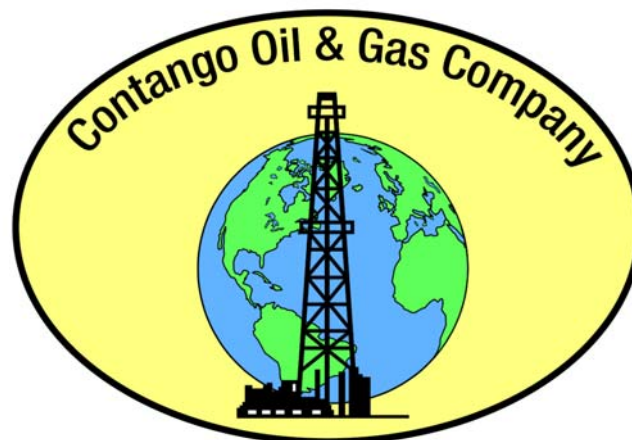


Contango Oil & Gas Company



Forward Looking Information

This presentation contains forward-looking statements regarding Contango that are intended to be covered by the safe harbor "forward-looking statements" provided by of the Private Securities Litigation Reform Act of 1995, based on Contango's current expectations and includes statements regarding acquisitions and divestitures, estimates of future production, future results of operations, quality and nature of the asset base, the assumptions upon which estimates are based and other expectations, beliefs, plans, objectives, assumptions, strategies or statements about future events or performance (often, but not always, using words such as "expects", "projects", "anticipates", "plans", "estimates", "potential", "possible", "probable", or "intends", or stating that certain actions, events or results "may", "will", "should", or "could" be taken, occur or be achieved). Statements concerning oil and gas reserves also may be deemed to be forward looking statements in that they reflect estimates based on certain assumptions that the resources involved can be economically exploited. Forward-looking statements are based on current expectations, estimates and projections that involve a number of risks and uncertainties, which could cause actual results to differ materially from those, reflected in the statements. These risks include, but are not limited to: the risks of the oil and gas industry (for example, operational risks in exploring for, developing and producing crude oil and natural gas; risks and uncertainties involving geology of oil and gas deposits; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to future production, costs and expenses;

Forward Looking Information

potential delays or changes in plans with respect to exploration or development projects or capital expenditures; health, safety and environmental risks and risks related to weather such as hurricanes and other natural disasters); uncertainties as to the availability and cost of financing; fluctuations in oil and gas prices; risks associated with derivative positions; inability to realize expected value from acquisitions, inability of our management team to execute its plans to meet its goals, shortages of drilling equipment, oil field personnel and services, unavailability of gathering systems, pipelines and processing facilities and the possibility that government policies may change or governmental approvals may be delayed or withheld. Additional information on these and other factors which could affect Contango's operations or financial results are included in Contango's other reports on file with the Securities and Exchange Commission. Investors are cautioned that any forward-looking statements are not guarantees of future performance and actual results or developments may differ materially from the projections in the forward-looking statements. Forward-looking statements are based on the estimates and opinions of management at the time the statements are made. Contango does not assume any obligation to update forward-looking statements should circumstances or management's estimates or opinions change.

