Letter of Intent; and for damages. A Notice of Lien Lis Pendens was issued June 11, 2008. The Company moved for entry of summary judgment dismissing the claims asserted against it by CNX and on January 30, 2009 the court found that the claims of CNX had no merit. The court granted the Company's motion and dismissed all claims asserted by CNX in that action. CNX has appealed the ruling. The Company believes it will prevail in this case.

On May 20, 2009 Gunsight Holdings, LLC, a Florida limited liability company, filed a complaint in the United States District Court for the Eastern District of Tennessee, Northern Division, against the Company styled Gunsight Holdings, LLC, Plaintiff, v Miller Petroleum, Inc. and Ky-Tenn Oil, Inc., Defendants, Case No. 3-09-CV-221. The litigation surrounds certain rights related to approximately 6,800 acres in Scott County, Tennessee which KTO purportedly acquired under a lease assignment from an unrelated party in August 2004. In September 2008, KTO assigned the Company 75% of its interest in the subject lease and the working interest in all the wells on the leased land, retaining a 25% interest in the wells consisting of landowner's royalty and overriding royalty. On June 8, 2009 the Company acquired certain assets from KTO including KTO's undivided interest in approximately 170 oil and gas wells in Morgan, Scott and Fentress counties in Tennessee, together with all property, fixtures and improvements, leasehold interest and contract rights related to these wells and undivided interest in approximately 35,325 acres of oil and gas leases in Scott and Morgan counties, Tennessee. The lease which is the subject of the litigation was included in the assets purchased by the Company from KTO in June 2009. The Plaintiff is alleging that the Company and KTO have failed or refused to pay royalties due to the Plaintiff's predecessors and have breached the implied duty of further exploration by failing to drill required wells, failing to reasonably develop or explore the property, failing to maintain an active interest in further development of the property and otherwise failing to act as a prudent operator of the property thereby causing damages to the Plaintiff exceeding \$75,000. The Plaintiff is seeking a declaratory judgment of its allegations, removal of the Company and KTO from the property, a full accounting of activities related to the property and all monies received from those activities, damages and costs of action. We have filed an answer denying the various claims and asserting affirmative defenses including that there has been continuous production from the subject lease. While we intend to vigorously defend this action, we are unable at this time to predict the outcome of the action or whether the company will have any liability to the Plaintiff. In addition, in the Company's agreement with KTO dated June 8, 2009, KTO states that they shall defend, indemnify and save and hold harmless the Company against all losses or claims with respect to transferred assets that accrue or relate to times prior to the closing date or any debts, claims, liabilities or obligations of KTO not expressly assumed by the Company that accrue at any time.

On October 8, 2009 the Company filed an action styled Miller Petroleum, Inc. v. Maynard, Civil Action No. 9992 in the Chancery Court for Scott County, Tennessee, seeking a declaratory judgment that there has been continuing commercial production of oil, and oil and gas lease owned by the Company is still in full force and effect. Defendant Brad Maynard filed an Answer and Counterclaim, seeking in the Counterclaim a declaration that the oil and gas lease has expired. Although no compensatory monetary damages have been sought against the Company the Counterclaim does seek attorney fees, expenses and costs. There has been no discovery to date and a trial date has not been assigned.

(11) SUBSEQUENT EVENTS

One of the Alaska oil wells acquired in December 2009, the West McArthur River Unit-5 (WMRU-5) well, which was not producing was reworked. In March 2010, the reworked oil well tested at a flowing rate of 578 barrels of oil equivalent per day.

The company has evaluated subsequent events through March 19, 2010 and has determined that there were no subsequent events to recognize or disclose in these financial statements.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

EXECUTIVE SUMMARY

We are an exploration and production company that utilizes seismic data, and other technologies for geophysical exploration and development of oil and gas wells. We have partial ownership in 194 producing oil wells and 263 producing gas wells. In addition to our engineering and geological capabilities, we have 2 production facilities, an offshore platform, work-over rigs, dozers, roustabout crews and equipment to set pumping units, tanks and lay flow lines, winch trucks and trailers for traveling support, backhoes, ditchers, fusion machines and welders for pipeline and compression installation, as well as other equipment necessary to take a drilling program from the development stage to completion. We also sell rigs, oilfield trailers, compressors and other miscellaneous oil and gas production equipment.

During the first nine months of fiscal year 2010, we completed three transactions which we believe had both a positive impact on our balance sheet and will assist us in our continued growth. These transactions included:

ACQUISITION OF KY-TENN OIL, INC. ASSETS

On June 8, 2009 we acquired certain assets from Ky-Tenn Oil, Inc., a Kentucky corporation ("KTO"), an unrelated third party, including KTO's:

- o undivided interest in approximately 170 oil and gas wells in Morgan, Scott and Fentress counties in Tennessee, together with all property, fixtures and improvements, leasehold interest and contract rights related to these wells;
- o undivided interest in approximately 35,325 acres of oil and gas leases in Scott and Morgan counties, Tennessee;
- o interest in an operating agreement with the Tennessee State Energy Development Partnership;
- o interest in a gas gathering pipeline system; and
- o other rights related to these assets, including royalty and working interests, licenses, permits, and similar incidental rights.

As consideration for these assets we issued KTO 1,000,000 shares of our common stock valued at \$320,000 and we granted the seller piggy-back registration rights covering these shares. Pursuant to this FASB guidance, we originally valued these assets at \$252,455 and recorded a loss on the transaction of \$67,545. Subsequently, we completed the determination of the value of all undeveloped reserves for this acreage during the quarter ended October 31, 2009 and accordingly we recorded an additional gain of \$1,057,564 on this transaction.

ACQUISITION OF EAST TENNESSEE CONSULTANTS

On June 18, 2009 we acquired 100% of the stock of East Tennessee Consultants, Inc., a Tennessee corporation ("ETC") and 100% of the membership interests in East Tennessee Consultants II, LLC, a Tennessee limited liability company ("LLC") from the owners of these entities. Pursuant to SFAS 141(R) (FASB ASC 805-10), we have valued these companies at \$1,862,369 and have recorded a gain on the transaction of \$828,745. As consideration for these companies we issued the sellers, who were unrelated third parties, 1,000,000 shares of our common stock valued at \$250,000. We granted the sellers registration rights covering these shares.

Under the terms of the stock purchase agreement, the sellers agreed not to engage in oil and gas operations for a period of three years following the closing date. We also agreed that each of the sellers, Messrs. Eugene D. Lockyear, Douglas G. Melton and Jerry G. Southwood, would continue their employment with the acquired companies for at least three years from the closing date of the transaction at their same compensation and benefit levels to which they were entitled in May 2009. In addition, Mr. Lockyear was appointed Vice President of Operations of our company. We also agreed that if any or all of the

sellers incur any income tax liability as a result of the receipt of the above shares as consideration for the stock purchase, we agreed to pay a bonus to such seller equal to the amount of his tax liability within 30 days from the request of the Seller. As of the date of this filing, no request or payment has been made.

ACQUISITION OF COOK INLET ENERGY LLC IN ALASKA

On December 10, 2009, the Company acquired former Alaskan assets of Pacific Energy Resources ("Pacific Energy") valued at more than \$479 million through a Delaware Chapter 11 Bankruptcy proceeding. The Company acquired the Alaskan oil and gas assets which include onshore and offshore production facilities, \$215 million in proven energy reserves, \$122 million in probable energy reserves and \$31 million in possible energy reserves, providing total reserves of \$368 million. The purchased assets includes the West McArthur River oil field, the West Foreland natural gas field, and the Redoubt unit with the Osprey offshore platform, all located along the west side of the Cook Inlet. Also included in the asset purchase are 602,000 acres of oil and gas leases as well as completed 3D seismic geology and other production facilities. At closing Miller paid Pacific Energy a purchase price of \$2.25 million and provided \$2.22 million for bonds, contract cure payments and other federal and State of Alaska requirements to operate the facilities. The Company is operating the facilities through its recently acquired wholly-owned subsidiary, Cook Inlet Energy LLC ("Cook"), which has been approved by the State of Alaska as the long-term operator for the Alaskan oil and gas wells. In October 2009, the Company entered into an agreement to acquire the majority of Pacific Energy's Alaskan assets. In November of 2009, the Court approved the sale and the acquisition closed on December 10, 2009.

On December 10, 2009, the Company acquired 100% of the membership interests in Cook, an Alaska limited liability company from the owners of this entity. As consideration for these companies we issued the sellers, who were unrelated third parties, stock warrants to purchase 3,500,000 shares of our common stock. The Warrants are to be issued in three tranches with vesting features ranging from immediate to four years and with exercise prices ranging from \$0.01 to \$2.00. In addition, the Company was required to deliver \$250,000 in cash to satisfy certain expenses as well as reimbursement for reasonable out of pocket expenses; such payment has not yet been made. Under the terms of the stock purchase agreement, the sellers agreed not to engage in non-company related oil and gas operations for a period of three years following the closing date. We also agreed that each of the sellers, Messrs. David M. Hall, Walter J. Wilcox II and Troy Stafford, would continue their employment with the acquired company for at least three years from the closing date of the transaction at their specifically defined compensation and benefit levels. In addition, Mr. Hall was appointed as a member of the Company's Board of Directors and as Chief Executive Officer of Cook, Mr. Hall will receive an annual salary of \$195,000.

