

## FORWARD LOOKING INFORMATION

The following presentation contains “forward-looking statements” and is made pursuant to the “safe harbor” provision of the Private Securities Litigation Reform Act of 1995. Oil and gas activities are subject to risks and uncertainties inherent in the exploration for acquisition, development, operation and marketing of oil and natural gas. These risks include, but are not limited to, volatility of products, prices, uncertainties in reserve estimates, drilling risks, operations and production risks and environmental issues. Results could vary materially from the forward-looking information. You are cautioned that such forward-looking statements should be read in conjunction with the available company information, including the most recent Form 10-K/SB, 10-Q.

# The Greatest Game Ever Played

*“Some people have a talent for luck. It’s a skill, you see, like any other. Maybe the most useful of all.”*

**-Harry Vardon**

All quotes for this presentation have been selected from  
The Greatest Game Ever Played by Mark Frost.

## GOLF AS A PARADIGM FOR THE EXPLORATION & PRODUCTION BUSINESS

*“Golf is a developer and builder of character without a peer. It is a leveler of rank and class, where rich and poor meet on common ground. It cultivates patience and endurance under adversity and yet keeps alive the fires of hope.”*

**- Walter J. Travis**

# THE VALUE CREATION LEADER BOARD

- Driving Length
- Driving Accuracy
- Greens In Regulation
- Fewest Putts
- % Success Rate
- % Replacement
- F&D costs
- Cash Flow
- Lowest Score
- EPS (successful efforts)

*“GOLF IS deceptively simple- put the ball in the hole. But it reveals itself at a stately pace, one secret at a time, to even the most ardent practitioner.”*

## THE CONTANGO GAME PLAN

- In a commodity business- there are no competitive advantages. Only lowest cost producers survive and prosper.
- The industry's value creation event is the turning to the right of the exploration drill bit.
- Incentives Drive Behavior- Follow the Money.

*“Concentrated purpose is the secret of victory.”*  
**-Harry Vardon**

## THE IDEAL OIL & GAS COMPANY

### Would have

### Comment

R/P of zero

*“It is a mistake to exercise extreme cautions.”*

**-Harry Vardon**

Multiple and Varied Opportunities

*“Most of the crowd didn’t understand or appreciate his caution, but then they didn’t have to keep track of their opinions on a scorecard.”*

Management with large purchased ownership

*“Keep your head down and keep your eye on the ball.”*

**-Eddie Lowery**

## CONTANGO'S FRONT NINE ASSETS

- High impact plays. Deep Shelf/Deep Water/International/LNG
- Diversified prospect inventory- Four Onshore South Texas Programs, GOM, France
- Technical Breadth and Depth-20 Geoscientists
- Austere culture- Four employees
- Conservative Balance Sheet
- Significant management ownership
- Earnings quality
- Returns focus
- Unhedged play on Natural Gas

*“Where else do you get a play on the Deep Shelf, Deep Water, International Exploration and LNG combined- and financially structured so that relatively minimum amounts of going forward dollar commitments are required-in one company with just 15.3 million Shares fully/fully diluted?”*

**“A high handicap CEO”**

## CONTANGO'S BACK NINE GOALS

- Profitable as a successful efforts exploration company in all commodity price environments
- Grow EPS and NAV/share *over time*
- Highest revenue and profit per employee in industry
- Lowest G&A as % of revenue in industry
- All in F&D cost < \$2.00/ mmbtue
- Debt no greater than 35% of PV-10
- Never report a negative revision to reserve report
- Be the lowest cost producer- womb to tomb- in the industry
- Accounting transparency- successful effort/MTM accounting for derivatives/stock options expensed

*“He made the shot with his mind first, and if the vision was strong and sure enough, the ball ended up exactly where he’d seen it land.”*

**Mark Frost**

**The Greatest Game Ever Played**

## CLUB SELECTION

- 100% of our reserves are PDP. 100% of bank advance rate is backed by PDP reserves. Reserves are prepared entirely by third party engineer with no incentive or pressure from management to be aggressive.
- We now have invested \$20 million on 3-D seismic covering 4,000 blocks of the offshore Gulf of Mexico- virtually the entire shallow water gulf offshore Louisiana.
- We carry this entire Gulf of Mexico seismic investment on our books at \$0.
- Four onshore alliance partners.
- Net LNG Investment less than \$1 million.

*“Sure you want to use the same club?” asked Eddie  
“It wasn’t the club’s fault, Eddie. It was mine.”*

**-Francis Ouimet  
1913 U.S. Open Winner**

## COURSE MANAGEMENT

- 4 employees- our annual “pre-one time events” G&A is about \$1.5 million.
- CEO/CFO combined cash salary of \$150,000 unless Company is profitable using successful efforts accounting.
- Expense director and employee options.
- Successful Efforts Accounting

*“I wouldn’t do it for a hundred” His lip trembled. His eyes filled with tears. “I’m the caddie”*

**10 year old Eddie Lowery  
Caddie for Francis Ouimet  
1913 U.S. Open Champion**

## NO MULLIGANS

- Perpetual preferred that is PIK able.- It's impossible to default on a promise to pay nothing.
- Quarterly Reserve and SEC PV10 disclosure
- Policy of no hedging- Our "hedges" are our low cost G&A structure and keeping our debt levels to less than 35% of our PV10 value.