The Big Lebowski and the Zen of E & P

Contango's Core Beliefs From Inception

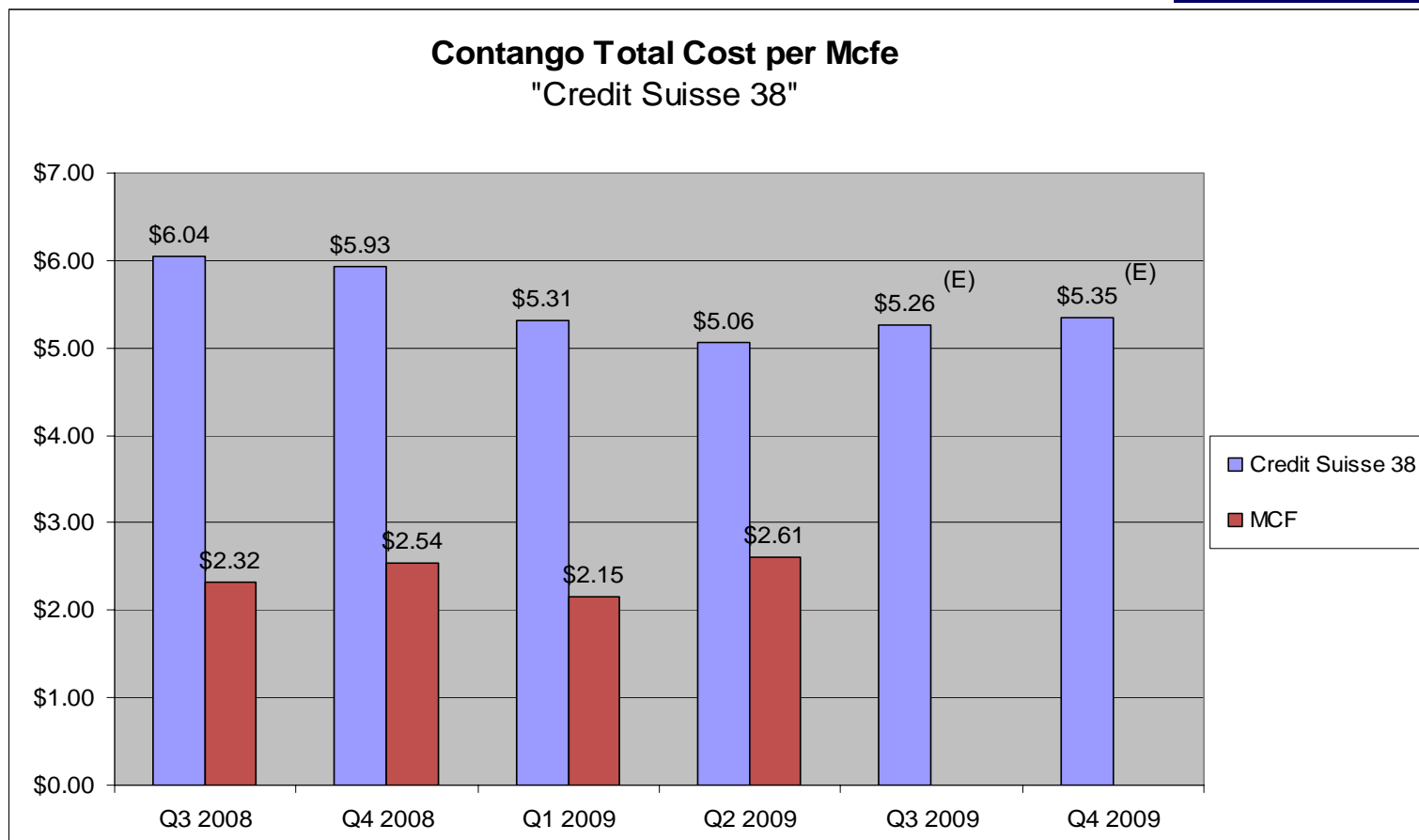
- The only competitive advantage in the natural gas and oil business is to be among the **LOWEST COST** producers
- Virtually all the exploration and production industry's **VALUE CREATION** occurs through the drilling of successful exploration wells
- The goal is only and always value creation **PER SHARE**

POLICEMAN..... "What was in your briefcase?"

DUDE..... "Papers, just papers, my business papers"

POLICEMAN..... "And what do you do sir"

DUDE..... "I'm unemployed"



*Total Cost Structure includes Operating Costs (including Production taxes), Interest and G&A Plus DD&A for 38 Companies followed by Credit Suisse

- From a full cycle cost perspective the industry is losing money
- It is not apparent (to me) that full cycle costs have or will decline
- I think the industry needs \$6.00/Mcfe to earn a 5-10% ROR

**WALTER.....“I’m sorry the guy wrecked your car Dude, did you make it home?
DUDE.....of course I made it home, you called me here didn’t you?”**

And, What About Value Creation?

- Find, Drill Acquire Capex (last 3 fiscal years).....\$556 million
 - Reserves added408 Bcfe
- F & D & A \$1.36/Mcfe*
- DD&A for 12 months ended June 30, 2009.....\$1.17/Mcfe

*F & D Drill Bit \$.80/Mcfe

*Acquisition Cost \$3.10/Mcfe

THE BIG LEBOWSKI.....“What does it take to make a man? Is it being prepared to do the right thing whatever the cost?”

DUDE.....“umh”.....“that and a pair of testicles”.....

