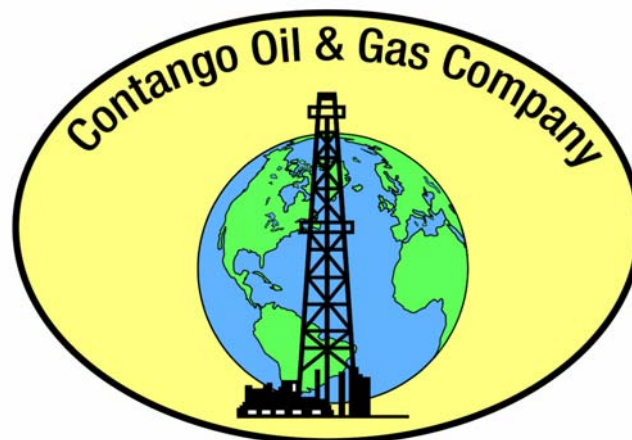


Contango Oil & Gas Company



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 and Form 10-Q.

Probable Reserves

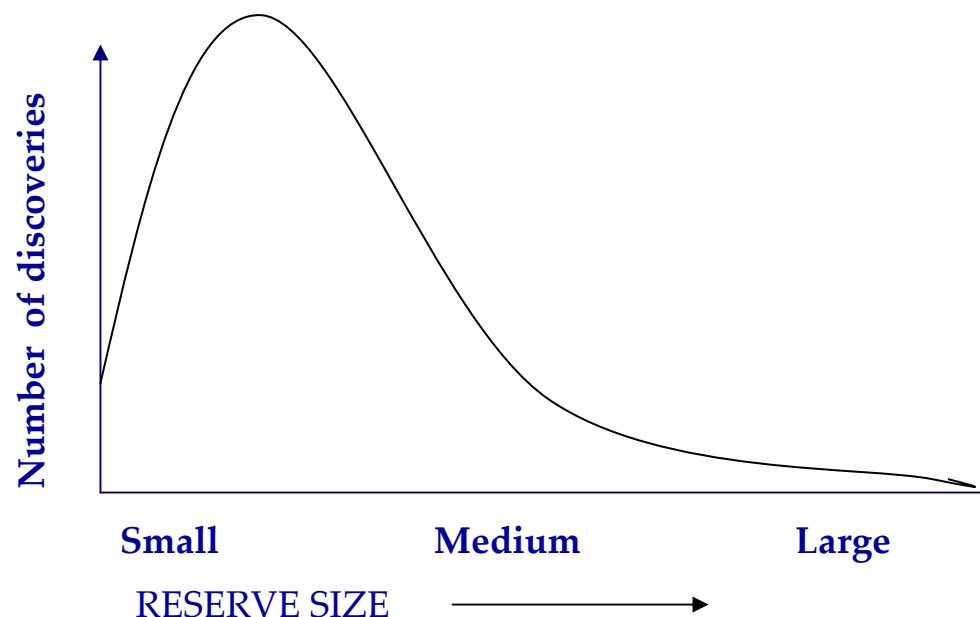
The SEC permits oil and gas companies to disclose in their filings with the SEC only "proved" reserves, which are reserve estimates that geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions. Contango uses in this press release the term "probable" reserves, which SEC guidelines prohibit from being included in filings with the SEC. Probable reserves are unproved reserves which are more likely than not to be recoverable. Estimates of probable reserves which may potentially be recoverable through additional drilling or recovery techniques are by their nature more uncertain than estimates of proved reserves and accordingly are subject to substantially greater risk of not actually being realized by the Company.