FINANCING TRANSACTIONS

In order to finance the expansion of our operations into Alaska and to provide capital to us for our other operations, during the third quarter of 2010 we entered into the following financing transactions:

We issued \$2,855,000 principal amount 6% Convertible Secured Promissory Notes (the "Notes") to provide funds for the Alaskan asset transaction. Included in the sales of these Notes was an aggregate of \$500,000 purchased by Messrs. Scott Boruff, and Deloy Miller, a member of our Board. Interest on the Notes is paid quarterly and the principal is due December 4, 2016. The Note contains a convertible feature which the Note holder has the right, but not the obligation, at the holder's option, at any time prior to payment in full of the principal balance of the Note, to convert the unpaid principal amount of the Note, in whole or in part, into fully paid and nonassessable shares of Miller's Common Stock at the conversion price of \$0.55 per share.

We also sold 6,015,000 shares of our Common Stock in private transactions to accredited investors for \$1.00 per share. This was a discount of 16.67% from market value on the date of determination. The Company received \$5,667,000 in net cash proceeds from this offering, after payment of offering costs, commissions and finder's fees, which was used for general corporate purposes, including reducing debt and partially financing the Alaska asset acquisition.

On November 1, 2009 we borrowed \$2,365,174 from Miller Energy Income 2009-A, LP ("MEI"), a limited partnership of which our wholly-owned subsidiary, Miller Energy GP, LLC, is the general partner. Under the four year Secured Promissory Note we issued MEI to evidence this loan, interest is payable at the rate of 12% per annum, with interest only payments due monthly. On December 15, 2009 we borrowed an additional \$365,270 from MEI and issued it a second four year Secured Promissory Note which also pays interest at the rate of 12% per annum with interest only payments due monthly. In connection with these loans, we granted MEI a first priority security interest in oil and gas drilling equipment owned by us. Pursuant to the terms of an Escrow Agreement, a third-party escrow agent has been retained to hold the certificates of title for the collateral to which title is evidenced by a certificate. The remaining equipment is subject to a financing statement that has been filed with the Tennessee Secretary of State. We used the proceeds from these loans for general corporate purposes including reducing outstanding debt and to partially fund the Alaska transaction. The description of the terms and conditions of the Secured Promissory Notes, the Loan and Security Agreement and the Escrow Agreement do not purport to be complete and are qualified in their entirety by reference to the full text of such documents which are filed as Exhibits 10.1-10.4 of this report.

LEASES

During the first three quarters of fiscal 2009 our three acquisitions resulted in additional gross leases of 642,681 acres and additional net leases of 596,239 acres bringing the total oil and gas leases held by us to gross leases of 657,170 acres and net leases of 610,728 acres. The terms of these new leases have a net revenue interest ranging from 0.1% to 100.0% and run from three to five years. We are presently reviewing these leases, as well as our other existing leases, to determine the capital requirements and timing for drilling additional wells. To expand our operations by drilling on these leases we will require additional capital. As a part of our fiscal 2008 sale to Atlas Energy, we retained a 5% royalty interest on a 1,930 acre tract that we expect to be the subject of Atlas Energy drilling. When wells are developed on this acreage, we stand to share in any profit they create. Additionally, we retained the right to participate in up to ten wells with a 25% working interest without promote.

OUR CURRENT FOCUS

With the closing of these three acquisitions, our management is now able to focus the majority of its efforts on growing our company. In addition to raising capital we are also continuing to focus our short-term efforts on four distinct areas, including:

- o Increase our overall oil and gas production through maintenance and repairs of nonperforming or underperforming wells from our new Alaska acquisition,
- o Organically growing production through drilling for our own benefit on existing leases, leveraging our 100,000 plus well log database and over 600,000 lease acreage, with a view towards retaining the majority of working interest in the new wells,
- o Expanding our contract drilling and service capabilities and revenues, including our drilling contract with Atlas Energy and the purchase of a horizontal drilling rig, and
- o Expand our leasing capabilities by implementing strategies unique to the gas and oil industry to secured leases and enter into new partnerships to increase monetary capabilities.

Our ability, however, to implement one or more of these goals is dependent upon the availability of additional capital. To fully expand our operations as set forth above, we will need up to \$50 million to fund the balance of our expansion plans. A few of the wells acquired in Alaska, for example, require capital for repairs and/or maintenance to fully achieve their production potential. We estimate the costs for these repairs and/or maintenance during the next 12 months to be approximately \$5 million. To provide the expansion capital, we are seeking to leverage our existing assets as well as raise additional capital through the sale of equity and/or debt securities. To facilitate these capital raising efforts, during fiscal 2009, we retained a broker-dealer and member of NASD to assist us and are raising capital in a private offering. Our management

has devoted significant time to these efforts during 2009 and through the first three quarters of our fiscal year ending 2010. We have had moderate success in raising some of these funds.

Our ability to fully implement our expanded business model, however, is dependent on our ability to raise the additional capital on a timely basis so as to take advantage of the opportunities we presently have available to us. We face a number of obstacles, however, in raising the additional capital, including the relative size of our company, the low trading price of our stock and the lack of liquidity in the capital markets in general and small-cap companies in particular. If we are not able to raise the capital as required, we will be unable to fully implement our expanded business model, and we will be unable to fully utilize the wells in Alaska which require maintenance and/or repairs and will need to delay future expansion as well as further purchases of leases.

RESULTS OF OPERATIONS

REVENUES

The following table shows the components of our revenues for the three and nine months ended January 31, 2010 and 2009, together with their percentages of total revenue in 2010 and percentage change on a period-over-period basis.

	For the Three Months Ended			
	January 31, 2010	% of Revenue	January 31, 2009	% Change

REVENUES				
Oil and gas revenue	\$ 438,525	38%	\$ 62,093	606%
Service and drilling revenue	723,582	62%	550,745	31%

Total Revenue	\$ 1,162,107	100%	\$ 612,838	90%

	For the Nine Months Ended			
	January 31, 2010	% of Revenue	January 31, 2009	% Change

REVENUES				
Oil and gas revenue	\$ 1,055,142	52%	\$ 472,993	123%
Service and drilling revenue	967,989	48%	839,686	15%

Total Revenue	\$ 2,023,131	100%	\$ 1,312,679	54%

Oil and gas revenue represents revenues generated from the sale of oil and natural gas produced from the wells in which we have a partial ownership interest. Oil and gas revenue is recognized as income as production is extracted and sold. We reported a 606% increase in oil and gas revenues for the three months ended January 31, 2010 over the three months ended January 31, 2009, and a 123% increase in oil and gas revenues for the nine months ended January 31, 2010 over the nine months ended January 31, 2009. The three and nine month period increases were due to the addition of the Alaskan oil well production during the period ended January 31, 2010 which accounted for revenues of approximately \$473,858 for three and nine months then ended.

At January 31, 2010 oil was priced at \$72.85 per barrel versus \$41.73 at January 31, 2009 and at January 31, 2010 natural gas was \$5.13 per Mcf as compared to \$4.42 per Mcf at January 31, 2009. In addition, we had 196 producing oil wells and 249 producing gas wells on January 31, 2010 compared to 20 producing oil wells and 30 producing gas wells on January 31, 2009. For the three months ended January 31, 2010 we produced 7,104 barrels of oil and 43,540 Mcf of natural gas as compared to 1,448 barrels of oil and 13,248 Mcf of natural gas during the three months ended January 31, 2009. For the nine months ended January 31, 2010 we produced 13,045 barrels of oil and 81,044 Mcf of natural gas as compared to 3,563 barrels of oil and 32,165 Mcf of natural gas during the nine months ended January 31, 2009.

Service and drilling revenue represents revenues generated from drilling, maintenance and repair of third party wells. Service and drilling income is recognized at the time it is both earned and we have a contractual right to receive the revenue. Our service and drilling revenue increased 62% for the three months ended January 31, 2010 as compared to the three months ended January 31, 2009 and increased 15% for the nine months ended January 31, 2010 as compared to the nine months ended January 31, 2009. During the three months ended January 31, 2010 we drilled 10 wells for a customer, which compares to six wells for the three months ended January 31, 2009.

DIRECT EXPENSES

The following tables show the components of our direct expenses for the three and nine months ended January 31, 2010 and 2009. Percentages listed in the table reflect margins for each component of direct expenses and percentages of total revenue for each component of other expenses.