Taxes Are By Far Our Biggest Cost

- Our costs FY 2009 were \$2.39/mcfe:
 - LOE (including severance + workovers)..= \$.87/ Mcfe
 - G & A.....= \$.35/ Mcfe
 - Interest.....= \$ 0/ Mcfe
 - Total Variable Costs.....= \$ 1.22/ Mcfe**
 - DD&A.....= \$ 1.17/ Mcfe
 - Total Costs.....= \$ 2.39/Mcfe**
- Absent dry holes (we follow successful efforts accounting), we are GAAP profitable down to about \$2.50/MMbtu Henry Hub
- Our effective tax rate is about 39% for Federal & State of LA taxes combined
- Through Capex – principally IDC deductions (and dreaded dry holes) – we can defer taxes.....but would rather pay taxes currently than drill wildcat wells we don't like

DUDE.....“This is a very complicated case, lots of in’s, lots of out’s, fortunately I’m adhering to a very strict drug regimen to help me keep my mind limber and figure this out.”

FY 2010 Capex Program

<u>Well</u>	<u>8/8th DHC Cost (\$MM)</u>	<u>Contango DHC W.I.</u>	<u>NRI</u> (inclusive of REX and COE)	<u>Status</u>
Nautilus	\$15	100 %	73%	Spud Nov. 09
Dude	\$15	100 %	72%	Spud Q-1 10
His Dudeness	\$15	100 %	72%	Depends
El Duderino	<u>\$15</u>	100 %	72%	Depends
TOTAL	\$60	100 %	72%	

“I am not Mr. Lebowski, you’re Mr. Lebowski. I’m the dude so that’s what you call me.....that or his dudness, or duder, or el duderino if your not into the whole brevity thing”

Natural Gas Prices- How much more pain?

- Lower 48 ONSHORE supply of natural gas peaked in Nov 2008 and is in decline. Demand has bottomed, now increasing
- EVENTUALLY, according to Economics 101, when decreasing supply collides with increasing demand.....prices rise
- Natural gas rig count down 50% ± 700 rigs
- Balance Sheet strength still demands a premium
- Opportunity abounds

WALTER.....“Over the line!!! Over the line!!!”

SMOKEY.....“No I wasn’t”

WALTER.....“Mark it zero Dude”

SMOKEY.....“Mark it 8 Dude”

WALTER.....(Pointing a gun at Smokey’s head)....“Smokey you are entering a world of pain”

Lower Longer

(Source: EIA 914 for September)

	<u>Lower 48 States BCFD</u>	<u>Gulf of Mexico BCFD</u>	<u>Onshore BCFD</u>
Jul-08	63.46	7.50	55.96
Aug-08	63.38	7.00	56.38
Sep-08	56.56	2.22	54.34
Oct-08	61.38	4.55	56.83
Nov-08	63.36	5.57	57.79
Dec-08	62.84	5.82	57.02
Jan-09	62.91	6.33	56.58
Feb-09	63.58	6.53	57.05
Mar-09	63.55	6.77	56.78
Apr-09	63.44	6.94	56.50
May-09	62.96	6.71	56.25
Jun-09	63.24	7.21	56.03
Jul-09	62.55	7.38	55.17

— Peak Onshore Production month

Falling but not fast enough to avoid the coming sea of red ink. 3Q write-downs will get ugly.

BRANDT.....You never went to college?

DUDE.....Well, yeah I did, but I spent most of my time occupying various, administration buildings-smoking thai-stick, breaking into the ROTC and bowling. I'll tell you the truth, Brandt, I don't remember most of it.

A LINE IN THE SAND

Chevron to cease all U.S. land based gas drilling Cites Prices don't make sense to drill

- What does Chevron know that none of us at this conference seem to know?
- Every company has a Belief/Need/Story as to why it makes sense to drill NOW
- Hold leases, rig contracts, service costs are low “ We just raised a bunch of capital,” prices will be up in 2010, hedged, need the money to pay interest and G & A, EBITDA/Interest coverage covenant.....etc.
- My personal favorite – A 35% partner – the IRS
- The critical question, however, is what rate of return (ROR) is the industry investing capital? Don't look to F & D cost. I repeat...F & D costs are irrelevant to informing the rate of return earned on invested capital.
- $ROR = \text{Profit} \div \text{Investment}$
- We are profitable (owe the IRS money) down to a very low natural gas price. Our exploration Capex has the effect of deferring taxes via dry holes – expensed and IDC deductions.