WHEREIN THE FAT TAIL OF THE DISCOVERY OF A BLACK SWAN IN THE DEAD SEA IS TOLD

- 1) References to the black swan, the bird are from wikipedia
- 2) References to the black swan as probability concept and life philosophy are from the book "The Black Swan" by Nassim Nicholas Taleb

FAT TAIL

In A log normal distribution



- The reference to fat tails is usually associated with a Gaussian or Bell curve
- Natural gas and oil reserves however, are distributed log normally like Sunday church contributions
- Many small – a few large

The Black Swan

- Before their exploration in Australia, Europeans believed all swans were white
- Thus a black swan event is totally unexpected, highly improbable, an outlier or “Fat Tail”



Cygnus Atratus

The Black Swan Environment

- Annual Natural Gas Depletion – 33% and increasing
- Record number of wells drilled – very expensive at the margin
- No nukes/increasing constraints on coal – (viz TXU)
- National Nimbyitis – less LNG / less Drilling / less supply
- Ethanol – Growing natural gas consumer – 1% of consumption?
- Canada - \$4.50 Mcfe F&D costs more than 2X in 5 years
- An ever growing world economy
- New Mexico – Canary in the Rockies
- Wither weather? Hurricanes? Cold winter? Al Gore?
- Natural gas E&P is like farming – without the subsidies

Black swans are highly nomadic. There is no set migratory pattern, but rather opportunistic responses to either rainfall or drought

The Contango Black Swan Beginning

- Started Fall 1999 – A \$20,000 investment to buy 100,000 shares would today be worth \$3.8 million
- Since inception \$60 million net capital raised vs \$600 million market cap
- Six employees
- 16 million shares outstanding/17.8 million shares fully diluted - compared to 11.5 and 16.7 million shares at June 30, 2001.
- 30 shareholders own 75% of stock

