

# 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, 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, and Form 10-Q.

**MCF IS NATURAL GAS**  
**[www.contango.com](http://www.contango.com)**

# CONTANGO

“Playing a Different Game”



# The Playing Field

- Capital intensive
- Depleting asset business
- Mature basins
- Everybody else has more money
  
- Commodity biz, but prices are robust
  - Hedge on war on terror
  - Hedge on strong global economy (Chindia)

# The Ideal Oil & Gas Company

## Would have

R/P of zero  
Contango

## Comment

Not conventional wisdom  
**EBITDAX of \$77 million over last 3.75 years**  
**“PV-10 vs. Going Concern”**

Reinvestment risk  
Contango

Multiple “big Impact” ideas with minimum  
capital at risk.  
**LNG/Deep Shelf/Alternative Energy**

Shareholder Friendly  
Contango

How much of the pie is yours?  
**Fully/Fully diluted share count down 6%**  
**since inception**

*“Second, we wish for very little trading activity. If we ran a private business with a few passive partners, we would be disappointed if those partners, and their replacements, frequently wanted to leave the partnership. Running a public company we feel the same way”.*

*Warren Buffett*

# Let's Cut To The Chase

## Market Value Added- MVA ( 1 )

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
<b>MVA (in millions)</b>	<b>\$13.4</b>	<b>(\$7.5)</b>	<b>\$7.9</b>	<b>\$35.8</b>
<b>Stock Price/share @ 6/30</b>	<b>\$3.81</b>	<b>\$3.33</b>	<b>\$4.09</b>	<b>\$6.65</b>
<b>Market Cap (in millions)</b>	<b>\$43.8</b>	<b>\$30.1</b>	<b>\$38.0</b>	<b>\$81.9</b>
<b>Fully/Fully Diluted Shares</b>				
<b>(in millions)</b>	<b>16.7</b>	<b>14.2</b>	<b>14.4</b>	<b>15.6</b>
<b>( 1 ) Stock Price x Shares Outstanding - Equity Issued + Equity Repurchased</b>				

# Contango Business Model

- Outsource everything - +/- 15 GEO's with another +/- 20 support folks
- 4 employees
- Successful efforts accounting
- No hedges
- Large management ownership
- Expense options
- Perpetual pickable preferred
- Quarterly reserves/SEC PV-10 disclosure

# Our Three Biz Segments

- Onshore
  - Drill Bit
  - 15-25% ROR business
  - +/- \$750,000 DHC max
  - Modest growth with a shot at quantum
- Offshore
  - 4,000 blocks 3-D reprocessed PSTM/41 Leases
  - \$3 million reprocessing center
  - \$19.3 mm net investment/COH- \$4.5 mm
  - Self-funding going forward
- LNG
  - 10% ownership in Freeport LNG
  - \$1.2 mm net investment
  - No Contango G&A necessary

# Onshore

	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>Total</b>
			<b>(Estimate)</b>	<b>3 Years</b>
<b>Wells Drilled</b>	<b>12</b>	<b>15</b>	<b>15</b>	<b>42</b>
<b>Successful</b>	<b>9</b>	<b>11</b>	<b>8</b>	<b>28</b>
<b>Reserves Added (Bcfe)</b>	<b>17.9</b>	<b>2.5</b>	<b>1.9</b>	<b>22.3</b>
<b>Net CAPEX (in millions)</b>	<b>31.5</b>	<b>10.8</b>	<b>2.9</b>	<b>45.2</b>
<b>Seismic (in millions)</b>	<b>0.3</b>	<b>5.6</b>	<b>2.6</b>	<b>8.5</b>
<b>F&amp;D Cost/Mcfe</b>	<b>1.76</b>	<b>4.32</b>	<b>1.52</b>	<b>2.03</b>

**Wells to be drilled in the next 6 months – 15,  
with estimated net to Contango DHC \$6.0 million.**

# Onshore Goals

- Replace production at minimum
- +/- \$2.00/Mcfe F&D cost
- Create cash flow to fund ideas
- Tax shield
- 1 or 2 “game changing” dry holes/year
- Here’s that “lumpy” promise again