	For the Three Months Ended			
	January 31, 2010	Margin	January 31, 2009	Margin
	-----	-----	-----	-----
DIRECT EXPENSES				
Oil and gas	\$ 201,340	54 %	\$ 145,569	(134) %
Service and drilling	1,916,639	(165) %	498,953	9 %
Depletion expense	357,221	n/a	32,205	n/a
	-----		-----	
Total direct expenses	\$ 2,475,200	(113) %	\$ 676,727	(10) %

	For the Nine Months Ended			
	January 31, 2010	Margin	January 31, 2009	Margin
	-----	-----	-----	-----
DIRECT EXPENSES				
Oil and gas	\$ 229,718	78 %	\$ 203,968	57 %
Service and drilling	2,375,292	(145) %	1,001,299	(19) %
Depletion expense	651,837	n/a	68,457	n/a
	-----		-----	
Total direct expenses	\$ 3,256,847	(61) %	\$ 1,273,724	3 %

We follow the successful efforts method of accounting for our oil and gas activities. Accordingly, costs associated with the acquisition, drilling and equipping of successful exploratory wells are capitalized. During the nine months ended January 31, 2010 we capitalized approximately \$21,511 of costs associated with the acquisition, drilling and equipping of these wells as compared to \$1,268,000 during the nine months ended January 31, 2009. During the nine months ended January 31, 2009 we acquired leases for 5,007 acres for approximately \$666,000 and spent \$270,644 on drilling and equipping three existing wells. However, geological and geophysical costs, delay and surface rentals and drilling costs of unsuccessful exploratory wells are charged to expense as incurred and are included in the cost of service and drilling revenue. Finally, costs of drilling development wells are capitalized. Upon the sale or retirement of oil and gas properties, the cost thereof and the accumulated depreciation or depletion are removed from the accounts and any gain or loss is credited or charged to operations.

The cost of service and drilling revenue represents direct labor costs of employees associated with these services, as well as costs associated with equipment, parts and repairs. During the three and nine months ended January 31, 2010, we spent over \$1.5 million dollars maintaining and readying our Alaska well operations.

Depletion of capitalized costs of proved oil and gas properties is provided on a pooled basis using the units-of-production method based upon proved reserves. Acquisition costs of proved properties are amortized by using total estimated units of proved reserves as the denominator. All other costs are amortized using total estimated units of proved developed reserves. During the three and nine months ended January 31, 2010 depletion expense was \$357,221 or 31% of total revenue and \$651,837 or 32% of total revenue, respectively, as compared to 5% for both the three and nine months ended January 31, 2009. The primary reason for the increase in depletion expense for the nine months ended January 31, 2010 was the addition of wells as a result of the acquisitions. As a result of these components, total direct expenses reflected a negative margin of 104% for the three months ended January 31, 2010, and a negative margin of 56% for the nine months ended January 31, 2009. This represented a decreased margin of 10% experienced for the three months ended January 31, 2009 but an increase of 3% for the nine months ended January 31, 2009.

OTHER EXPENSES (REVENUES)

The following tables show the components of our other expenses (revenues) for the three and nine months ended January 31, 2010 and 2009. Percentages listed in the table reflect percentages of total revenue for each component of other expenses.

	For the Three Months Ended			
	January 31, 2010	% of Revenue	January 31, 2009	% of Revenue
OTHER EXPENSES (REVENUES)				
Selling, general and administrative	\$ 2,623,553	226%	\$ 643,581	105%
Depreciation and amortization	273,030	23%	169,268	28%
Interest expense, net of interest income	115,553	10%	2,098	<1%
Loan fees and costs	576,086	50%	23,107	4%
Gain on sale of equipment	-	0%	-	n/a
Gain on sale of oil and gas properties .	-	n/a	-	n/a
Gain on acquisitions	(472,473,332)	>1,000%	-	n/a
Total other expenses (revenues)	\$ (468,885,110)	>1,000%	\$ 838,054	137%

	For the Nine Months Ended			
	January 31, 2010	% of Revenue	January 31, 2009	% of Revenue
OTHER EXPENSES (REVENUES)				
Selling, general and administrative	\$ 4,304,785	213%	\$ 1,280,918	98%
Depreciation and amortization	484,997	24%	136,389	10%
Interest expense, net of interest income	119,211	6%	22,112	2%
Loan fees and costs	691,463	34%	74,248	6%
Gain on sale of equipment	9,755	<1%	(8,550)	n/a
Gain on sale of oil and gas properties .	-	n/a	(11,715,570)	(892)%
Gain on acquisitions	(474,292,096)	>1,000%	-	n/a
Total other expenses (revenues)	\$ (468,681,885)	>1,000 %	\$ (10,210,453)	(778)%

OTHER EXPENSES (REVENUES)

Selling, general and administrative expense includes salaries, general overhead expenses, insurance costs, professional fees and consulting fees. The increase for the three and nine months ended January 31, 2010 as compared to the three and nine months ended January 31, 2009 primarily reflects the addition of our new Alaska acquisition reflecting an additional \$502,318 in costs for the three and nine months ended January 31, 2010. In addition, \$697,683 was booked as compensation expense during the quarter, which reflected the cost of warrants issued to two new employees. In addition, during the nine months ended January

31, 2010, we wrote off \$344,795 of prepaid offering costs associated with the Miller Rig & Equipment, LLC. The offering associated with this company ended on December 1, 2009 and no funds were raised. Depreciation and amortization expenses reflect the usage of our fixed assets over time. The increase in depreciation and amortization for the three and nine months ended January 31, 2010 as compared to the three and nine months ended January 31, 2009 reflects an increase in the amount of depreciation due to the Alaskan assets purchase. These non-cash expenses will continue at this higher level as the Alaska assets are being depreciated over a range of 30 to 40 years.

Loan fees and costs of \$576,086 and \$691,463 for the three and nine months ended January 31, 2010, respectively, primarily represents non-cash expenses related to the fair value of warrants issued to new investors as an incentive to invest in the Miller Energy Income 2009-A, LP partnership as well as expenses related to the fair value of warrants owed in connection with a prior financing transaction.

During the three months ended January 31, 2010, we recorded a gain on acquisitions of \$472,473,332. This was due from the Alaskan acquisition as previously discussed. During the nine months ended January 31, 2009 we recorded a gain of \$11,715,570 on the sale of the oil and gas leases to Atlas Energy and the concurrent settlement of the Wind City litigation as described elsewhere herein. As part of the settlement we repurchased 2,900,000 shares of our common stock for \$4,350,000 which is reflected on our balance sheet as shares subject to redemption. As a result of the one-time settlement transaction, we reported a net income of \$9,153,333 for the nine months ended January 31, 2009. We do not anticipate that we will enter into similar transactions in future periods.

As described earlier in this report, during the three and nine months ended January 31, 2010 we recorded net income of \$271,952,491 and \$271,868,681, respectively, primarily as a result of the gain on our Alaskan acquisition.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity is the ability of a company to generate adequate amounts of cash to meet the enterprise's needs for cash. At January 31, 2010 we had a working capital surplus of \$766,770 as compared to a working capital deficit of \$370,811 at April 30, 2009. This increase in capital surplus is primary due to increased cash provided from financing activities, while partially offset by cash used by operating activities.

Net cash used by operating activities for the nine months ended January 31, 2010 period was \$3,951,835. This primarily reflects the cash paid for the costs of revenues and selling, general and administrative expense in excess of revenues received for the period, which included the gain from the Alaska transaction, but partially offset by the issuance of equity for services and financing costs of \$1,329,281. Net cash used by operating activities for the nine months ended January 31, 2009 primarily reflects cash used to reduce our accounts payables and accrued expenses as a result of the settlement of the Wind City litigation and an increase in our income taxes payable.

Net cash provided by investing activities for the nine months ended January 31, 2010 of \$4,530,482 is primarily due to the cash we paid for the Alaska assets and the professional fee costs associated with this transaction of \$4,541,252. Net cash provided by investing activities for the nine months ended January 31, 2009 reflects the net cash we received from the Atlas Energy transaction offset by the funds used to satisfy certain notes payables and accounts payable, purchase additional drilling equipment and vehicles and funds used for the purchase of a lease and capitalized costs associated with the receipt of two producing gas wells from Wind City.

Net cash provided by financing activities of \$10,943,937 for the nine months ended January 31, 2010 primarily reflects the net cash received from the sale of stock of \$5,689,000, proceeds received from borrowings of \$5,576,444, a \$1,851,053 decrease in restricted cash due to payoff of a bank financing, and cash acquired through acquisitions of \$203,993, which was partially offset by payments on notes payable of \$1,959,205. Net cash used in financing activities for the nine months ended January 31, 2009 reflects the repayment of notes payable and the repurchase of shares of our common stock as part of the Wind City settlement offset by proceeds from borrowings to finance the purchase of equipment.

In addition, our long-term cash flows are subject to a number of variables including the level of production and prices as well as various economic conditions that have historically affected the oil and gas business. A material increase in oil and gas prices has recently increased our liquidity. At January 31, 2010 oil was priced at \$72.85 per barrel versus \$41.73 at January 31, 2009 and at January 31, 2010 natural gas was \$5.13 per Mcf as compared to \$4.42 per Mcf at January 31, 2009.

However, a reduction in production and reserves would reduce our operating results in future periods. We operate in an environment with numerous financial and operating risks, including, but not limited to, the inherent risks of the search for, development and production of oil and gas, the ability to buy properties and sell production at prices which provide an attractive return and the highly competitive nature of the industry. While we do not anticipate a worst case scenario, if we are not successful in securing new capital and the price of oil and gas does not rise significantly and if we were unable to secure more drilling and servicing contracts, we would need to consider reducing overhead in an attempt to achieve an operating profit, based on the revenue of our existing producing oil and gas wells.

