

CONTANGO OIL & GAS

The eEnergy Company

NEWS RELEASE

Contango Oil & Gas Company Announces Results for the Fiscal Year Ended June 30, 2000

SEPTEMBER 1, 2000 – HOUSTON, TEXAS – Contango Oil & Gas Company (OTCBB:BTUX) announced revenues for the year ended June 30, 2000 of \$298,339. Net loss attributable to common stock for the year ended June 30, 2000 was \$(1,846,744), or \$(0.19) per basic and diluted share, compared to a net loss attributable to common stock for the year ended June 30, 1999 of \$(115,344), or \$(0.08) per basic and diluted share. Revenues for the three months ended June 30, 2000 were \$268,749. Net loss attributable to common stock for the three months ended June 30, 2000 was \$(1,159,785), compared to a net loss for the three months ended June 30, 1999 of \$(24,897). The Company had no operating activities during for the year ended June 30, 1999, thus the results of operations for the periods ended June 30, 2000 are not directly comparable to results for the periods ended June 30, 1999. The company began operating as an oil and natural gas exploration and production company on July 1, 1999.

Contango also announced that its fiscal year-end proved reserves, as estimated by the Company's independent reservoir engineers, totaled approximately 2.7 billion cubic feet of natural gas and 137,000 barrels of oil. The present value of estimated future cash flows before income taxes as of June 30, 2000, discounted at 10% per annum, was approximately \$12.3 million. The present value was determined by using actual prices received by the Company as of June 30, 2000 of \$5.03 per thousand cubic feet of natural gas and \$30.70 per barrel of oil.

Kenneth R. Peak, Chairman and Chief Executive Officer, stated, "We are off to a decent start as an independent exploration and production company. Our fourth quarter revenues, while only \$269,000, were nonetheless sufficient to cover all of that quarter's lease operating and general and administrative expenses. During the year, we spent a total of \$2.9 million of capital expenditures on acquisitions, exploration and development for a finding cost of approximately \$0.81 per thousand cubic feet equivalent of natural gas. For fiscal year 2001, we will continue our focus on growing Contango through exploration, with an eye on selective acquisition opportunities, and controlling our general and administrative expenses."

Contango is a Houston-based, development stage, independent oil and natural gas company. The company explores and acquires oil and gas properties primarily in the onshore Gulf Coast and offshore Gulf of Mexico. Additional information can be found on our web page at www.contango-oandg.com.

This news release contains forward-looking statements within the meaning of the Securities Litigation Reform Act. The statements reflect the company's current views with respect to future events that involve risks and uncertainties including uncertainties related to successful negotiations with other parties, oil and gas exploration risks, price volatility, production levels, closing of transactions, capital availability, operational and other risks, uncertainties and factors described from time to time in the company's publicly available SEC reports. In light of these risks and uncertainties, the forward-looking events described in this release might not occur.

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CONTANGO OIL & GAS COMPANY (A DEVELOPMENT STAGE ENTERPRISE)
STATEMENTS OF OPERATIONS

	Three Months Ended		Year Ended	
	June 30,		June 30,	
	2000	1999	2000	1999
REVENUES:				
Oil and natural gas sales.....	\$ 268,749	\$ -	\$ 298,339	\$ -
EXPENSES:				
Lease operating expense	69,463	-	85,254	-
Exploration costs	389,202	-	604,136	-
Depreciation, depletion and amortization	336,507	-	344,815	-
Impairments.....	548,245	-	548,245	-
General and administrative expense.....	147,591	21,439	763,576	107,725
	<u>1,491,008</u>	<u>21,439</u>	<u>2,346,026</u>	<u>107,725</u>
LOSS FROM OPERATIONS.....	(1,222,259)	(21,439)	(2,047,687)	(107,725)
Interest expense	(2,714)	-	(10,341)	-
Interest income	62,140	4,899	141,049	23,407
Gain on sale of assets	3,048	-	70,235	-
	<u>(1,159,785)</u>	<u>(16,540)</u>	<u>(1,846,744)</u>	<u>(84,318)</u>
Provision for income tax.....	-	800	-	800
NET LOSS	(1,159,785)	(17,340)	(1,846,744)	(85,118)
Preferred stock dividends.....	-	7,557	-	30,226
NET LOSS ATTRIBUTABLE TO COMMON STOCK.....	<u>\$ (1,159,785)</u>	<u>\$ (24,897)</u>	<u>\$ (1,846,744)</u>	<u>\$ (115,344)</u>
BASIC AND DILUTED LOSS PER SHARE.....	<u>\$ (0.06)</u>	<u>\$ (0.02)</u>	<u>\$ (0.19)</u>	<u>\$ (0.08)</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	<u>18,492,266</u>	<u>1,509,865</u>	<u>9,907,457</u>	<u>1,509,865</u>