

# CONTANGO OIL & GAS COMPANY

## NEWS RELEASE

### **Contango Affiliate the High Bidder on Two Lease Tracts at State of Louisiana Mineral Lease Sale and Updates Operations**

FEBRUARY 15, 2007 – HOUSTON, TEXAS – Contango Oil & Gas Company (AMEX:MCF) announced today that its affiliated company, Republic Exploration LLC (“REX”), was the high bidder on two lease tracts at the State of Louisiana Mineral Lease Sale held on February 14, 2007 in Louisiana. REX bid approximately \$0.2 million (\$0.08 million net to Contango) on 51.65 acres of Tract 38858, and approximately \$4.4 million (\$1.8 million net to Contango) on 1,436.26 acres of Tract 38860 (collectively, the “Mary Rose” prospect).

The Company also announced today that its Dutch #1 well at Eugene Island 10 is flowing at 37 million cubic feet equivalent per day (“Mmcfe/d”) (12.2 Mmcfe/d net to Contango). Further, the remaining \$20 million of our previously announced \$30 million secured term loan facility with a private investment firm is now fully available.

Contango is a Houston-based, independent natural gas and oil company. The Company’s core business is to explore, develop, produce and acquire natural gas and oil properties primarily offshore in the Gulf of Mexico and onshore in the Arkansas Fayetteville Shale. The Company also owns a 10% interest in a limited partnership formed to develop an LNG receiving terminal in Freeport, Texas, and holds investments in companies focused on commercializing environmentally preferred energy technologies. Additional information can be found on our web page at [www.contango.com](http://www.contango.com).

This press release contains forward-looking statements that involve risks and uncertainties, and actual events or results may differ materially from Contango’s expectations. The statements reflect Contango’s current views with respect to future events that involve risks and uncertainties, including those 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 Contango’s publicly available reports filed with the Securities and Exchange Commission.

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