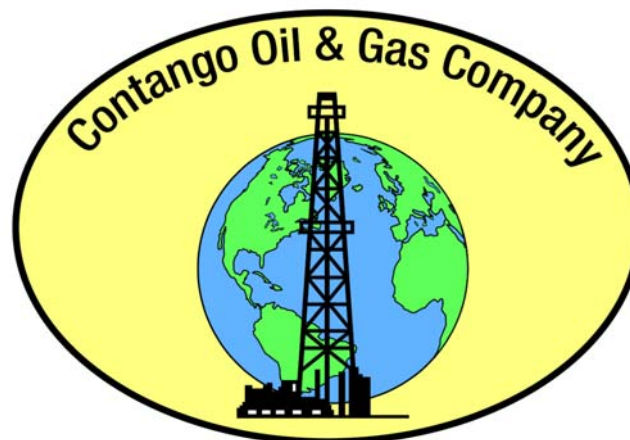


Contango Oil & Gas Company



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.

“There are three reasons why lawyers are replacing rats as laboratory research animals. One is that they’re plentiful, another is that lab assistants don’t get attached to them, and the third is that there are some things rats just won’t do”

-Unknown

“You Said What?”

**Pritchard Capital Energy
Conference**

January 2010

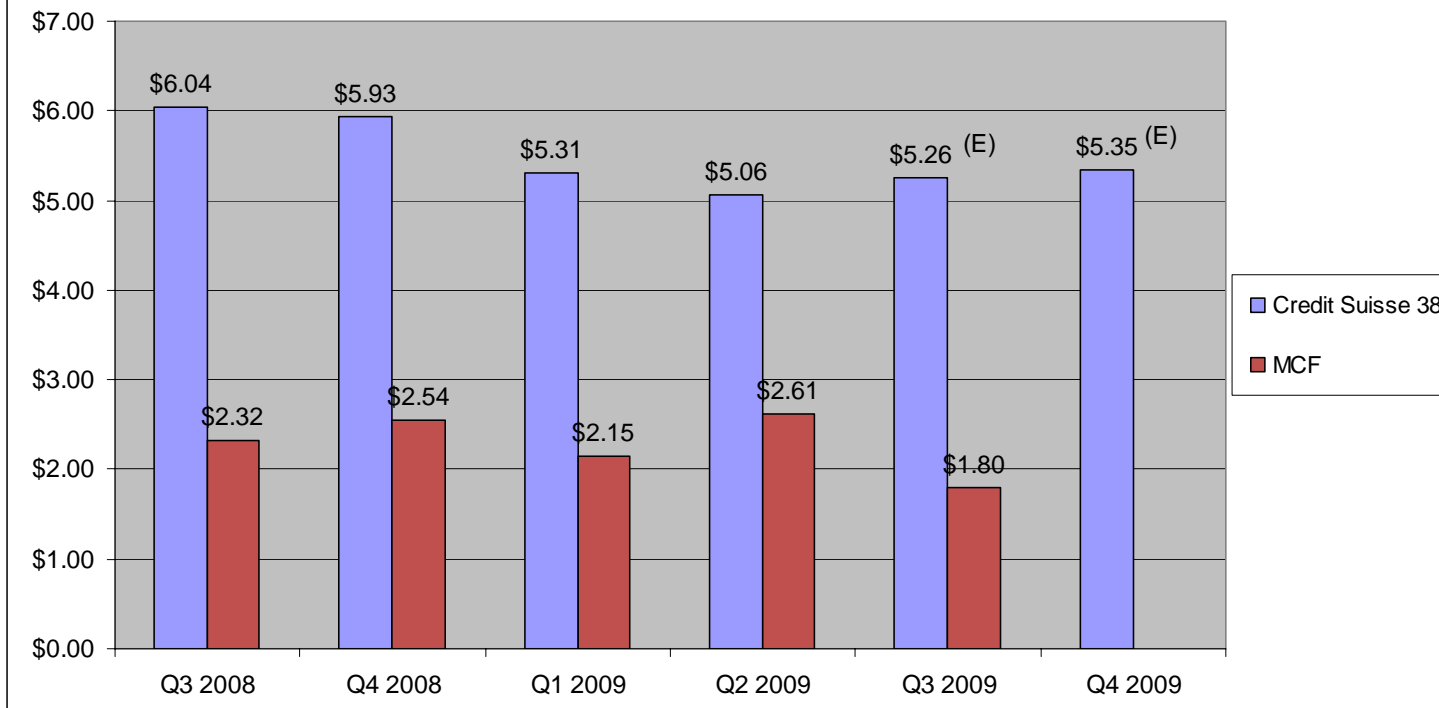
Contango's Core Beliefs From Inception

- 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 whole point of a business is only and always to increase shareholder wealth...i.e. value creation **PER SHARE**

“Beliefs are optional, Results are mandatory.”