**Black swans mate for life and unlike white swans
build their nest's in colonies**

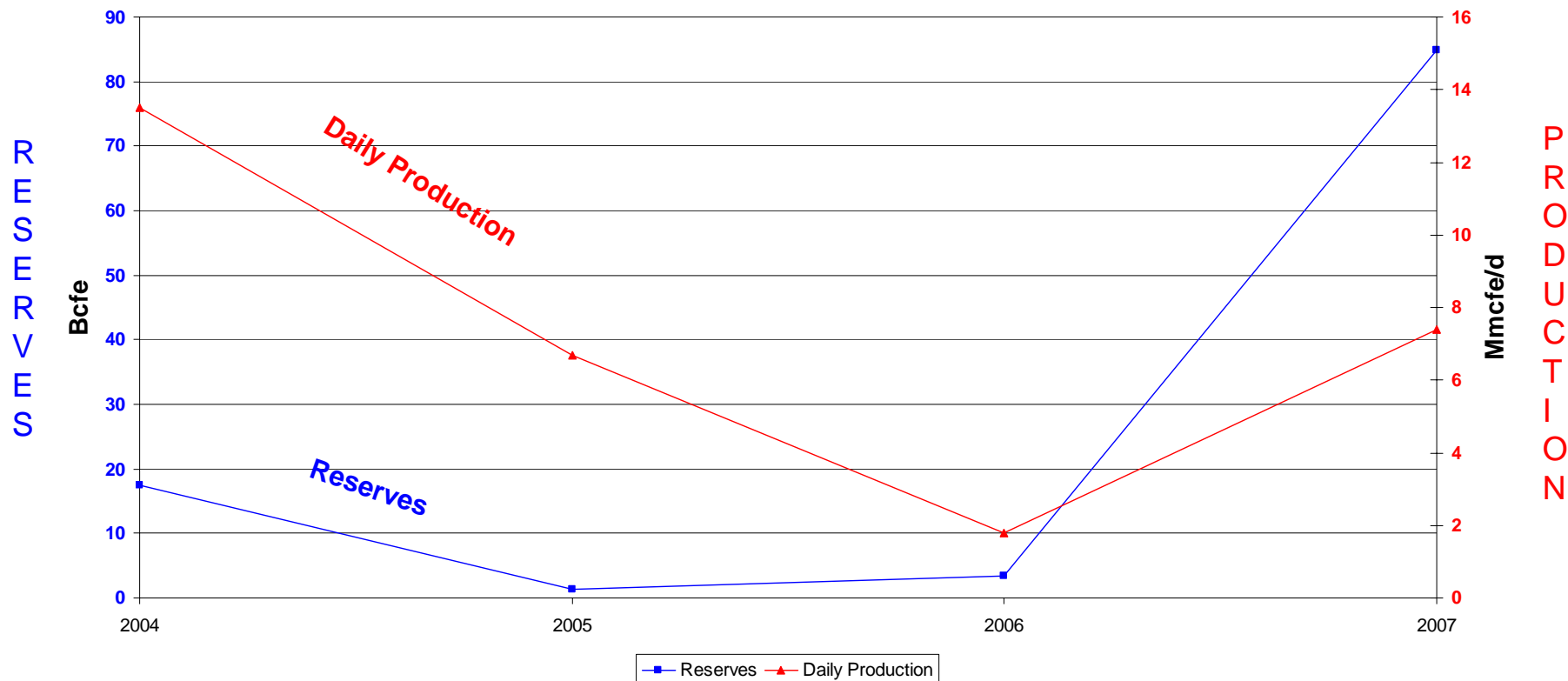
Black Swan Sociology

- The only competitive advantage in the natural gas and oil business is to be among the lowest cost producers
- Virtually all the exploration and production industry's value creation occurs through the drilling of successful exploratory wells

“Positive lumpy outcomes, for which we either collect big or get nothing.... combined with a capacity for adjourned gratification”

**Nassim Nicholas Taleb
The Black Swan**

The Very Definition of Lumpy



The Dead Sea (?)

	1995	2000	2005
Shelf Gas Production (Tcf)	4.57	3.96	1.96
Wells Drilled	901	1085	560
Wildcats	204	227	158
Number of bidders at central GOM Lease Sale	93	58	72

“There is a big difference between mostly dead and all dead.”

Miracle Max – The Princess Bride

~~DEAD SEA~~

Black Swan Breeding Ground

- 70 GOM blocks – vast majority will never be drilled
- 4300 blocks 3-D seismic
- Dutch & Mary Rose
 - Proved 226 Bcfe (65 Bcfe net to Contango)
 - Probable 205 Bcfe (59 Bcfe net to Contango)
- A lot of folks are leaving the “Dead Sea”
- Of the six companies that were AHB’s on 10 or more blocks, only two are U.S. owned
- 2-4 wildcat wells planned for 2008
- Contango’s constraints are capital and people – not exploration ideas

“Those who know it best have been disappointed the most and love it the least.”