ISSUANCE OF NOTES TO MILLER INCOME FUND

On November 1, 2009 and on December 15, 2009 Miller Energy Income 2009-A, LP, a controlled entity of the Company in which one of our wholly-owned subsidiaries is General Partner, extended loans totaling \$2,721,444 to the Company at the simple interest rate of 12% per year and due in four years. The Company provided oil and gas drilling equipment as collateral for the loan. This liability provides for monthly payments of \$27,214.

MODERNIZATION OF OIL AND GAS REPORTING

In December 2008, the Securities and Exchange Commission ("SEC") announced that it had approved revisions to its oil and gas reporting disclosures by adopting amendments to Rule 4-10 of Regulation S-X and Items 201, 801, and 802 of Regulation S-K. These new disclosure requirements are referred to as "Modernization of Oil and Gas Reporting" and include provisions that:

- o Introduce a new definition of oil and gas producing activities. This new definition allows companies to include in their reserve base volumes from unconventional resources. Such unconventional resources include bitumen extracted from oil sands and oil and gas extracted from coal beds and shale formations.
- o Report oil and gas reserves using an un-weighted average price using the prior 12-month period, based on the closing prices on the first day of each month, rather than year-end pricing. This should maximize the comparability of reserve estimates among companies and mitigate the distortion of the estimates that arises when using a single pricing date.
- o Permit companies to disclose their probable and possible reserves on a voluntary basis. Current rules limit disclosure to only proved reserves.
- o Update and revise reserve definitions to reflect changes in the oil and gas industry and new technologies. New updated definitions include "by geographic area" and "reasonable certainty."
- o Permit the use of new technologies to determine proved reserves if those technologies have been demonstrated empirically to lead to reliable conclusions about reserves volumes.
- o Require additional disclosures regarding the qualifications of the chief technical person who oversees its overall reserve estimation process. Additionally, disclosures are required related to internal controls over reserve estimation, as well as a report addressing the independence and qualifications of a company's reserves preparer or auditor based on Society of Petroleum Engineers criteria.

We will begin complying with the disclosure requirements in our annual report on Form 10-K for the year ending April 30, 2010. The new rules may not be applied to disclosures in quarterly reports prior to the first annual report in which the revised disclosures are required. We are currently in the process of evaluating the new requirements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable to a smaller reporting company.

ITEM 4T. CONTROLS AND PROCEDURES.

Under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) under the Securities Exchange Act of 1934, as amended, at the end of the period covered by this report (the "Evaluation Date"). Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded as of the Evaluation Date that our disclosure controls and procedures were effective such that the information relating to our company required to be disclosed in our reports filed with the Securities and Exchange Commission (i) is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and (ii) is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure, with the exception of two late filed 8-Ks. Given the late filings, procedures have been put into place this quarter to streamline the 8-K process by assigning specific roles in the process to individual employees. We believe these new procedures will enhance our existing controls and prevent further late filings.

Our management, including the Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures will prevent all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

There was no change in our internal control over financial reporting identified in connection with the evaluation that occurred during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Management has excluded Cook Inlet Energy, LLC from its assessment of internal control over financial reporting as of January 31, 2010 because it was acquired by the Company during December 2009 through a bankruptcy proceeding. Total assets and total revenues of Cook Inlet Energy, LLC represent approximately 97% or \$479.5 million and 41% or \$473,858 of the consolidated financial statement amounts as of, and for the quarter ended January 31, 2010.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

None

ITEM 1A. RISK FACTORS.

Not applicable to a smaller reporting company.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

From September 2009 through December 2009, we issued 1,329,250 shares of our common stock to accredited investors in a private transaction exempt from registration under the Securities Act of 1933 in reliance on an exemption provided by Section 4(2) of that act.

In October 2009 we issued 39,100 shares of our common stock valued at \$25,799 to an individual as compensation for services rendered to us. This issuance was exempt from registration under the Securities Act of 1933 in reliance on an exemption provided by Section 4(2) of that act.

In November 2009, we issued 350,000 shares of our common stock to a lender in exchange for a short-term \$350,000 note. The recipient was an accredited or otherwise sophisticated investor who had such knowledge and experience in business matters and was capable of evaluating the merits and risks of the prospective investment in our securities. The recipient had access to business and financial information concerning our company.

In January 2010, we issued 327,586 shares of our common stock to a warrant holder upon exercise of a common stock purchase warrant to purchase 500,000 shares of our common stock with an exercise price of \$1.00 per share who utilized the cashless exercise option of the warrant in a private transaction exempt from registration under the Securities Act of 1933 in reliance on an exemption provided by Section 4(2) of that act. The recipient was an accredited or otherwise sophisticated investor who had such knowledge and experience in business matters and was capable of evaluating the merits and risks of the prospective investment in our securities. The recipient had access to business and financial information concerning our company.

In January 2010, we issued 177,844 shares of our common stock to a warrant holder upon exercise of a common stock purchase warrant to purchase 200,000 shares of our common stock with an exercise price of \$0.50 per share who utilized the cashless exercise option of the warrant in a private transaction exempt from registration under the Securities Act of 1933 in reliance on an exemption provided by Section 4(2) of that act. The recipient was an accredited or otherwise sophisticated investor who had such knowledge and experience in business matters and was capable of evaluating the merits and risks of the prospective investment in our securities. The recipient had access to business and financial information concerning our company.

In January 2010, we issued 50,000 shares of our common stock to a warrant holder upon exercise of a common stock purchase warrant to purchase 50,000 shares of our common stock with an exercise price of \$0.01 per share in a private transaction exempt from registration under the Securities Act of 1933 in reliance on an exemption provided by Section 4(2) of that act. The recipient was an accredited or otherwise sophisticated investor who had such knowledge and experience in business matters and was capable of evaluating the merits and risks of the prospective investment in our securities. The recipient had access to business and financial information concerning our company.

In January 2010, we issued 130,000 shares of our common stock to a warrant holder upon exercise of a common stock purchase warrant to purchase 130,000 shares of our common stock with an exercise price of \$0.01 per share in a private transaction exempt from registration under the Securities Act of 1933 in reliance on an exemption provided by Section 4(2) of that act. The recipient was an accredited or otherwise sophisticated investor who had such knowledge and experience in business matters and was capable of evaluating the merits and risks of the prospective investment in our securities. The recipient had access to business and financial information concerning our company.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None

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

None

ITEM 5. OTHER INFORMATION.

On November 1, 2009 we borrowed \$2,365,174 from Miller Energy Income 2009-A, LP ("MEI"), a limited partnership of which our wholly-owned subsidiary, Miller Energy GP, LLC, is the general partner. Under the four year Secured Promissory Note we issued MEI to evidence this loan interest is payable at the rate of 12% per annum, with interest only payable monthly.

On December 15, 2009 we borrowed an additional \$356,270 from MEI and issued it a second four year Secured Promissory Note which also pays interest at the rate of 12% per annum with interest only payments due monthly.

In connection with these loans, we granted MEI a first priority security interest in oil and gas drilling equipment owned by us. Pursuant to the terms of an Escrow Agreement, a third-party escrow agent has been retained to hold the certificates of title for the equipment to which title is evidenced by a certificate. The remaining equipment is subject to a financing statement that has been filed with the Tennessee Secretary of State.

We used the proceeds from these loans for general corporate purposes including reducing outstanding debt and to partially fund the Alaska transaction.

The description of the terms and conditions of the Secured Promissory Notes, the Loan and Security Agreement and the Escrow Agreement do not purport to be complete and are qualified in their entirety by reference to the full text of such documents which are filed as Exhibits 10.1, 10.2, 10.3 and 10.4 of this report.

ITEM 6. EXHIBITS.

- 10.1 First Secured Promissory Note from Miller Petroleum, Inc.
- 10.2 Second Secured Promissory Note from Miller Petroleum, Inc.
- 10.3 Loan and Security Agreement between Miller Petroleum, Inc and Miller Energy Income 2009-A, LP
- 10.4 Escrow Agreement
- 31.1 Rule 13a-14(a)/15d-14(a) certificate of Chief Executive Officer 2002
- 31.2 Rule 13a-14(a)/15d-14(a) certificate of Chief Financial Officer
- 32.1 Section 1350 certification of Chief Executive Officer
- 32.2 Section 1350 certification of Chief Financial Officer

SIGNATURES

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

MILLER PETROLEUM, INC.