-Kenneth R. Peak

CONTANGO'S FULL CYCLE COSTS ABOUT HALF THE INDUSTRY'S AVERAGE



*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
- Full cycle costs are now on the incline
- I think the industry needs at a minimum \$6.00/Mcfe to earn a 5-10% ROR

“Only the average are always at their best” -Jean Giraudoux

Value Creation and Risk

- Find, Develop & 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
- A low DD & A is not value creation if it is achieved through full cost pool write downs

“You can’t steal second base and keep one foot on first”

-Unknown

What Contango Doesn't Have (or want)

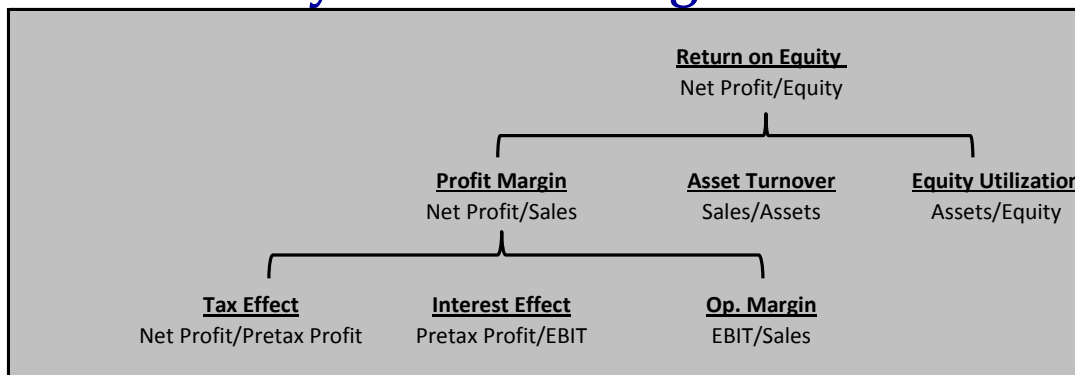
- Lots of shares O/S
- Lots of shareholders
- Lots of options O/S
- Lots of paid in capital vs R/E (SEE "PEAK RATIO")
- Lots of PUD's
- Lots of employees
- Lots of wells
- Lots of Landowners
- Lots of Regulators
- Near term leases expiring
- L-T rig contracts
- Debt
- Severance Taxes
- Hedges

"Sometimes what you don't have is more important than what you do have"

