

CONTANGO OIL & GAS COMPANY

NEWS RELEASE

Contango Reports Second Quarter Results

FEBRUARY 8, 2008 – HOUSTON, TEXAS – Contango Oil & Gas Company (AMEX:MCF) reported net income attributable to common stock for the three months ended December 31, 2007 of approximately \$111.3 million, or \$6.94 per basic share and \$6.47 per diluted share, which included a gain on the sale of our Western core Arkansas Fayetteville shale of approximately \$156.4 million. This compares to a net loss attributable to common stock for the three months ended December 31, 2006 of approximately \$2.5 million, or \$0.16 per basic and diluted share.

The net income attributable to Contango common stock for the six months ended December 31, 2007 was approximately \$117.0 million, or \$7.31 per basic share and \$6.84 per diluted share, compared to a net loss attributable to common stock for the six months ended December 31, 2006 of approximately \$2.9 million, or \$0.19 per basic and diluted share.

Kenneth R. Peak, Contango's Chairman and Chief Executive Officer, said, "About all I can say is we had a great quarter and expect our third quarter will be great as well."

CONTANGO OIL & GAS COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended		Six Months Ended	
	December 31,		December 31,	
	2007	2006	2007	2006
REVENUES:				
Natural gas, oil and liquids sales.....	\$ 21,246,553	\$ 850,407	\$ 35,374,567	\$ 2,042,713
Total revenues.....	<u>21,246,553</u>	<u>850,407</u>	<u>35,374,567</u>	<u>2,042,713</u>
EXPENSES:				
Operating expenses.....	959,232	144,702	2,633,877	277,651
Exploration expenses.....	451,440	496,123	862,829	897,470
Depreciation, depletion and amortization.....	1,842,252	292,192	4,711,779	504,383
Impairment of natural gas and oil properties.....	-	192,109	-	192,109
General and administrative expenses.....	1,755,181	1,425,599	3,097,642	2,528,941
Total expenses.....	<u>5,008,105</u>	<u>2,550,725</u>	<u>11,306,127</u>	<u>4,400,554</u>
NET INCOME (LOSS) BEFORE OTHER INCOME				
AND INCOME TAXES.....	16,238,448	(1,700,318)	24,068,440	(2,357,841)
OTHER INCOME (EXPENSE):				
Interest expense (net of interest capitalized).....	(1,329,499)	(390,434)	(2,159,359)	(557,905)
Interest income.....	484,195	155,483	848,509	407,142
Gain (loss) on sale of asset and other.....	156,480,624	(1,401,076)	158,603,284	(1,316,685)
NET INCOME (LOSS) BEFORE INCOME TAXES.....	171,873,768	(3,336,345)	181,360,874	(3,825,289)
Benefit (provision) for income taxes.....	(60,150,027)	1,019,484	(63,465,663)	1,252,572
NET INCOME (LOSS).....	111,723,741	(2,316,861)	117,895,211	(2,572,717)
Preferred stock dividends.....	450,000	142,500	900,000	292,500
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON STOCK.....	<u>\$ 111,273,741</u>	<u>\$ (2,459,361)</u>	<u>\$ 116,995,211</u>	<u>\$ (2,865,217)</u>
NET INCOME (LOSS) PER SHARE:				
Basic.....	\$ 6.94	\$ (0.16)	\$ 7.31	\$ (0.19)
Diluted.....	\$ 6.47	\$ (0.16)	\$ 6.84	\$ (0.19)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:				
Basic.....	<u>16,023,002</u>	<u>15,031,697</u>	<u>16,007,091</u>	<u>15,018,305</u>
Diluted.....	<u>17,277,392</u>	<u>15,031,697</u>	<u>17,245,483</u>	<u>15,018,305</u>

Production, Prices, Operating Expenses and Other

	Three Months Ended		Six Months Ended	
	December 31,		December 31,	
	2007	2006	2007	2006
	(Dollar amounts in 000's, except per Mcfe amounts)		(Dollar amounts in 000's, except per Mcfe amounts)	
Production Data:				
Natural gas (million cubic feet).....	2,447	105	4,512	248
Oil, condensate and NGLs (thousand barrels).....	38	1	77	5
Total (million cubic feet equivalent).....	2,675	111	4,974	278
Natural gas (million cubic feet per day).....	26.6	1.1	24.5	1.3
Oil, condensate and NGLs (thousand barrels per day).....	0.4	0.1	0.4	0.1
Total (million cubic feet equivalent per day).....	29.0	1.7	26.9	1.9
Average sales price:				
Natural gas (per thousand cubic feet).....	\$ 7.32	\$ 7.45	\$ 6.64	\$ 6.76
Oil, condensate and NGLs (per barrel).....	\$ 86.85	\$ 58.33	\$ 70.99	\$ 67.56
Selected data per Mcfe:				
Production and severance taxes.....	\$ 0.01	\$ 0.76	\$ 0.02	\$ 0.47
Lease operating expenses.....	\$ 0.34	\$ 0.53	\$ 0.51	\$ 0.52
General and administrative expenses.....	\$ 0.66	\$ 12.74	\$ 0.62	\$ 9.01
Depreciation, depletion and amortization of natural gas and oil properties.....	\$ 0.63	\$ 2.15	\$ 0.89	\$ 1.46

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. The Company also 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 regarding Contango that are intended to be covered by the safe harbor "forward-looking statements" provided by of the Private Securities Litigation Reform Act of 1995, based on Contango's current expectations and includes statements regarding acquisitions and divestitures, estimates of future production, future results of operations, quality and nature of the asset base, the assumptions upon which estimates are based and other expectations, beliefs, plans, objectives, assumptions, strategies or statements about future events or performance (often, but not always, using words such as "expects", "projects", "anticipates", "plans", "estimates", "potential", "possible", "probable", or "intends", or stating that certain actions, events or results "may", "will", "should", or "could" be taken, occur or be achieved). Statements concerning oil and gas reserves also may be deemed to be forward looking statements in that they reflect estimates based on certain assumptions that the resources involved can be economically exploited. Forward-looking statements are based on current expectations, estimates and projections that involve a number of risks and uncertainties, which could cause actual results to differ materially from those, reflected in the statements. These risks include, but are not limited to: the risks of the oil and gas industry (for example, operational risks in exploring for, developing and producing crude oil and natural gas; risks and uncertainties involving geology of oil and gas deposits; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to future production, costs and expenses; potential delays or changes in plans with respect to exploration or

development projects or capital expenditures; health, safety and environmental risks and risks related to weather such as hurricanes and other natural disasters); uncertainties as to the availability and cost of financing; fluctuations in oil and gas prices; risks associated with derivative positions; inability to realize expected value from acquisitions, inability of our management team to execute its plans to meet its goals, shortages of drilling equipment, oil field personnel and services, unavailability of gathering systems, pipelines and processing facilities and the possibility that government policies may change or governmental approvals may be delayed or withheld. Additional information on these and other factors which could affect Contango's operations or financial results are included in Contango's other reports on file with the Securities and Exchange Commission. Investors are cautioned that any forward-looking statements are not guarantees of future performance and actual results or developments may differ materially from the projections in the forward-looking statements. Forward-looking statements are based on the estimates and opinions of management at the time the statements are made. Contango does not assume any obligation to update forward-looking statements should circumstances or management's estimates or opinions change.

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