Date: March 22, 2010

By: /s/ Scott M. Boruff

Scott M. Boruff
Chief Executive Officer,
principal executive officer

Date: March 22, 2010

By: /s/ Paul W. Boyd

Paul W. Boyd
Chief Financial Officer, principal
financial and accounting officer

EXHIBIT 10.1

**FIRST SECURED PROMISSORY NOTE
KNOXVILLE, TENNESSEE
Effective Date: November 1, 2009
\$2,365,173.92**

FOR VALUE RECEIVED, the undersigned (“Maker”) promises to pay to the order of MILLER ENERGY INCOME 2009-A, LP (“Holder”), at 3651 BAKER HIGHWAY, HUNTSVILLE, TN 37756, or at such other address as Holder shall direct, the principal sum of Two Million Three Hundred Sixty-Five Thousand One Hundred Seventy-Three and 92/100 Dollars (\$2,365,173.92), payable \$0 principal per month, together with simple interest at the rate of twelve percent (12%) per annum, for a monthly payment of Twenty-Three Thousand, Six Hundred Fifty-Two Dollars (\$23,652.00), commencing on November 1, 2009 and continuing on the same date of each succeeding month, until the earlier of the following dates (the “Maturity Date”): November 1, 2013, or the date the Loan and Security Agreement between Maker and Holder of even date (the “Security Agreement”) terminates. On the Maturity Date the entire remaining unpaid principal balance of this Note, plus any and all accrued and unpaid interest, shall be due and payable.

This Note is secured by the Collateral described in the Security Agreement and all other present and future security agreements between Maker and Holder (collectively, “Security Documents”). Nothing herein shall be deemed to limit any of the terms or provisions of the Security Documents and all of Holder’s rights and remedies under the Security Documents are cumulative.

Time and Form of Payments. Principal and interest on this Note shall be payable in lawful money of the United States of America. If a payment becomes due and payable on a Saturday, Sunday or legal holiday, the due date shall be extended to the next succeeding business day, and interest shall be payable thereon during such extension.

Events of Default. In the event any payment of principal or interest on this Note is not paid in full when due, or upon breach of any promise made in this Note or in the Security Agreement securing it, or in the event of a filing of a petition in bankruptcy, or the filing of application in any court for the appointment of a receiver against Maker, (collectively, “Events of Default”), Holder may at its option at any time thereafter, declare the entire unpaid principal balance of this Note plus all accrued interest to be immediately due and payable, without notice or demand. The acceptance of any installment of principal or interest by Holder after the time when it becomes due, as herein specified, shall not be held to establish a custom, or to waive any rights of Holder to enforce payment when due of any further installments or any other rights, nor shall any failure or delay to exercise any rights be held to waive the same. Holder may waive any default before or after the same has been declared and restore this Note to full force and effect without impairing any rights, hereunder, such right of waiver being a continuing one. No waiver or modification of any of the terms or provisions of this Note shall be valid or binding unless set forth in a writing signed by a duly authorized officer of Holder, and then only to the extent therein specifically set forth.

The Maker, endorsers, guarantors and all parties of this instrument and all who may become liable for same, severally and jointly, waive presentment for payment, protest, notice of protest, notice of nonpayment of this instrument, demand and all legal diligence in enforcing collection, and hereby expressly agree that the lawful owner or Holder of this Note may defer or postpone collection of the whole or any part thereof, either principal and/or interest, or may extend or renew the whole or any part thereof, either principal and/or interest, or may accept additional collateral or security for the payment of this Note, or may release the whole or any part of any collateral security and/or lien given to secure the payment of this Note, or may release from liability on account of this Note any one or more of the endorsers and/or other parties thereto, all without notice to them or any of them; and such deferment, postponement, renewal, extension, acceptance of additional collateral or security and/or release shall not in any way affect or change the obligation of any such drawer, endorser, or other party to this instrument, or of any who may become liable for the payment thereof. Maker agrees to pay all costs and expenses (including, without limitation, attorney fees) incurred by Holder in connection with or related to this Note or its enforcement, whether or not suit be brought.

This Note shall be governed by and construed in accordance with the laws of the State of New York, as applied to contracts made and performed within the State of New York, except to the extent that the instruments governing perfection of a security interest in certain collateral may be governed by the law of the jurisdiction where such collateral is located.

The Debtor covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, or plead (as a defense or otherwise) or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law or any usury law or other law which would prohibit or forgive the Debtor from paying all or any portion of the principal of and/or interest on the Note as contemplated herein, wherever enacted, now or at any time hereafter in force, or which may affect the covenants or the performance of the Loan and Security Agreement; and expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

Severability. In the event any one or more of the provisions of this Note shall for any reason be held to be invalid, illegal, or unenforceable, the remaining provisions of this Note shall remain in full force and effect.

This Note may not be changed or terminated orally.

Executed this _____ day of _____, 2010.

MILLER PETROLEUM, INC.

BY: _____

Paul W. Boyd

Its: Chief Financial Officer

EXHIBIT 10.2

**SECOND SECURED PROMISSORY NOTE
KNOXVILLE, TENNESSEE
Effective Date: December 15, 2009
\$356,269.70**

FOR VALUE RECEIVED, the undersigned (“Maker”) promises to pay to the order of MILLER ENERGY INCOME 2009-A, LP (“Holder”), at 3651 BAKER HIGHWAY, HUNTSVILLE, TN 37756, or at such other address as Holder shall direct, the principal sum of Three Hundred Fifty-Six Thousand, Two Hundred Sixty-Nine and 70/100 Dollars (\$356,269.70), payable \$0 principal per month, together with simple interest at the rate of [twelve] percent (12%) per annum, for a monthly payment of Three Thousand Five Hundred Sixty-Three Dollars (\$3,562.00), commencing on December 15, 2009 and continuing on the first of each succeeding month, until the earlier of the following dates (the “Maturity Date”): December 1, 2013, or the date the Loan and Security Agreement between Maker and Holder of even date (the “Security Agreement”) terminates. On the Maturity Date the entire remaining unpaid principal balance of this Note, plus any and all accrued and unpaid interest, shall be due and payable.

This Note is secured by the Collateral described in the Security Agreement and all other present and future security agreements between Maker and Holder (collectively, “Security Documents”). Nothing herein shall be deemed to limit any of the terms or provisions of the Security Documents and all of Holder’s rights and remedies under the Security Documents are cumulative.

Time and Form of Payments. Principal and interest on this Note shall be payable in lawful money of the United States of America. If a payment becomes due and payable on a Saturday, Sunday or legal holiday, the due date shall be extended to the next succeeding business day, and interest shall be payable thereon during such extension.

Events of Default. In the event any payment of principal or interest on this Note is not paid in full when due, or upon breach of any promise made in this Note or in the Security Agreement securing it, or in the event of a filing of a petition in bankruptcy, or the filing of application in any court for the appointment of a receiver against Maker, (collectively, “Events of Default”), Holder may at its option at any time thereafter, declare the entire unpaid principal balance of this Note plus all accrued interest to be immediately due and payable, without notice or demand. The acceptance of any installment of principal or interest by Holder after the time when it becomes due, as herein specified, shall not be held to establish a custom, or to waive any rights of Holder to enforce payment when due of any further installments or any other rights, nor shall any failure or delay to exercise any rights be held to waive the same. Holder may waive any default before or after the same has been declared and restore this Note to full force and effect without impairing any rights, hereunder, such right of waiver being a continuing one. No waiver or modification of any of the terms or provisions of this Note shall be valid or binding unless set forth in a writing signed by a duly authorized officer of Holder, and then only to the extent therein specifically set forth.

The Maker, endorsers, guarantors and all parties of this instrument and all who may become liable for same, severally and jointly, waive presentment for payment, protest, notice of protest, notice of nonpayment of this instrument, demand and all legal diligence in enforcing collection, and hereby expressly agree that the lawful owner or Holder of this Note may defer or postpone collection of the whole or any part thereof, either principal and/or interest, or may extend or renew the whole or any part thereof, either principal and/or interest, or may accept additional collateral or security for the payment of this Note, or may release the whole or any part of any collateral security and/or lien given to secure the payment of this Note, or may release from liability on account of this Note any one or more of the endorsers and/or other parties thereto, all without notice to them or any of them; and such deferment, postponement, renewal, extension, acceptance of additional collateral or security and/or release shall not in any way affect or change the obligation of any such drawer, endorser, or other party to this instrument, or of any who may become liable for the payment thereof. Maker agrees to pay all costs and expenses (including, without limitation, attorney fees) incurred by Holder in connection with or related to this Note or its enforcement, whether or not suit be brought.

This Note shall be governed by and construed in accordance with the laws of the State of New York, as applied to contracts made and performed within the State of New York, except to the extent that the instruments governing perfection of a security interest in certain collateral may be governed by the law of the jurisdiction where such collateral is located.

The Debtor covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, or plead (as a defense or otherwise) or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law or any usury law or other law which would prohibit or forgive the Debtor from paying all or any portion of the principal of and/or interest on the Note as contemplated herein, wherever enacted, now or at any time hereafter in force, or which may affect the covenants or the performance of the Loan and Security Agreement; and expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

Severability. In the event any one or more of the provisions of this Note shall for any reason be held to be invalid, illegal, or unenforceable, the remaining provisions of this Note shall remain in full force and effect.

This Note may not be changed or terminated orally.

Executed this _____ day of _____, 2010.

MILLER PETROLEUM, INC.

