

# CONTANGO OIL & GAS COMPANY

## NEWS RELEASE

### Contango Announces Successful Test at its Dutch #3 Prospect

JULY 25, 2007 – HOUSTON, TEXAS – Contango Oil & Gas Company (AMEX:MCF) announced today that its Dutch #3 well on Eugene Island 10 has been successfully completed and production tested at a rate of approximately 34 million cubic feet equivalent per day (“Mmcfe/d”). The Company’s net revenue interest in Dutch #3, before payout, is approximately 30%, inclusive of its 42.7% investment in Republic Exploration LLC (“REX”). The Dutch #3 well is expected to produce at a rate of 45 to 55 Mmcfe/d and is expected to come on stream this fall.

The Company spudded its Mary Rose #1 well today, located on State of Louisiana Lease No. 18640, and expects its Dutch #2 well to begin production next week, which when combined with our Dutch #1 well, will bring our Dutch production to approximately 70 Mmcfe/d, or approximately 21 Mmcfe/d net to Contango. Current net production to Contango from our Fayetteville Shale is approximately 8.7 Mmcfe/d, thus Contango’s net production will be approximately 30 Mmcfe/d.

Kenneth R. Peak, Contango’s Chairman and Chief Executive Officer, said, “Our monthly cash flow is expected to continue to grow in quantum steps as we ramp up production from our future Dutch and Mary Rose wells. We expect that our Mary Rose #1 well will be at least as productive as our Dutch #3 well. In addition, we are now less than a year away from first revenues and cash flow from our Freeport LNG investment. We currently have approximately \$4 million in cash and \$30 million of unutilized debt capacity.

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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