DUDE.....This Chinaman who peed on my rug, I can't go give him a bill so what are you talking about?

WALTER.....This Chinaman is not the issue! I'm talking about drawing a line in the sand, Dude. Across this line you do not, uh--and also, Dude, Chinaman is not the preferred, uh. . . Asian- American. Please.

DUDE.....Walter, this is not a guy who built the rail- roads, here, this is a guy who peed on my rug.

Hypothetical Example Assuming No Capex

- Henry Hub gas at \$3.50/MMbtu = \$4.00 Mcfe (NGL's & Condensate)
- 75 MMcfed production x 365 days = 27.4 Bcfe
- Revenues = \$4.00/Mcf x 27.4 Bcfe = \$110 million
- Cash expenses = LOE + G & A + interest = \$1.22/Mcfe x 27.4 Bcfe = <\$33 million>
- DD & A for Tax Purposes = <\$7 million>
- Pre tax Income = \$70 million
- Taxes owed 39% (assuming no drilling Capex)= <\$27 million>
- Net Income = \$43 million

WALTER.....That wasn't her toe.

DUDE.....Whose toe was it, Walter?

WALTER....How should I know? I do know that nothing about it indicates...DUDE....The nail polish, Walter.....

WALTER..... Fine, Dude. As if it's impossible to get some nail polish, apply it to someone else's toe-- You want a toe? I can get you a toe, believe me. There are ways, Dude.

Hypothetical Drilling Economics

- Drill 3 GOM wells at \$15 million DHC each – 2 dry holes = \$45 million
- One successful well requires an additional \$15 million in completion cost = \$15 million
- Gross Capex = \$60 million
- Deferral of taxes due to IDC* = <\$15 million>*
- Net “tax effected” Capex = \$45 million
- Assumed reserves found 40 Bcfe gross x .72 NRI = 29 Bcfe
- Tax effected F & D = \$45 million ÷ 29 Bcfe = \$1.55/Mcfe
- Tax effected Years to payback net Capex (\$45 million) = 2.5 years**

*Taxes deferred DHC (\$30 million) + IDC successful well (\$12 million)

Or \$42 million x 35% = \$15 million

**20 million Mcfed x (\$4/Mcfe - \$.50/Mcfe LOE) x .72 NRI = \$50,000/day x 900 days (2.5 years) = \$45 million

DUDE.....What's in the carrier?

WALTER.....Huh? Oh--Cynthia's Pomeranian. Can't leave him home alone or he eats the furniture. I'm looking after it while Cynthia and Marty Ackerman are in Hawaii.

DUDE.....You brought a Pomeranian bowling?

WALTER.....What do you mean "brought it bowling"? I didn't rent it shoes. I'm not buying it a beer. He's not gonna take your turn.

Taxes Paid After Capex (In Hypothetical Example)

- Pre-Capex taxes owed = \$27 million
- Taxes Deferred - Offshore IDC = <\$15 million>
- **Post Capex taxes owed = \$12 million**

The objective is first, always and only to create value per share. The langniappe is deferral of taxes

WALTER.....Take the ringer. I'll drive.

DUDE.....The what?

WALTER.....The ringer! The ringer, Dude!

DUDE.....What the hell is this?