*“That’s right. And eighteen holes of match play’ll tell you more about who you’re up against than eighteen years of dealing with him across a desk”*

**Mark Frost**

**The Greatest Game Ever Played**

## MCF's BEGINNING

	FY 2001	FY 2002	FY 2003	2003 - Last 6 Months Ending December 31, 2003	Total the Last 3.5 Years
	Year 2	Year 3	Year 4	Year 5	
Revenues	\$23,991,069	\$28,918,169	\$28,210,168	\$14,290,983	\$95,410,389
Exploration Expense	\$4,167,427	\$2,694,425	\$17,922,116	\$3,487,998	\$28,271,966
Net Income (Loss)	\$7,262,454	\$5,976,982	(\$4,936,025)	\$7,020,233	\$15,323,644
Total CAPEX	\$29,435,002	\$33,113,686	\$22,769,489	\$6,139,203	\$91,457,380
Production Mcfe	4,302,584	8,099,550	6,847,809	2,754,953	22,004,896
Reserves Mcfe	18,146,676	27,939,778	23,592,000	21,418,000	21,418,000
Equity Raised	\$18,000,000	(\$6,180,000)	\$0	\$8,000,000	\$19,820,000
Debt	\$ -	\$18,950,000	\$22,350,000	\$3,606,900	\$3,606,900

*“Remember that more matches are lost through carelessness at the beginning than through any other cause. Make a point of trying to play the first hole as well as you have ever played a hole in your life.”*

**-Harry Vardon**

## MCF's FUTURE +/- 20 WELLS IN '04

	Q1	Q2	Q3	Q4		
<b><u>JEX- ONSHORE</u></b>						
Borregos Q.C	✓	✓				
Borregos Shallow	✓✓					
Maverick Basin			✓			
<b><u>JEX- OFFSHORE</u></b>						
WC 134			✓			
EI 113B			✓			
E. Breaks				✓		
VM73			✓			
<b><u>ALTA RESOURCES</u></b>						
Matagorda		✓				
Palangana QC		✓				
Palangana Shallow		✓	✓			
<b><u>COASTLINE</u></b>						
Frio		✓				
<b><u>AMERITEX</u></b>						
Mostly Wilcox			✓✓	✓✓✓		
<b><u>TPIC FRANCE</u></b>						
		✓				
<b>TOTAL</b>	3	6	7	4		
Lease Sale		✓				

## BIRDIES & BOGIES

### BIRDIES

- \$11 million in property sales - 1.5 bcfe of reserves
- Converted Series A & B Preferreds into 2.1 million common shares
- \$8 million Series C @ 6%
- 25 leases in recent GOM sale

### BOGIES

- U.S. domestic exploration is increasingly more expensive (seismic and land) and is chasing ever riskier and/or smaller prospects.



# MCF's FUTURE CENTRAL GULF OF MEXICO LEASE SALE # 190



<u>Company</u>	<u>Apparent High Bidder</u>	<u>\$ Committed</u>
Magnum Hunter	55	\$ 8.4 million
BHP	32	\$ 18.5 million
Chevron USA	29	\$ 10.0 million
Contango Oil & Gas	25	\$ 11.8 million
Remington Oil & Gas	25	\$ 4.6 million

# PEER GROUP COMPS YEAR ENDED DECEMBER 31, 2003

<u>COMPARABLE STATS</u>	<u>CONTANGO</u>	<u>PEER GROUP AVERAGE (1)</u>
EBITDAX	\$ 20,245,160	\$ 31,920,745
Net Income Attributable to Common	\$ 6,311,660	\$ 1,162,058
MCFe produced	5,822,975	19,300,526
EBITDAX/share	\$ 2.16	\$ 2.04
Net income (loss) /mcf	\$ 1.08	\$ 0.06
Revenue/ per employee	\$ 6,988,930	\$ 1,186,848
EBITDAX/per employee	\$ 5,061,290	\$ 760,017
EBIT/per employee	\$ 2,642,102	\$ 65,577
MCFe produced/per employee	1,455,744	459,536
Net Income (Loss)/per employee	\$ 1,577,915	\$ 27,668

(1) Five publicly traded companies of similar size and strategy- WZR, GDP, CRZO, EPEX and BEXP

## 19<sup>th</sup> HOLE

### The Naive Quote

*“ If Florida becomes a point of entry for natural gas...I’m not sure that’s a great deal for us.”*

**-Florida Gov. Jeb Bush**

### The Naive Statement

OPEC is dead. Cartels aren’t needed to allocate shortages.

### The Naive Question

If you could start over today with a new company, would you have the same business model?