

# CONTANGO OIL & GAS COMPANY

## NEWS RELEASE

### **Contango Updates Operations in its Arkansas Fayetteville Shale Play and Dutch Prospect**

JUNE 12, 2007 – HOUSTON, TEXAS – Contango Oil & Gas Company (AMEX:MCF) announced today that its Fayetteville Shale alliance partner, Alta Operating Company LLC (“Alta”), has extended its five well rig contract for an additional three wells. The first two of these three wells will be located in township 9N-12W, Van Buren County, Arkansas. The third well is planned to be drilled in township 8N-16W, Conway County, Arkansas. This third well will be located further south near the Company’s Thines, Ledbetter, Briggler, Clark and Wooten wells. Drilling under this extended contract is expected to begin in July 2007. The Thines well has been producing since January of 2007, and is currently producing at 600 mcf/d. The Company expects to bring the remaining four wells on production by August.

The 8/8ths production rate for the Company’s first well under the original 5 well drilling contract, the Alta Huff #1-29H, is currently producing 2.2 million cubic feet per day (“Mmcf/d”). Its initial production rate was 3.9Mmcf/d. The Company’s second well, the Alta-Jones #1-29H, is currently producing at an 8/8ths production rate of 3.9 Mmcf/d on a 34/64ths choke. This well’s initial production rate was 5.0 Mmcf/d. The Alta Chwalinski #1-29H, which was drilled by another independent oil and gas company is currently producing at 1.7Mmcf/d. Its initial production rate was 3.7 Mmcf/d. Contango owns a 49.9% working interest and a 38.2% net revenue interest in these three producing wells. A fourth well, drilled by a third party independent oil and gas company, the Alta-Koone 1-4H, is currently flowing back from fracture stimulation. The Koone well is expected to go to sales later this week.

The third and fourth wells drilled by Alta in section 29,10N-15W, the Alta Chwalinski #2-29H and the Alta Chwalinski #3-29H have been drilled and cased. A simultaneous fracture stimulation for these two wells is scheduled for later this month. The rig is currently moving to the fifth well, the Alta Deltic #1-8H in section 8, 9N-12W.

In its offshore Gulf of Mexico operations the company is drilling its Dutch #3 well and expects to be at a logging point in early to mid July. The Company plans to move to its Mary Rose #1 prospect location immediately upon completion of the Dutch #3 well. The Company anticipates its Dutch #2 discovery well will begin producing in early to mid July.

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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