

CONTANGO OIL & GAS COMPANY

NEWS RELEASE

Contango Reports First Quarter Results

NOVEMBER 7, 2007 – HOUSTON, TEXAS – Contango Oil & Gas Company (AMEX:MCF) reported revenues from sales of natural gas, oil and natural gas liquids for the three months ended September 30, 2007 of approximately \$14.1 million, compared to \$1.2 million for the same period last year.

The Company reported net income attributable to common stock for the three months ended September 30, 2007 of approximately \$5.7 million, or \$0.36 per basic share and \$0.35 per diluted share, compared to a net loss attributable to common stock for the three months ended September 30, 2006 of approximately \$0.4 million, or \$0.03 per basic and diluted share.

Kenneth R. Peak, the Company's Chairman and Chief Executive Officer, said "Our average production for the three months ended September 30, 2007 was 7.2 million cubic feet per day ("Mmcf/d") onshore and 17.6 million cubic feet equivalent per day ("Mmcfe/d") in the Gulf of Mexico. As of November 5, 2007, we were producing 9.6 Mmcf/d onshore and 23.4 Mmcfe/d in the Gulf of Mexico. As a result of our previously announced capacity additions to the Eugene Island 24 platform, we anticipate our net Gulf of Mexico production will increase to 30 to 35 Mmcfe/d in December 2007."

CONTANGO OIL & GAS COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended	
	September 30,	
	2007	2006
REVENUES:		
Natural gas and oil sales.....	\$ 14,128,014	\$ 1,192,306
Total revenues.....	14,128,014	1,192,306
EXPENSES:		
Operating expenses.....	1,674,645	132,949
Exploration expenses.....	411,389	401,347
Depreciation, depletion and amortization.....	2,869,527	212,191
General and administrative expenses.....	1,342,461	1,103,342
Total expenses.....	6,298,022	1,849,829
NET INCOME (LOSS) BEFORE OTHER INCOME AND INCOME TAXES.....		
	7,829,992	(657,523)
Interest expense (net of interest capitalized).....	(829,860)	(167,471)
Interest income.....	364,314	251,659
Other income.....	2,122,660	84,391
NET INCOME (LOSS) BEFORE INCOME TAXES.....	9,487,106	(488,944)
Benefit (provision) for income taxes.....	(3,315,636)	233,088
NET INCOME (LOSS).....	6,171,470	(255,856)
Preferred stock dividends.....	450,000	150,000
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON STOCK.....	\$ 5,721,470	\$ (405,856)
NET INCOME (LOSS) PER SHARE:		
Basic		
Continuing operations.....	\$ 0.36	\$ (0.03)
Diluted		
Continuing operations.....	\$ 0.35	\$ (0.03)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:		
Basic.....	15,991,762	15,004,548
Diluted.....	16,419,956	15,004,548

Production, Prices, Operating Expenses and Other

	Three Months Ended	
	September 30,	
	2007	2006
	(Dollar amounts in 000's, except per Mcfe amounts)	
Production Data:		
Natural gas (million cubic feet).....	2,065	144
Oil, condensate and NGLs (thousand barrels).....	38	4
Total (million cubic feet equivalent).....	2,293	168
Natural gas (million cubic feet per day).....	22.4	1.6
Oil, condensate and NGLs (thousand barrels per day).....	0.4	0.1
Total (million cubic feet equivalent per day).....	24.8	2.2
Average sales price:		
Natural gas (per thousand cubic feet).....	\$ 5.83	\$ 6.25
Oil, condensate and NGLs (per barrel).....	\$ 54.99	\$ 70.21
Selected data per Mcfe:		
Production and severance taxes.....	\$ 0.02	\$ 0.27
Lease operating expenses.....	\$ 0.71	\$ 0.52
General and administrative expenses.....	\$ 0.59	\$ 6.54
Depreciation, depletion and amortization of natural gas and oil properties.....	\$ 1.19	\$ 1.00

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.

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