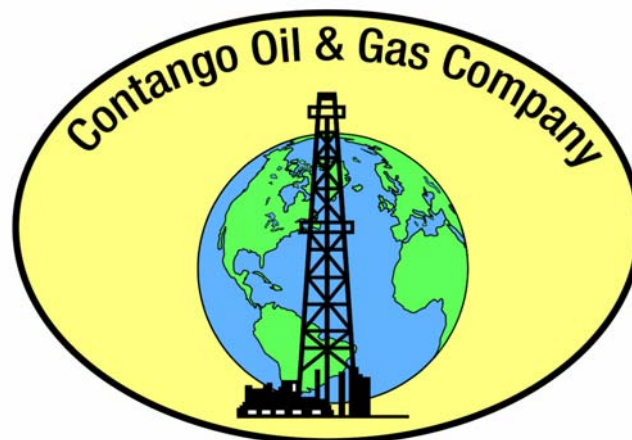


Contango Oil & Gas Company



Forward Looking Information

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Our Industry's Biggest Challenge- The Red Queen

“Well in *our* country,” said Alice, still panting a little, “you’d generally get to somewhere else-if you ran very fast for a long time as we’ve been doing.”

“A slow sort of country!” said the Queen. “Now, *here*, you see, it takes all the running *you* can do to keep in the same place. If you want to get to somewhere else, you must run at least *twice* as fast as that!”

All quotes are from Lewis Carroll’s Alice in Wonderland

Where to Start?

- Started Fall 1999
- Since inception \$30 million net capital raised
- At December 31/\$7 million of cash/ \$20 million of debt/ >\$100 million SEC PV-10/ \$350 million E.V.
- ~~Six~~ Seven employees
- 15 million shares outstanding/16.7 million shares fully diluted today - compared to 11.5 and 16.7 million shares at June 30, 2001.
- 30 shareholders own 75% of stock
- 25% owned/ controlled by Board of Directors and Officers

“The White Rabbit put on his spectacles.
“Where shall I begin, please your Majesty?” he asked.
“Begin at the beginning,” the King said, very gravely,
“and go on till you come to the end: then stop.”

Which Path?

- (1) The only competitive advantage in the natural gas and oil business is to be among the lowest cost producers
- (2) Virtually all the exploration and production industry's value creation occurs through the drilling of successful exploratory wells
- (3) Maximize value creation- **PER SHARE**

"Would you tell me, please, which way I ought to go from here?"
"That depends a good deal on where you want to get to," said the Cat.
"I don't much care where-" said Alice.
"Then it doesn't matter which way you go," said the Cat.

Three Big Ideas With a Porpoise

- LNG
- Fayetteville Shale
- Deep Shelf GOM Exploration
- R/P's 50 Years/25 Years/ 2.5 Years
- No Hedges- Full commodity price exposure-
down and up

They were obliged to have him with them," the Mock Turtle said:
"no wise fish would go anywhere without the porpoise.

Contrariwise

- LNG- Long term annuity- Red Queen Antidote
- Funding in place for Phase I and “mini” Phase II
- No additional equity likely needed
- “Mini” expansion to 2.0-2.2? Bcf/d
- Start-up 2008 – First grassroots plant in 30 years
- Plant cost- \$800 million
- January 07- On time/On budget

“Contrariwise,” continued Tweedledee, “if it was so, it might be; and if it were so, it would be; but as it isn’t, it ain’t.”

Lessens Learned

- 44,000 net Fayetteville Shale mineral acres to Alta Group (31,000 Net BPO to MCF)
- Still EARLY in learning curve, but
 - Access to technology is now a commodity
 - Precision non vertical drilling
 - Multiple well stimulation techniques
- 7 wells drilled-Lessons Learned
 - Rig
 - Supervision
 - Learning curve
 - Contango to become deeply involved in operations
 - Move North