BY: _____

Paul W. Boyd

Its: Chief Financial Officer

EXHIBIT 10.3

Loan and Security Agreement

Made on this the _____ day of _____ 2010, between MILLER PETROLEUM, INC., herein called "Debtor", of 3651 BAKER HIGHWAY, HUNTSVILLE, TN 37756 such address being Debtor's mailing address and place of business at which the property covered hereby is, or promptly after the making of the loan referred to, will be located, and MILLER ENERGY INCOME 2009-A, LP herein called "Secured Party," of 3651 BAKER HIGHWAY, HUNTSVILLE, TN 37756, such address being Secured Party's address at which information concerning Secured Party's Security Interest hereunder may be obtained.

Whereas, Debtor desires to grant Secured Party a Security Interest pursuant to the Tennessee Uniform Commercial Code in the personal property together with all the equipment, parts, accessories and attachments and any and all replacements and additions herein collectively called "Collateral" as described on the list attached hereto as Exhibit A, which is incorporated herein by reference; and

Whereas, Debtor, upon the execution and delivery of this Agreement and completion of other required details, will have incurred a debt of Two Million Seven Hundred Twenty-One Thousand Four Hundred Forty-Three and 62/100 Dollars (\$2,721,443.62) owed to Secured Party, which borrowing is evidenced by the Debtor's First Secured Promissory Note of even date herewith ("First Note") in the principal amount of Two Million Three Hundred Sixty-Five Thousand One Hundred Seventy-Three and 92/100 Dollars (\$2,365,173.92) and bearing interest at the rate of twelve percent (12%) per annum and Second Secured Promissory Note dated of even date herewith ("Second Note") in the principal amount of Three Hundred Fifty-Six Thousand, Two Hundred Sixty-Nine and 70/100 Dollars (\$356,269.70) and bearing interest at the rate of twelve percent (12%) per annum, (collectively the "Notes") said Notes being payable and bearing interest as therein set forth and any delinquent payment thereon bearing interest at the maximum rate allowed by law (together with amounts added as a collection fee in the event legal action to enforce the Notes is necessary).

NOW, THEREFORE, for and in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which is hereby expressly acknowledged, Debtor, intending to be legally bound, hereby grants to Secured Party a Security Interest in the Collateral, in order to secure the payment of: (1) the Notes; (2) all costs and expenses incurred in the collection of same and enforcement of Secured Party's rights hereunder; (3) all future advances made by Secured Party for taxes, levies, insurance and repairs to or maintenance of said Collateral; (4) all other money heretofore or hereafter advanced by Secured Party to or for account of Debtor at the option of Secured Party, and all other present or future, direct or contingent liabilities of Debtor to Secured Party of any nature whatsoever; and (5) interest on (2), (3) and (4).

Until Default hereunder, Debtor shall be entitled to the possession of the Collateral and to use and enjoy the same.

Escrow. Due to the related-party nature of this transaction, Debtor shall deliver the certificates of title ("Titles") to the Titled Collateral (as indicated on Exhibit A) to an independent, third-party escrow agent (the "Escrow Agent") who shall hold the Titles for the benefit of Secured Party. The rights and duties of the Escrow Agent are set forth in the Escrow Agreement between Debtor, Secured Party, and the Escrow Agent of even date herewith (the "Escrow Agreement"). Prior to delivery of the Titles, Debtor shall note the Security Interest on the Titles, as required for perfection of the Security Interests granted therein. The Security Interest in the Non-Titled Collateral (as indicated on Exhibit A) shall be perfected by filing a Financing Statement with the Tennessee Secretary of State.

The rights and privileges of Secured Party under this Agreement shall inure to the benefit of its successors and assigns. All representations, warranties and agreements of Debtor contained in this Agreement shall bind Debtor's personal representatives, heirs, successors and assigns. If any provision of this Agreement shall for any reason be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof, but this Agreement shall be construed as if such invalid or unenforceable provision had never been contained herein.

Debtor Further Represents, Warrants and Agrees That:

The Collateral is personalty and that it is not and will not be affixed to real estate in such manner as to become a fixture or part of the real estate. If the Collateral is, or in the opinion of Secured Party may become, part of any real estate Debtor will obtain and deliver to Secured Party a written waiver by the record owner of the real estate of all interest in the Collateral and a written subordination by any person who has a lien on the real estate which is or may be superior to this security interest.

The statement herein as to Debtor's residence or place of business and possession and location of the Collateral specifically described herein are true, and that Debtor has absolute title to the Collateral listed specifically above free and clear of all liens, encumbrances and Security Interests except the Security Interest hereby given to Secured Party and other rights, if any, of Secured Party, and Debtor will defend the Collateral against the claims and demands of all persons.

Without the prior written consent of Secured Party, Debtor will not sell, exchange, lease or otherwise dispose of the Collateral or any of Debtor's rights therein or under this Agreement, or permit any lien or Security Interest to attach to same except that created by this Agreement and other rights, if any, of Secured Party; Debtor will maintain the Collateral in good condition and repair and will pay and discharge all taxes, levies and other impositions levied thereon as well as the cost of repairs to or maintenance of the same and will not permit anything to be done that may impair the value of any of the Collateral; if Debtor fails to pay such sums, Secured Party may do so for Debtor's account, adding the amount thereof to the other accounts secured hereby; Debtor will at all times keep the Collateral insured in such form, in such companies, in such amounts and against such risks as may be acceptable to Secured Party.

Debtor will not permit any of the Collateral to be removed from the location specified herein, except for temporary periods in the normal and customary use thereof, without the prior written consent of Secured Party, and will permit Secured Party to inspect the Collateral at any time. Debtor will not permit anything to be done that may impair the value of any of the Collateral or the security intended to be afforded by this Agreement.

Debtor will pay all costs of filing any financing, continuation or termination statements with respect to the Security Interest created by this Agreement. Secured Party is hereby appointed Debtor's Attorney in Fact to do, at Secured Party's option and Debtor's expense, all acts and things which Secured Party may deem necessary to perfect and continue perfected the Security Interest created by this Agreement and to protect the Collateral.

Default. Debtor shall be in default hereunder upon failure to pay when due any amount payable hereunder or under the Notes or upon failure to observe or perform any of the Debtor's other agreements herein contained, or if any warranty or statement by Debtor herein, or furnished in connection herewith is false or misleading, or if proceedings in which Debtor is alleged to be insolvent or unable to pay Debtor's debts as they mature, are instituted by or against Debtor under any of the provisions of the Bankruptcy Law or any other law, or if Debtor makes an assignment for the benefit of creditors. Thereupon, all sums secured hereby shall become immediately due and payable at Secured Party's option without notice to Debtor, and Secured Party may proceed to enforce payment of the same, and to exercise any and all rights and remedies provided by the Tennessee Uniform Commercial Code as well as all other rights and remedies possessed by Secured Party. Whenever Debtor is in default hereunder, Secured Party may demand that (i) Debtor assemble the Non-Titled Collateral and make it available to Secured Party at a place reasonably convenient to both parties; and/or (ii) Escrow Agent release the titles to the Titled Collateral to Secured Party.

This Agreement shall be governed by the laws of the state of Tennessee, as the Collateral is located therein.

IN WITNESS WHEREOF, the parties have executed this Loan and Security Agreement as of the date first written above.

DEBTOR
MILLER PETROLEUM, INC.

SECURED PARTY
MILLER ENERGY INCOME 2009-A, LP

By: MILLER ENERGY GP, LLC
Its: General Partner

By: _____
Paul W. Boyd

By: _____
Scott Boruff

Its: Chief Financial Officer

Its: Sole Manager

EXHIBIT A

TITLED COLLATERAL (Collateral to which title is evidenced by a Certificate of Title)

1. 1991 INGERSOL Rand Model RD20 long tower derrick. This unit was completely reconditioned in 2005, which included deck engine, air compressor, air coolers, top head drive, and cables. Indicated hours of operation since refurbished, 2,392 hours. TITLE NO. 86323968.