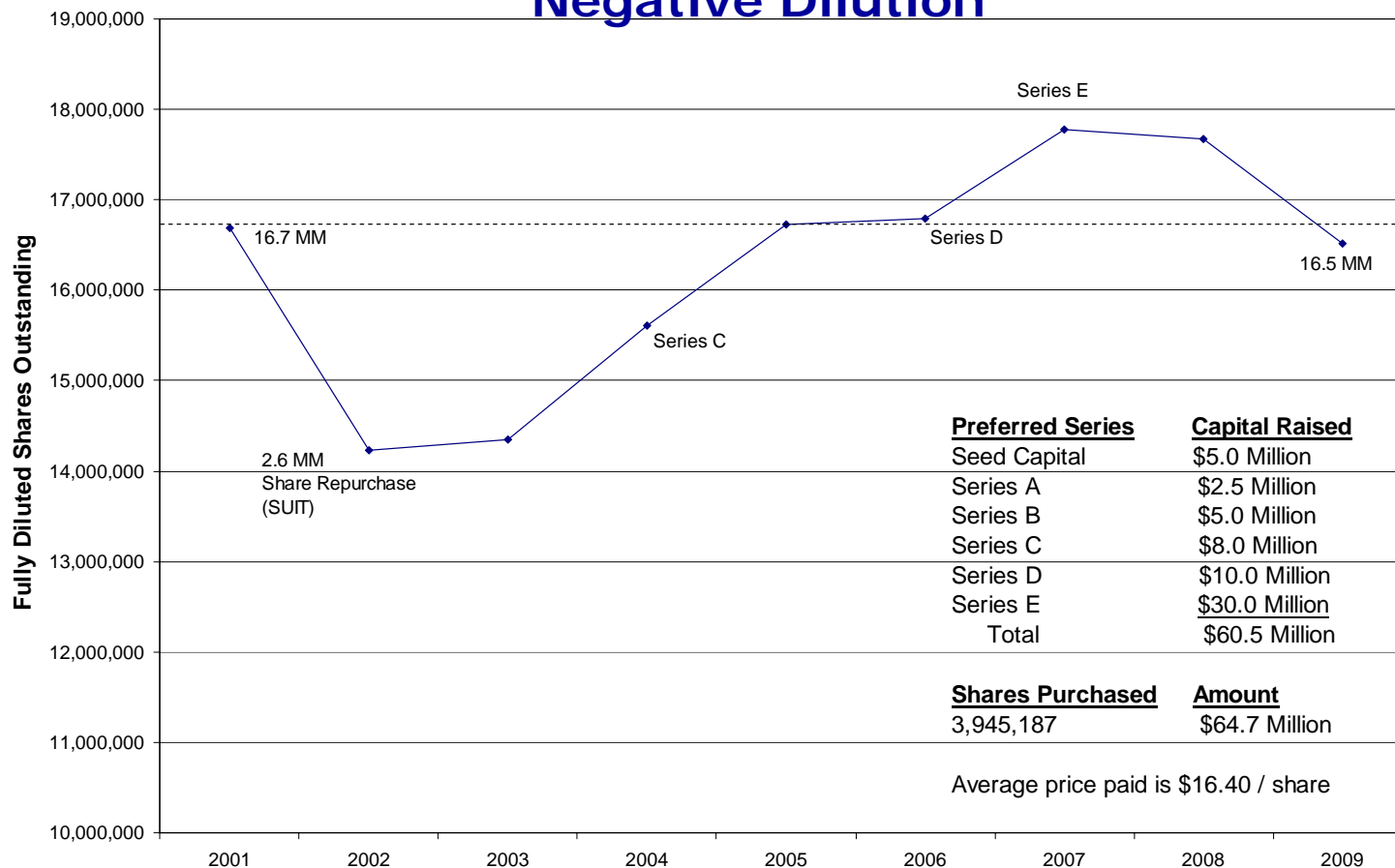
WALTER.....My dirty undies. Laundry, Dude. The whites.

DUDE.....Walter, I'm sure there's a reason you brought your dirty undies

WALTER.....Thaaaat's right, Dude. The weight. The ringer can't look empty.

Net Negative Capital

Negative Dilution



WALTERWhat do you think happens when you get divorced? You turn in your library card? Get a new driver's license? Stop being Jewish? I'm as Jewish as Tevye.

DUDE.....It's just part of your whole sick Cynthia thing. Taking care of her dog. Going to her synagogue. You're living in the past.

WALTERThree thousand years of beautiful tradition, from Moses to Sandy Koufax-- **YOU'RE DAMN RIGHT I LIVE IN THE PAST!**

In Conclusion.....

Run a Screen of E & P Companies with Following Traits

- 22 Mcfe's of proved developed reserves per share
- No debt
- 7 employees
- LOE (includes severance tax + workovers) + G&A + INTEREST at \$1.22/mcfe
- Wildcat exploration upside
- Share repurchase program/no options or shares to management & BOD
- Incentive Alignment - Management owns 24% of Company

DUDE.....“This is a very complicated case Maude, lots of in's, lots of out's, lot of what have you's, lots of strands, lots of strands to keep in the old duder's head.”



The Dude donates his
car to the Navy