# Offshore

	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b> <b>(Estimate)</b>
<b>Wells Drilled</b>	<b>5</b>	<b>1</b>	<b>3</b>
<b>Successful</b>	<b>3</b>	<b>1</b>	<b>1</b>
<b>Reserves Added(Bcfe)</b>	<b>APOBI</b>	<b>APOBI</b>	<b>APOBI</b>
<b>Net CAPEX (in millions)</b>	<b>-</b>	<b>11.9</b>	<b>3.7</b>
<b>Seismic &amp; Leases (in millions)</b>	<b>-</b>	<b>11.9</b>	<b>7.4</b>
<b>F&amp;D Cost/Mcfe</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

Wells to be drilled in the next 6 months – 3-5,  
with estimated net to Contango DHC \$0.

# Offshore Goals

- Drill +/- 5 wells/year – 2004 /2005 /2006
- Only modest CAPEX going-forward - less than \$5 million
- 5-10 discoveries?
- \$0/Mcfe F&D cost

“No matter how great the talent or effort, some things just take time,” says Buffett.  
“You can’t produce a baby in one month by getting nine women pregnant”.

The Real Warren Buffett By James O’ Loughlin

# Central Gulf of Mexico Sale 190

<b>Company</b>	<b>Number of Accepted High Bids</b>	<b>Sum of Accepted High Bids</b>
Magnum Hunter Production, Inc.	53	\$8,045,956
BHP Billiton Petroleum (Deepwater) Inc.	32	\$18,496,331
Chevron U.S.A. Inc.	29	\$10,032,218
REX/COE	25 *	\$11,748,638
BP Exploration & Production Inc.	24	\$8,162,608
Noble Energy, Inc.	24	\$6,121,204
<b>* Includes VM-154 in which REX and COE will share a reversionary carried working interest.</b>		

# LNG

- FERC Approval
- COP on-board

## LNG Goals

- Ground-break this fall
- Start-up 2008
- Expand beyond 1.5 Bcfd?
- Hang-on to our 10% ownership stake

# Alternative Energy

- 32% ownership in  
G.P. – Contango Capital
- \$500,000 net investment
- Next LNG?
- No Contango G&A necessary

# Alternative Energy Goals

- Fund limited partnership- +/- \$5 million
- Grow Jadoo and Trulite
- Fund 10 ideas
- 2-4 winners?

# MCF's BEGINNING

	FY 2001	FY 2002	FY 2003	2004 - Last 9 Months	
				Ending March 31, 2004	Total the Last
	Year 2	Year 3	Year 4	Year 5	3.75 Years
Revenues	\$23,991,069	\$28,918,169	\$28,210,168	\$20,902,122	\$102,021,528
Exploration Expenses	\$4,167,427	\$2,694,425	\$17,922,116	\$5,225,497	\$30,009,469
Net Income (Loss)	\$7,262,454	\$5,976,982	(\$4,936,025)	\$8,200,570	\$16,503,981
Total CAPEX	\$29,435,002	\$33,113,686	\$22,769,489	\$6,212,863	\$91,531,040
Production Mcfe	4,302,584	8,099,550	6,847,809	3,882,170	23,132,113
Reserves Mcfe	18,146,676	27,939,778	23,592,000	18,693,000	18,693,000
Equity Raised	\$18,000,000	(\$6,180,000)	\$ -	\$8,000,000	\$26,000,000
Debt	\$ -	\$18,950,000	\$22,350,000	\$3,850,528	\$3,850,528
Taxes Paid	\$ -	\$2,355,000	\$2,549,788	\$4,271,184	\$9,175,972
Fully Diluted Shares					
(in millions)	16.7	14.2	14.4	15.3	15.3

**“By the way, any Company we buy will have to pay taxes”**  
**Warren Buffett- 2002 Annual Shareholders Meeting**