

# CONTANGO OIL & GAS COMPANY

## NEWS RELEASE

### **Contango Announces its Third Successful Well at its Dutch Prospect**

June 29, 2007 – HOUSTON, TX – Contango Oil & Gas Company (AMEX:MCF) announced its third successful well at its Dutch prospect located offshore Gulf of Mexico at Eugene Island block 10. The Dutch #3 well is located approximately 2,200 feet southeast of the Dutch #1 well, and approximately one mile southwest of the Dutch #2 well. All three Dutch wells are operated by Contango Operators, Inc. (“COI”), a wholly-owned subsidiary of the Company.

The Dutch #1, #2 and #3 wells are expected to produce at a combined rate of 90 to 110 million cubic feet equivalent per day (“Mmcf/d”) through the Eugene Island 24 production platform. The Dutch #2 well is expected to begin producing by August 2007, and the Dutch #3 well is expected to begin producing by October 2007. The Dutch #1 well is currently producing at a rate of 38 Mmcf/d. Contango’s independent third party engineer estimates that proved reserves from its Dutch prospect as at June 30, 2007 are 226 billion cubic feet equivalent (“Bcfe”) (66 Bcfe net to Contango) and estimates that probable reserves are 205 Bcfe (59 Bcfe net to Contango). Total proved reserves plus probable reserves are 431 Bcfe (125 Bcfe net to Contango).

Upon completion and testing of the Dutch #3 well, the Company expects to begin drilling the Mary Rose #1 well, located in Louisiana state waters, in late July 2007. A production platform and pipeline, at an estimated cost of \$35 million, with a capacity of 300 Mmcf/d is being built by the Company to process and transport anticipated production from the Mary Rose #1 well and from an expected additional three to five wells.

COI has an approximate 16% working interest and Republic Exploration LLC (“REX”), a subsidiary in which the Company owns a 42.7% interest, has an approximate 56.5% working interest in our Dutch discovery or a combined working interest net to Contango of approximately 40%. The net revenue interests to COI and REX are approximately 12% and 42%, respectively, or a combined net revenue interest net to Contango of approximately 29%.

Kenneth R. Peak, Contango’s Chairman and Chief Executive Officer, said, “In addition to our continued success at our Dutch prospect, our Alta-Jones #1-29H well in the Fayetteville Shale has been producing to sales for three weeks, and is currently producing at a rate of 5.3 million cubic feet of gas per day (“Mmcf/d”). Overall, gross production to sales from wells operated by our Fayetteville partner, Alta Resources L.L.C., has increased from approximately 0.6 Mmcf/d to over 9 Mmcf/d in June. We believe we have opportunities to continue to add value at both our Dutch and Fayetteville Shale plays.”

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 ("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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