-Kenneth R. Peak

The DuPont Ratios

A Decent Proxy for Measuring Value Creation



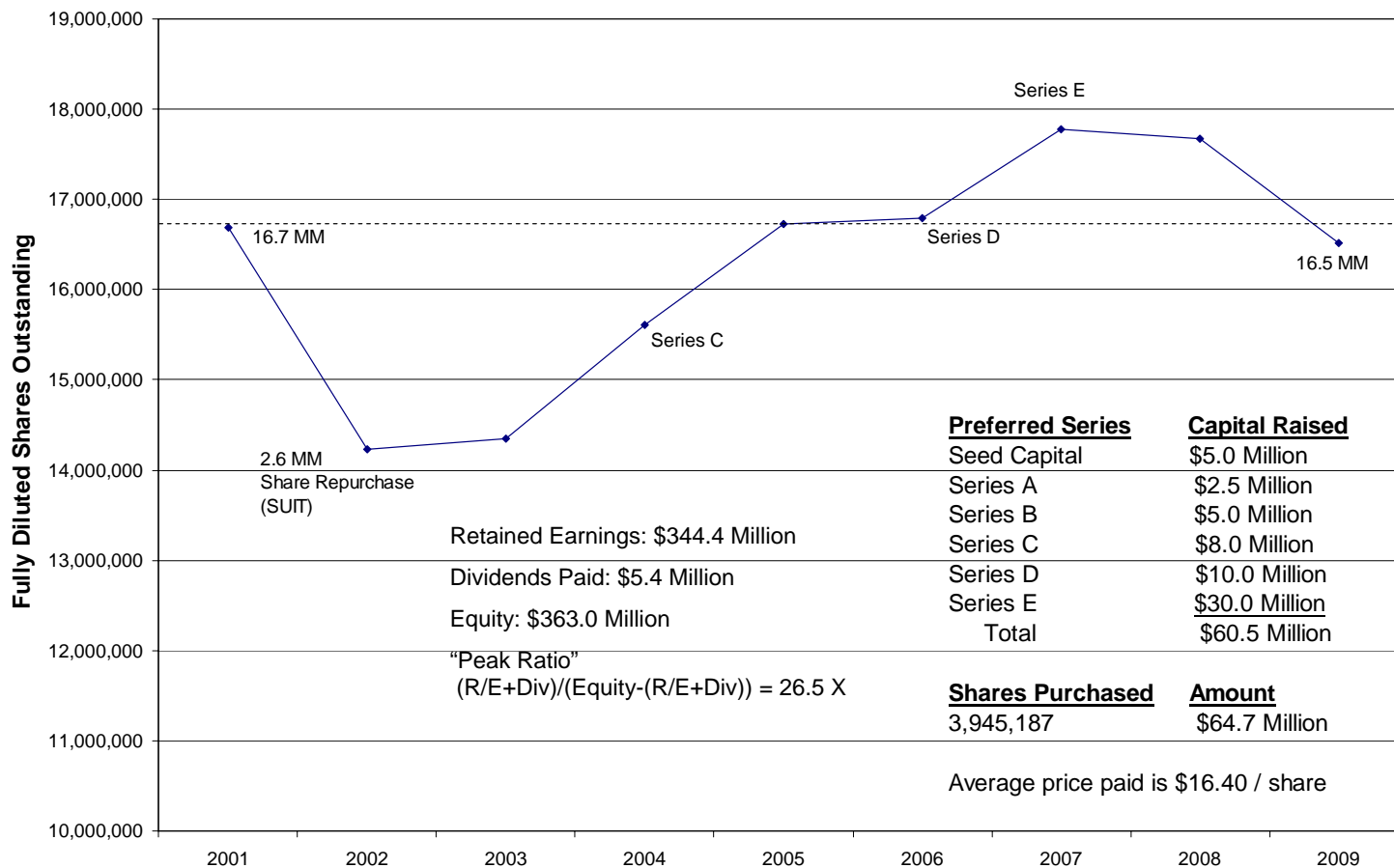
	<u>Return on Equity</u>		
6/30/2009	15.99%		
6/30/2008	74.67%		
6/30/2007	-3.56%		
	<u>Profit Margin</u>	X	<u>Asset Turnover</u> X <u>Equity Utilization</u>
6/30/2009	29.30%		36.87% X 148.00%
6/30/2008	219.20%		19.42% X 175.43%
6/30/2007	-22.87%		9.19% X 169.53%
	<u>Tax Effect</u>	X	<u>Interest Effect</u> X <u>Op. Margin</u>
6/30/2009	60.19%		100.20% X 48.58%
6/30/2008	83.18%		99.36% X 265.22%
6/30/2007	87.49%		152.72% X -17.12%

“Anyone who believes a growth rate in excess of 15% per annum over the long term is attainable should pursue a career in sales, but avoid one in mathematics”

-Warren Buffet

What's Your "Peak Ratio"?

Net Negative Capital Negative Dilution



"They say you can't do it, but sometimes it doesn't always work"
-Casey Stengal

PEAK RATIO

- Peak Ratio Defined:
$$\frac{\text{Shareholder Earnings}}{\text{Net Invested Capital}} = \frac{\text{R/E} + \text{Dividends}}{\text{Equity} - (\text{R/E} + \text{Dividends})}$$
- Peak Ratio Explained: A rate of return measure used to evaluate how well a management team has accomplished its two most important goals: How profitable has the company been over time? And: How much equity (dilution) has been needed to grow the company? The bigger the Peak ratio the better.
- Contango's Peak Ratio
Calculated as at 9/30/09:

$$\frac{\text{R/E} + \text{Dividends}}{\text{Equity} - (\text{R/E} + \text{Dividends})} = \frac{\$344.4 + 5.4}{\$363 - (\$344.4 + 5.4)} = \frac{\$349.8}{\$13.2} = 26.5X$$
- Peak Market Cap Ratio:

$$\frac{\text{Market Cap}}{\text{Net Invested Capital}} = \frac{\text{Shares O/S} \times \text{Price}}{\text{Net Invested Capital}} = \frac{\$800}{\$13.2} = 61X$$
- When R/E < \$0...it means the firm has lost money over it's cumulative history....this is not good
- For companies in business > 5 years – a ratio > 1:1X, is a minimum hurdle...after 5 years shouldn't investors at least have earned their equity investment back?

“Past performance is no guarantee of future results – but it is the way to bet”
- **Kenneth R. Peak**

Q: Who Owns Contango?