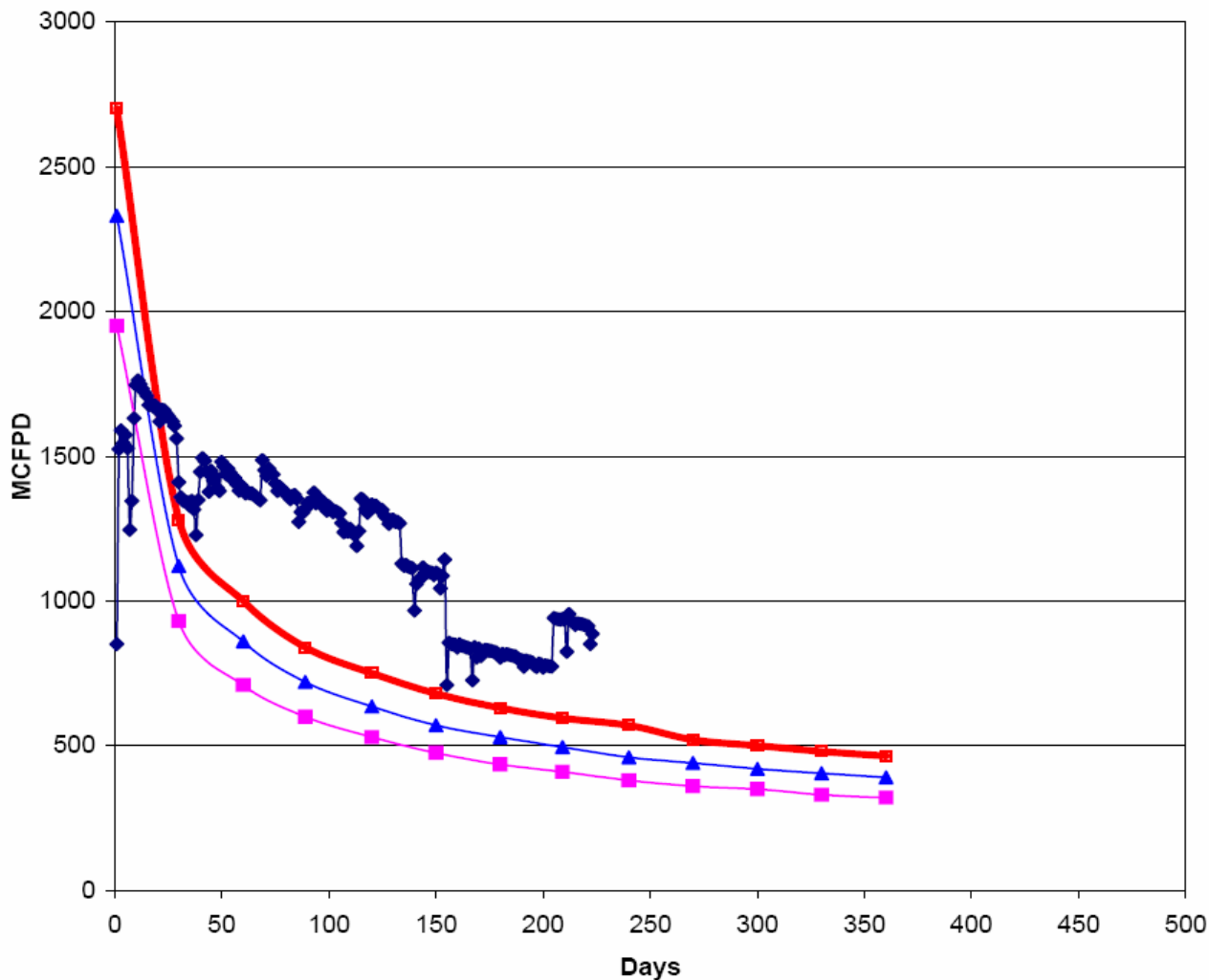
“And how many hours a day did you do lessons?” said Alice, in a hurry to change the subject. “Ten hours the first day,” said the Mock Turtle: “nine the next, and so on.” “What a curious plan!” exclaimed Alice. “That’s the reason they’re called lessons,” the Gryphon remarked; because they lessen from day to day.”

Highlight of Fayetteville Shale Activity

As of December 29, 2006				
<u>STATUS</u>	<u>OPERATOR</u>	<u>NUMBER OF WELLS</u>	<u>AVERAGE MCF WI</u>	<u>AVERAGE MCF NRI</u>
Currently producing	SWN	27	5.43%	4.3%
Currently being drilled or awaiting completion	SWN	26	7.34%	6.16%
Waiting to be drilled	SWN	<u>28</u>	<u>6.49%</u>	<u>5.29%</u>
Sub Total		81	6.41%	5.23%
Currently being drilled or awaiting completion	Alta	7	54.36%	43.20%
Permitted but no AFE	Alta	<u>13</u>	<u>37.50%</u>	<u>28.98%</u>
Sub Total		20	43.40%	33.96%
GRAND TOTAL		101	14.13%	11.23%

Lake Woebegone Averages

Alta Avg Production: Oct. '06
Slickwater Fracs - 8 Wells



There's More

THE NEW YORK TIMES, TUESDAY, JANUARY 2, 2007

AMERICAN STOCK EXCHANGE

Atop the Amex Charts in 2006

BIGGEST GAINS	2006 high	2006 low	2006 close	% change from '05
iMergent	32.10	4.51	28.64	+334
Jinpan International	29.40	5.950	24.14	+302
Arrhythmia Research Technology	30.50	8.16	24.33	+176
American Dairy	21.10	7.01	19.80	+175
MarkWest Hydrocarbon	49.34	19.92	48.55	+143
Universal Security Instruments	30.25	12.34	27.94	+119
Gorman-Rupp	41.36	17.02	36.97	+109
Contango Oil & Gas	24.64	10.44	23.84	+109
Friedman Industries	12.89	5.80	12.10	+105
Midwest Air Group	12.15	4.00	11.50	+104

“Take some more tea,” the March Hare said to Alice, very earnestly.
 “I’ve had nothing yet,” Alice replied in an offended tone, “so I can’t take more.”
 “You mean you ca’n’t take *less*,” said the Hatter:
 “it’s very easy to take *more* than nothing.”

Eyes At The Back Of Your Head

- 66 GOM blocks
- 3900 blocks 3-D seismic
- Grand Isle 72– discovery- on in January?
- West Delta 43- dry hole
- High Island A279- dry hole
- Grand Isle 70- discovery
- Eugene Island 10 – DISCOVERY- on in January?
- Ship Shoal 358/ Eugene Island 76/
Eugene Island 113B/WD-36- All Producing

“I don’t *quite* know yet,” Alice said, very gently.
“I should like to look all around me first, if I might.”
“You may look in front of you, and on both sides, if you like,”
said the Sheep: “but you ca’n’t look *all* around you-
unless you’ve got eyes at the back of your head.”

Dutch Platform Eugene Island 10



The Patience of An Oyster

- LNG annuity begins Q-1 2008
- Dutch EI-10 Dutch #2 Drilling
- Lessons learned- Moving North in Fayetteville
- 16.7 million fully diluted shares
- –6–7 employees
- Board and Officers own /control 25% of the Company

“Ah, my dear! Let this be a lesson to you never lose *your* temper!”
“Hold your tongue, Ma!” said the young Crab, a little snappishly.
“You’re enough to try the patience of an oyster!”

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