

Forward Looking Information

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MCF IS NATURAL GAS
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 \$91.4 million over last 4 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>
MVA (in millions)	\$13.4	(\$7.5)	\$7.9	\$35.8
Stock Price/share @ 6/30	\$3.81	\$3.33	\$4.09	\$6.65
Market Cap (in millions)	\$43.8	\$30.1	\$38.0	\$81.9
Fully/Fully Diluted Shares				
(in millions)	16.7	14.2	14.4	15.6
(1) Stock Price x Shares Outstanding - Equity Issued + Equity Repurchased				

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

	FY 2002	FY 2003	FY 2004	Total 3 Years
Wells Drilled	12	15	15	42
Successful	9	11	8	28
Reserves Added (Bcfe)	17.9	2.5	1.8	22.2
Net CAPEX (in millions)	31.5	10.8	2.9	45.2
Seismic (in millions)	0.3	5.6	2.6	8.5
F&D Cost/Mcfe	1.76	4.32	1.52	2.03

**Wells to be drilled in the next 6 months – 10,
with estimated net to Contango DHC \$4.0 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

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

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

Company	Number of Accepted High Bids	Sum of Accepted High Bids
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
* Includes VM-154 in which REX and COE will share a reversionary carried working interest.		

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	FY 2004	TOTAL THE LAST
	Year 2	Year 3	Year 4	Year 5	4 Years
Revenues	\$ 23,991,069	\$ 28,918,169	\$ 28,210,168	\$ 27,687,985	\$ 108,807,391
Exploration Expenses	\$ 4,167,427	\$ 2,694,425	\$ 17,922,116	\$ 9,873,164	\$ 34,657,132
Net Income (Loss)	\$ 7,262,454	\$ 5,976,982	\$ (4,936,025)	\$ 7,080,349	\$ 15,383,760
Total CAPEX	\$ 29,435,002	\$ 33,113,686	\$ 22,769,489	\$ 12,267,548	\$ 97,585,725
Production Mcfe	4,302,584	8,099,550	6,847,809	4,925,459	24,175,402
Reserves Mcfe	18,146,676	27,939,778	23,592,000	17,422,000	17,422,000
Equity Raised	\$ 18,000,000	\$ (6,180,000)	\$ -	\$ 8,000,000	\$ 26,000,000
Debt	\$ -	\$ 18,950,000	\$ 22,350,000	\$ 7,089,000	\$ 7,089,000
Taxes Paid	\$ -	\$ 2,355,000	\$ 2,549,788	\$ 4,781,239	\$ 9,686,027
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**