A: My 40 Best Friends

(As at 9/30/09)

<u>Institution</u>	<u>Shares Held</u>	<u>% S/O</u>	<u>Cumulative %</u>
Morgan Stanley Investment Mgmt., Inc (U.S.)	1,451,025	9.17%	9.17%
Sellers Capital, LLC	761,821	4.81%	13.98%
Barclays Global Investors N.A.	741,748	4.69%	18.67%
Keeley Asset Management Corp.	689,000	4.35%	23.02%
The Vanguard Group, Inc.	641,053	4.05%	27.07%
TCW Investment Management Co.	509,289	3.22%	30.29%
Dreman Value Management, LLC	458,855	2.90%	33.19%
Deutsche Investment Mgmt. Americas, Inc.	352,853	2.23%	35.42%
State Street Global Advisors (SSgA)	270,299	1.71%	37.13%
Brenner West Capital Advisors, LLC	225,548	1.42%	38.55%
Dimensional Fund Advisors, L.P. (U.S.)	202,360	1.28%	39.83%
West Coast Asset Management, Inc.	178,440	1.13%	40.96%
Horan Capital Management, LLC	167,132	1.06%	42.02%
Other (25) Institutions and Mutual Funds	1,973,296	12.48%	54.50%
Contango Management and BOD	3,332,192	21.00%	75.50%

“My mother didn’t breast feed me. She said she liked me as a friend”

-Rodney Dangerfield

CY 2010 Capex Program

<u>Well</u>	<u>8/8ths DHC</u>	<u>Contango DHC</u>	<u>WI%</u>	<u>NRI (inclusive of REX and COE)</u>	<u>Status</u>
Nautilus	\$13 million		100%	74%	Discovery
Farm-in #1	\$15 million				Negotiating
Farm-in #2	\$12 million				Negotiating
Farm-in #3	\$12 million				Negotiating
Farm-in #4	\$3 million				Negotiating
Dude	\$15 million		100%	72%	Depends
His Dudeness	\$15 million		100%	72% *	Depends
El Duderino	\$15 million		100%	72%	Depends
Patara JV	<u>\$21 million</u>		100%	71%	Drilling
Total	\$121 million				

* Reduces to 54% after Payout

“Very few people do anything creative after the age of thirty-five. The reason is that very few people do anything creative before the age of thirty-five.”

-Joel Hildebrand

Income taxes are the price we pay, for being profitable.....that's a good thing

- Our full cycle 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 40% 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

“Natural gas demand is driven by the weather, the economy and the occasional Black Swan event.....my crystal ball is cloudy.....how's yours?”

- Kenneth R. Peak

Analysts Predict Robust 2010 Capex

- 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
- We are profitable (owe the IRS money) down to a very low natural gas price. (\$2.50/mcfe) Our Capex has the beneficial effect of deferring taxes via dry holes and IDC deductions.

“We’ve long felt that the only value of stock forecasters is to make fortune tellers look good”

-Warren Buffett

Hypothetical Example

“Giving up on Wildcatting”

- Henry Hub gas at \$4.50/MMbtu = \$5.00 Mcfe (NGL's & Condensate)
- 75 MMcfed production x 365 days = 27.4 Bcfe
- Revenues = \$5.00/Mcf x 27.4 Bcfe = \$137 million
- Cash expenses = LOE + G & A + interest = \$1.50/Mcfe x 27.4 Bcfe = <\$40 million>
- DD & A for Tax Purposes = <\$7 million>
- Pre tax Income = \$90 million
- Taxes owed 40% (assuming no drilling Capex)= <\$36 million>
- Net Income per tax return= \$54 million

*“I know a man who gave up smoking, drinking, sex and rich food.
He was healthy right up to the time he killed himself”*

-Johnny Carson

Hypothetical Drilling Economics

"Be careful what you ask for"

- Drill 4 GOM wells at \$15 million DHC each – 2 dry holes = \$60 million
- Two successful wells require an additional \$30 million in completion cost = \$30 million
- Gross Capex = \$90 million
- **DEFERRAL OF TAXES DUE TO IDC *** = <\$19 million>*
- Net "tax effected" Capex = \$71 million
- Assumed reserves found 80 Bcfe gross x .70 NRI = 56 Bcfe
- Tax effected F & D = \$71 million ÷ 56 Bcfe = \$1.27/Mcfe
- Tax effected Years to payback net Capex (\$71 million) = 1.6 years**

*Taxes deferred DHC (\$30 million) + IDC 2 successful wells (\$24 million)
Or \$54 million x 35% = \$19 million

**40 million Mcfed x (\$5/Mcfe - \$.50/Mcfe LOE) x .70 NRI = \$126,000/day x 563 days (1.6 years) = \$71 million

"I told my girlfriend unless she expressed her feelings and told me what she liked I wouldn't be able to please her...so she said, "Get off me!"

-Gary Shandling

In Conclusion.....

Run a Screen...Where does MCF Stand?

- 22 Mcfe's of proved developed reserves per share
- R/P 12 years
- No PUD'S
- 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 awarded to management & BOD in FY 2010
- No options/shares awarded to CEO last 3 years
- Incentive Alignment - Management controls 24% of Company (fully diluted)
- **"Peak ratio" of 26.5 X**

"The one thing I would break up over, is if she caught me with another woman. I won't stand for that.