**Donald Coxe
BMO Financial Group**

Highlight of Fayetteville Shale Activity

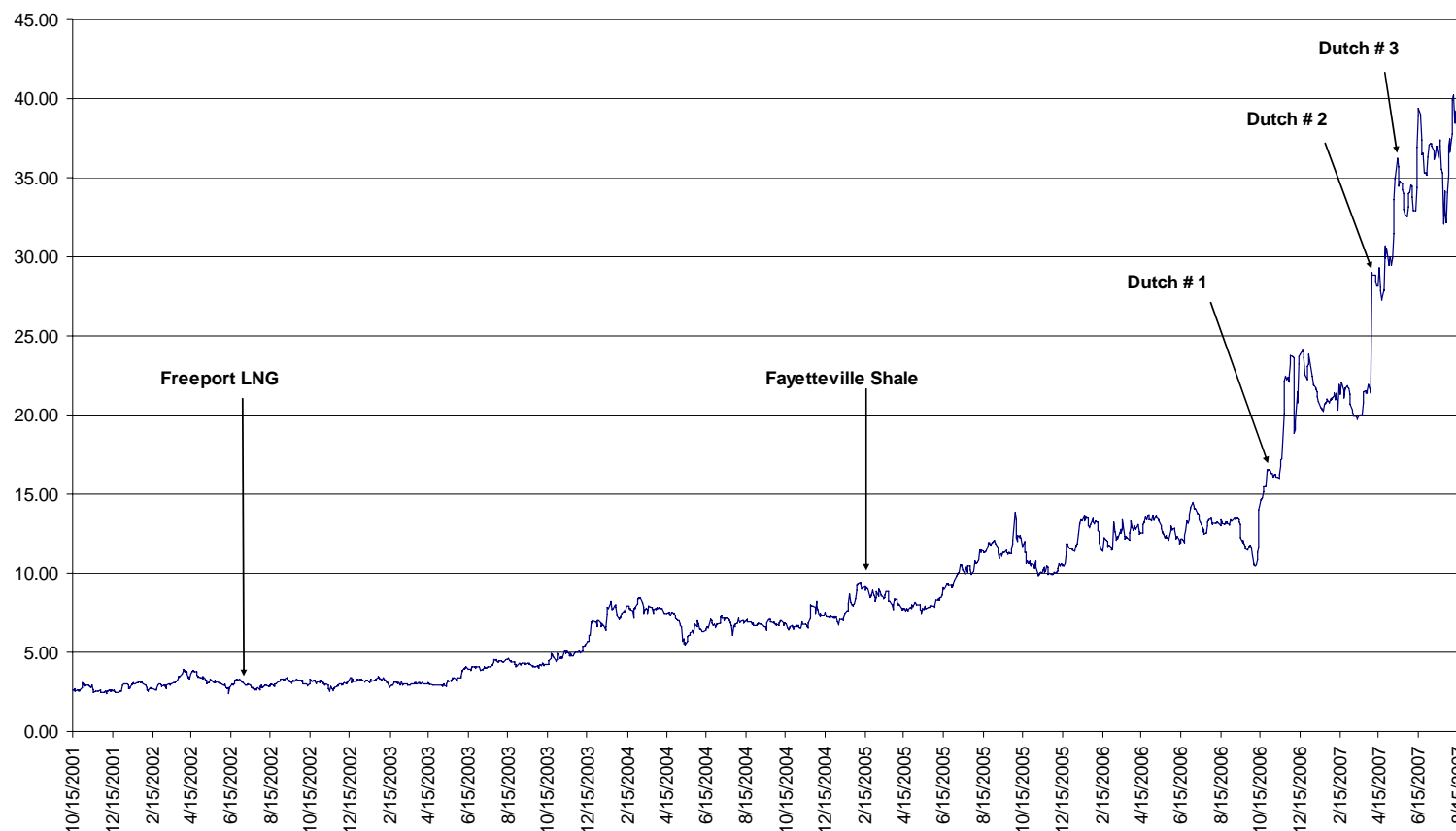
As of August 31, 2007					
<u>STATUS</u>	<u>OPERATOR</u>	<u>NUMBER OF WELLS</u>	<u>AVERAGE MCF WI</u>	<u>NET WELLS</u>	<u>CONTANGO NET PRODUCTION</u>
Currently producing	SWN	82	6.98%	5.7	3.6 MMcfe/d
Currently being drilled or awaiting completion	SWN	18	5.88%	1	
Waiting to be drilled	SWN	<u>41</u>	<u>6.72%</u>	<u>2.7</u>	
Sub Total		141	6.60%	9.4	
Currently producing	Alta	10	49.19%	4.9	4.6 MMcfe/d
Currently being drilled or awaiting completion	Alta	3	58.24%	1.8	
Waiting to be drilled	Alta	<u>13</u>	<u>40.46%</u>	<u>5.3</u>	
Sub Total		26	46.15%	12	
GRAND TOTAL		167	12.81%	21.4	

LNG

- In incubation since 2000
- Start-up Q-1 2008 – First grassroots plant in 30 years
- Funding in place for Phase I and “mini” Phase II
- Plant cost- \$830 million
- Long term annuity

The female black swan lays 4-8 eggs which both parents incubate.

A "wedge" of Black Swans



“The reason free markets work is because they allow people to be lucky, thanks to aggressive trial and error. The strategy is, then, to tinker as much as possible and try to collect as many Black Swan opportunities as you can.”

America's Energy Company



MCF IS NATURAL GAS