

CONTANGO OIL & GAS COMPANY

NEWS RELEASE

Contango Announces Successful Test at its Dutch Prospect and Updates Operations

APRIL 24, 2007 – HOUSTON, TEXAS – Contango Oil & Gas Company (AMEX:MCF) announced today that a production test at its Dutch #2 well has been successfully completed. The well tested at a rate of approximately 18 million cubic feet equivalent per day (“MMcfe/d”). The Company expects the Dutch #2 well to begin production by July 1, 2007, at which point the Dutch #1 and #2 wells are expected to flow at a combined rate of approximately 55 to 60 MMcfe/d. Dutch #1 is currently flowing at 40 MMcfe/d. The Company’s net revenue interest in Dutch #1 and Dutch #2, before payout, is approximately 29%, inclusive of its 42.7% investment in Republic Exploration LLC (“REX”). The Company’s independent third party engineer has calculated a March 31, 2007 pre-tax SEC PV-10 of future net cash flow attributable to our Dutch (Eugene Island Block #10) and Mary Rose (offshore State of Louisiana) discovery of \$203.9 million (on 43.5 billion cubic feet equivalent “(Bcfe)”). This compares to a NYMEX strip pricing pre-tax PV-10 value of \$233.4 million (on 43.5 Bcfe). Both PV-10 calculations assume an additional \$84 million of capital expenditures to drill two developmental wells and construct a production platform.

The Company’s remaining offshore and onshore reserves, including its Arkansas Fayetteville Shale play, have a March 31, 2007 pre-tax SEC PV-10 of future net cash flow of \$34.4 million (on 12.4 Bcfe), and a NYMEX strip pricing pre-tax PV-10 of \$41.3 million (on 12.9 Bcfe). For the pre-tax SEC PV-10 cash flow values, a natural gas price of \$7.34 per mmbtu and an oil price of \$65.87 per barrel, both further adjusted for quality and transportation basis, were used. For the NYMEX strip pre-tax PV-10 calculation, NYMEX Henry Hub natural gas and West Texas Intermediate oil monthly strip prices as of April 16, 2007 were used.

Kenneth R. Peak, Contango’s Chairman and Chief Executive Officer, said, “We expect to spud our Dutch #3 exploratory well in May 2007. The reserves associated with this well are classified as probable, and if successful would add to our proved reserves. As previously announced our independent third party engineer has assigned probable reserves, net to Contango, of approximately 77 Bcfe from our Dutch discovery. We expect to spud our fourth well, the Mary Rose #1, on Louisiana state acreage, upon completion of our Dutch #3 well later this summer. The reserves at our Mary Rose #1 well are classified as proved undeveloped. The Dutch #3 and the Mary Rose #1 are planned to flow into a platform currently under construction. The platform will have a capacity of 160 MMcfe/d, and is expected to be delivered in fall 2007, at an anticipated 8/8ths cost of \$25 million. We anticipate it will take between 7 to 9 wells to fully develop our Dutch and Mary Rose discovery.”

Our Dutch #3 well is expected to cost approximately \$25 million, while our Mary Rose #1 well is expected to cost approximately \$30 million, to drill, complete and hookup. The Company’s working interest is approximately 40%, inclusive of its 42.7% investment in REX.

In our Arkansas Fayetteville Shale play, our alliance partner, Alta Resources LLC (“Alta”) has drilled the first well of its five well rig contract, the Alta-Huff #1-29H. Fracing of this well is scheduled to occur in May. An independent third party operator has drilled the first of two additional wells on Alta’s behalf, the Alta-Chwalinski #1-29H. Five wells are currently scheduled to be drilled in and around

the Gravel Hill Field area in Conway and Van Buren Counties, Arkansas. Contango's approximate net average working interest and net revenue interest in these seven combined wells are 47.5% and 37%, respectively, with an estimated drill and complete cost of \$8.8 million, net to Contango.

The Company has now been integrated into 100 Fayetteville Shale wells by an independent third party oil and gas company (the "Integrated Wells"). Of these 100 Integrated Wells, 53 are producing, 24 are either being drilled or awaiting completion, and 23 are expected to be drilled in the next several months. The 8/8ths production rate for 46 of these 53 producing wells is 42 million cubic feet per day ("MMcf/d"). The Company's net revenue interest in these 53 producing wells is approximately 4.6%. Production data for the remaining 7 producing wells is not currently available.

As of April 20, the Company has approximately \$6.0 million in cash, \$35 million in debt outstanding, and \$15 million in borrowing capacity 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.

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 (the "SEC").

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.

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