Trucks and Pick-ups:

2. 2008 DODGE RAM 1500 crew cab, 4 wheel drive pick-up, S.N. 1D7HU18N58S584933, powered by 4.7L V8 gasoline engine; Automatic transmission; Cruise control, air conditioning, Odometer reading, 12,575 miles. TITLE NO. 78193702
3. 2008 DODGE RAM 1500 crew cab, 4 wheel drive pick-up, S.N. 1D7HU18N58S605411. TITLE NO. 78193471
4. 1999 DODGE Ram 2500 Laramie extended cab, 4 wheel drive, pick-up, S.N. 1B7KF2361XJ558382, powered by CUMMINS 6.7L Turbo diesel engine; Five speed transmission, running boards; Odometer reading, 115,555 miles. TITLE NO. 85803768
5. 2006 STERLING model A9500 tandem axle truck, S.N. 2FWJA3CV57AW81930, powered by MERCEDES BENZ Model MBE4000, 12.8L diesel engine, with engine brake; FULLER 10 speed transmission, 11R22.5 tires, equipped with TIGER GENERAL WINCH MASTER, Tulsa 70 hydraulic winch, with headache rack, Fifth wheel, in frame tail roller. Odometer reading, 12,544 miles. TITLE NO. 86291057
6. 2007 STERLING model A9500 tandem axle truck, S.N. 2FWJA3CV77AW81931, powered by MERCEDES BENZ Model MBE4000, 12.8L diesel engine, with engine brake; FULLER 10 speed transmission, 11R22.5 tires, equipped with TIGER GENERAL WINCH MASTER, Tulsa 70 hydraulic winch, with headache rack, Fifth wheel, in frame tail roller. Odometer reading, 16,044 miles. TITLE NO. 86291056
7. 1986 KENWORTH tandem axle truck, S.N. M329051, powered by CUMMINS diesel engine, with engine brake; FULLER transmission; 11R22.5 tires, rear; 425/65R22.5 front tires; Heavy duty front bumper; 85 Barrel capacity vacuum tank, with CHALLENGER Model 367 pump. Odometer reading 319,884 miles. TITLE NO. 78132844.
8. 1989 MACK Model R688ST, tandem axle truck, S.N. 1M2N187Y0KW027952, powered by MACK EE6350, 350 horsepower diesel engine, with engine brake; MAXI-TORQUE transmission; Equipped with oil field winch bed, with TULSA 100,000# capacity winch and headache rack; Heavy duty front oil field bumper; In frame tail roller; 11R24.5 tires, front and rear. TITLE NO. 85229043
9. 1977 MACK Model R685S tandem axle truck, S.N. R685ST65112, powered by MACK 237 diesel engine; 6 speed, two stick transmission; unit equipped with TULSA 34 winch and headache rack; 11R24.5 tires; in frame tail roller. TITLE NO. 55828951
10. 1993 KENWORTH model W900, Tandem axle truck, S.N. 1XKWDB0X3PS585313, powered by CATERPILLAR Model 3406 Diesel engine; FULLER transmission, Equipped with 80 barrel capacity vacuum tank, with all necessary hoses, valves and connections, with MASPORT Model H7V vacuum pump. 11R24.5 tires with aluminum budd wheels; Odometer reading, 181,509 miles. TITLE NO. 61600987

11. 1965 INTERNATIONAL Model F230D tandem axle truck, S.N. FD103885H, powered by CUMMINS 235 diesel engine, (Newly rebuilt) Five speed transmission, with 4 speed auxiliary; Unit equipped with 24'L oil field bed, with (1) TULSA 64 winch, with headache rack; and (1) BRADEN 60,000 # winch; 4 ½" gin poles, with pole raisers, Full rolling tail board; 175 " Wheel base. TITLE NO. 86291061

Trailers:

12. 2006 CIRCLE D TRUCK Sales, tandem axle vacuum trailer, S.N. TR19583, 150 barrel capacity; NORTH STAR Model 109180, 4" trash pump. 11R24.5 tires. TITLE NO. 86291026
13. 2007 OVERBILT tri-axle drop deck trailer, S.N. 1Z9ND483370058982, 9' neck; 40' cargo deck, with tail roller; 21575R17.5 tires. TITLE NO. 86291023
14. 1974 ALAB tandem axle float trailer, S.N. D74087, 34'L, sliding axles; Full tail roller; Has new flooring. TITLE NO. 86291021
15. 1981 HOBBS oil field float, S.N. 1H5J04023BN004301,40'L, full tail roller. TITLE NO. 86291022
16. 1980 FRUEHAUF Model 140165 tandem axle trailer, S.N. FWT067246, 11R22.5 tires. TITLE NO. 86291018
17. 1987 TRAILMOBILE, S.N. 1PTF71TJ7H9004585, sliding axles, 48'L. TITLE NO. 86291019

Miscellaneous:

18. 1974 INT'L WITCHTEK RIG, VIN: 427472Y035563; TITLE NO. 74484575

NON-TITLED COLLATERAL (Collateral to which no certificate of title applies)

Miscellaneous Equipment and Parts:

19. (6) Steel constructed parts houses, skid mounted. @\$3,000.00
20. CONTINENTAL EMSCO 7" X 16" duplex mud pump complete with all necessary, valves, controls, HYDRIL K-70-5000 pulsation dampener, OTECO relief valve; Mud gauge; Powered by JOHN DEERE Model 6135FF485, S.N. RG615L000227, electric start. (Engines are new, mud pump rebuilt in 2005, gear end and fluid end) All unitized and skid mounted.
21. CONTINENTAL EMSCO 7" X 16" duplex mud pump complete with all necessary, valves, controls, HYDRIL K-70-5000 pulsation dampener, OTECO relief valve; Mud gauge; Powered by JOHN DEERE Model 6135FF485, S.N. RG6135L000229, electric start. (Engines are new, mud pump rebuilt in 2005, gear end and fluid end) All unitized and skid mounted
22. 250 BBL Capacity water tanks, skidded. Units complete with suction and discharge valves, ladders and manholes; Skidded.
23. Bobcat welder/generator, Model 225, skidded.
24. Bobcat welder/generator, Model 225, skidded.

25. 24'L X 8" OD drill collars
26. 2006 CIRCLE D TRUCK Sales, tandem axle vacuum trailer, S.N. TR19583, 150 barrel capacity; NORTH STAR Model 109180, 4" trash pump. 11R24.5 tires.
27. Hydraulic excavator and swabbing unit, diesel engine, powershift transmission, Wide tracks;
28. Franklin Skidder; Cummins engine, 42 winch, 23.1 x 26 tires
29. Cummins 220 deck engine, mounted on Crane Carrier with Red Diamond 6 cyl gas engine, 5 and 3 transmission, 300' drill pipe, all tools
30. Terex GTH-844C Telescoping Forklift 2006
31. CNR Tap
32. Lindsay Gas Line
33. Work Buggie
34. D6 Dozer
35. Trucking Track hoe & swabbing unit
36. Schaffer 5K lb. BOP
37. Tubing
38. Work on Cat 320L Trackhoe
39. Repairing Tanks
40. Rebuilt Trailer

EXHIBIT 10.4

ESCROW AGREEMENT

This Escrow Agreement (“Agreement”) is made and entered into this ____ day of _____, 2010, by and among Miller Petroleum, Inc. (“Miller”), Miller Energy Income 2009-A, L.P. (“Income Fund”) and Lacy, Price & Wagner, P.C. (“Escrow Agent”).

WITNESSETH:

WHEREAS, pursuant to the First Secured Promissory Note, Second Secured Promissory Note, and Loan and Security Agreement between Miller and Income Fund (the “Security Documents”), Miller has agreed to escrow the titles to certain collateral, as set forth herein, and indicated on Exhibit A to the Security Agreement; and

WHEREAS, Escrow Agent is willing to serve as the escrow agent required by the Security Documents; and

WHEREAS, by its signature hereinbelow, Income Fund consents to the appointment of Escrow Agent and to the terms and conditions hereinafter set forth.

NOW, THEREFORE, for and in consideration of the premises, and other good and valuable consideration, the receipt and sufficiency of which are hereby expressly acknowledged, Miller and Escrow Agent agree as follows:

SECTION 1. APPOINTMENT OF ESCROW AGENT.

Miller hereby appoints Escrow Agent as the escrow agent under this Agreement on the terms and conditions set forth herein. Escrow Agent hereby accepts its appointment as escrow agent and agrees to carry out the duties and responsibilities set forth herein.

SECTION 2. THE ESCROWED PROPERTY.

(a) Miller shall tender to Escrow Agent the titles to the collateral Miller is required to escrow pursuant to the Security Documents (“Titles”) to be held by Escrow Agent for the benefit of Miller and Income Fund. All Titles received by Escrow Agent pursuant to this Agreement shall be held and/or disbursed in accordance with the terms and conditions of this Agreement. Copies of the Security Documents are attached as Exhibits 1-3.

(b) The Titles may be released or disbursed by Escrow Agent only under the circumstances set forth in Section 3 hereof.

SECTION 3. RELEASE OF TITLES.

(a) Pursuant to the Security Agreement either Miller or Income Fund may give written instructions to Escrow Agent to release all or some portion of the Titles to either Miller or Income Fund (a “Disbursement Notice”). A Disbursement Notice shall list the specific Titles, by providing the same description by which the Title is identified on Exhibit A to the Security Agreement, to be released to either Miller or Income Fund.

(i) Disbursement Requested solely by Miller. Miller may submit a Disbursement Notice to Escrow Agent upon termination of the Security Documents for any reason other than the default or material breach of Miller, at which time the Escrow Agreement shall automatically terminate.

(ii) Disbursement Requested by Income Fund. Income Fund may submit a Disbursement Notice only upon an Event of Default under the Security Documents.

(iii) Joint Disbursement Request. At any time the parties may jointly submit a Disbursement Notice with which Escrow Agent shall comply without need for complying with the provisions herein relating to objections.

(b) Within seventy-two (72) hours of receiving a Disbursement Notice, Escrow Agent shall forward a copy thereof to the other party in accordance with the Notice provisions set forth below. If Escrow Agent has not received an objection to the Disbursement Notice within ten (10) days, Escrow Agent shall release the Titles requested in the Disbursement Notice to the requesting party. If, within such ten (10) day period, Escrow Agent receives an objection from the non-requesting party to the Disbursement Notice, Escrow Agent shall disburse to the requesting party only such Titles to which the non-requesting party has consented.

(c) If Escrow Agent has not received joint instructions from Miller and Income Fund within an additional thirty (30) days, Escrow Agent may resign and deliver the Titles in accordance with Section 6, or may file an interpleader action in any court of competent jurisdiction in Knox County, Tennessee, and interplead all or the disputed Titles.

SECTION 4. DUTIES AND LIABILITIES OF ESCROW AGENT.

The Escrow Agent shall have no duty or obligation hereunder other than to take such specific actions as are required of it from time to time by the provisions of this Agreement, and it shall incur no liability hereunder or in connection herewith for anything whatsoever other than any liability resulting from its own gross negligence or willful misconduct or unlawful acts or omissions. The only duties and responsibilities of the Escrow Agent shall be the duties and obligations specifically set forth in this Agreement. The Escrow Agent has no duty to ensure that the Titles are deposited with Escrow Agent.

SECTION 5. INDEMNIFICATION OF ESCROW AGENT.

Miller and Income Fund shall indemnify, hold harmless and defend the Escrow Agent from and against any and all losses, claims, liabilities and reasonable expenses, including reasonable attorney's fees, which it may suffer or incur in connection with the performance of its duties and obligations under this Agreement and including any action taken under Section 3 hereof, except for those losses, claims, liabilities and expenses resulting solely and directly from its own gross negligence, willful misconduct, or unlawful act or omission. The Escrow Agent may seek the advice of counsel at any time and such reasonable attorney fees shall be in addition to the administrative fees charged by Escrow Agent for serving as Escrow Agent and the Escrow Agent may charge such costs against Miller, but the Titles shall not become encumbered by the Escrow Agent or Miller as a result of Escrow Agent's service hereunder.

SECTION 6. RESIGNATION OR REMOVAL OF ESCROW AGENT.

Escrow Agent may resign at any time by giving Miller and Income Fund thirty (30) days prior written notice of such intention. Miller may remove the Escrow Agent, as such, by giving the Escrow Agent and Income Fund thirty (30) days prior written notice of such removal. Upon the effective date of its resignation or removal, the Escrow Agent will deliver the Titles held hereunder only to a successor escrow agent named in the joint written instructions of Miller and Income Fund. After the effective date of its resignation or removal, the Escrow Agent shall have no duty with respect to the Titles except to hold such property in safekeeping and deliver the Titles to its successor or as directed by joint instructions from Miller and Income Fund. If no successor escrow agent has been appointed by such joint instructions within sixty (60) days from the date such notice of resignation or removal has been given, Escrow Agent shall be entitled to tender the Titles into the registry or custody of any court of competent jurisdiction in Knox County, Tennessee by giving notice of such action to Miller and Income Fund.

SECTION 7. ESCROW AGENT FEES AND EXPENSES.

Miller shall pay the Escrow Agent its reasonable fees and expenses, including all reasonable expenses, charges, counsel fees and other disbursements incurred by it or by its attorneys, agents and employees in the performance of its duties and obligation under this Agreement. If not paid by Miller within thirty (30) days of when due, the amount due shall be subject to and accrue interest at the rate of one and one-half percent (1.5%) per month. Miller shall pay the reasonable attorney's fees and costs incurred by Escrow Agent in collecting any amount payable under this Agreement that is more than thirty (30) days past due.

SECTION 8. INTENDED BENEFICIARIES; SUCCESSORS.

Income Fund is an intended beneficiary of this Agreement. No other persons or entities are intended beneficiaries of this Agreement, and only Miller and Income Fund shall be entitled to enforce the terms of this Agreement.

SECTION 9. NOTICES.

(a) ny notice required or permitted to be given by this Agreement shall be in writing, with a copy provided simultaneously to Income Fund, and shall be deemed to have been received (a) immediately if sent by facsimile transmission (with a confirming copy sent the same Business Day by registered or certified mail), or by hand delivery (with signed return receipt), or (b) the next Business Day if sent by nationally recognized overnight courier, in any case at the following addresses, or such other addresses as any party may, by Notice, designate:

If to Escrow Agent: Lacy, Price & Wagner, P.C.
249 N. Peters Rd., Suite 101
Knoxville, TN 37923
Attention: James H. Price, Esq.
Fax: (865) 690-8199

If to Miller: Miller Petroleum, Inc.
9051 Executive Park Dr. Suite 103
Knoxville, TN 37923
Attention: Anna R. East, General Counsel
With a Copy to Chief Executive Officer
Fax: (865) 691-8209

If to Income Fund: Miller Energy Income 2009-A, L.P.
9051 Executive Park Dr. Suite 103
Knoxville, TN 37923
Attention: Anna R. East, General Counsel
With a Copy to Chief Executive Officer
Fax: (865) 691-8209

(b) If either party, or Income Fund, changes its address for notices required by this Agreement, that entity shall immediately notify the other party, and Escrow Agent, of the change of address. Written notice required by this Agreement shall be sufficient and adequate if sent to the last know address of a party in the manner provided under this Section.

SECTION 10. RESOLUTION OF DISPUTES.

In the event of any disagreement resulting in adverse claims or demands being made on Escrow Agent in connection herewith, the Escrow Agent may, at its option, refuse to comply with any claims or demands on it, or refuse to take any other action hereunder, so long as such disagreement continues, and in any such event, the Escrow Agent shall not be or become liable in any way or to any person or entity for its failure or refusal to act, and the Escrow Agent shall be entitled to continue to so refrain from acting until (i) the rights of all parties have been fully and finally adjudicated by a court of competent jurisdiction, or (ii) all differences shall have been adjudged and all doubt resolved by agreement among all of the interested parties, and the Escrow Agent shall have been notified thereof in writing signed by all such persons. In addition to the foregoing, the Escrow Agent is hereby authorized in the event of any such disagreement, to petition any court of competent jurisdiction in Knox County, Tennessee, for instructions or to interplead the Escrow Fund into such court. Miller and Income Fund agree that upon final adjudication on such petition or interpleader action, Escrow Agent will be relieved of further liability.

SECTION 11. MISCELLANEOUS PROVISIONS.

(a) Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Tennessee without regard to conflicts of laws principles.

(b) Severability. If any provision of this Agreement shall under any circumstances be deemed invalid or inoperative, this Agreement shall be construed with the invalid or inoperative provisions deleted and the rights and obligations of the parties shall be construed and enforced accordingly.

(c) Amendments. This Agreement may be amended only by a written instrument executed by Miller and Escrow Agent with the approval of Income Fund indicated thereon. The waiver by any party, or Income Fund, of any breach of this Agreement shall not be deemed to be or construed as a waiver of any other breach, whether prior, subsequent or contemporaneous, of this Agreement, nor shall such waiver be deemed to be or construed as a waiver by any other party.

(d) Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original and one in the same instrument.

(e) Captions. The captions herein are included for convenience of reference only and shall be ignored in the construction and interpretation hereof.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, this Agreement has been executed by the parties on the day and date first above written.

MILLER PETROLEUM, INC.

LACY, PRICE & WAGNER, P.C.

By: _____
Paul W. Boyd

By: _____
James H. Price

Its: Chief Financial Officer

Its: _____

MILLER ENERGY INCOME 2009-A, LP

By: MILLER ENERGY GP, LLC

Its: General Partner

By: _____
Scott Boruff
Its: Sole Manager

EXHIBIT 31.1

RULE 13A-14(A)/15D-14(A) CERTIFICATION

I, Scott M. Boruff, certify that:

1. I have reviewed this report on Form 10-Q for the period ended January 31, 2010 of Miller Petroleum, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15-d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 22, 2010

/s/ Scott M. Boruff

Scott M. Boruff,
Chief Executive Officer,
principal executive officer

EXHIBIT 31.2

RULE 13A-14(A)/15D-14(A) CERTIFICATION

I, Paul W. Boyd, certify that:

1. I have reviewed this report on Form 10-Q for the period ended January 31, 2010 of Miller Petroleum, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15-d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 22, 2010

/s/ Paul W. Boyd

Paul W. Boyd,
Chief Financial Officer, principal
financial and accounting officer

EXHIBIT 32.1

SECTION 1350 CERTIFICATION

In connection with the report of Miller Petroleum, Inc. (the "Company") on Form 10-Q for the period ending January 31, 2010, as filed with the Securities and Exchange Commission (the "Report"), I, Scott M. Boruff, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 22, 2010

/s/ Scott M. Boruff

Scott M. Boruff,
Chief Executive Officer,
principal executive officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

SECTION 1350 CERTIFICATION

In connection with the report of Miller Petroleum, Inc. (the "Company") on Form 10-Q for the period ending January 31, 2010, as filed with the Securities and Exchange Commission (the "Report"), I, Paul W. Boyd, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 22, 2010

/s/ Paul W. Boyd

Paul W. Boyd,
Chief Financial Officer, principal
financial and accounting officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.