

CONTANGO OIL & GAS COMPANY

NEWS RELEASE

Contango Announces Second Successful Well at its Mary Rose Prospect and Updates Operations

FEBRUARY 11, 2008 – HOUSTON, TX – Contango Oil & Gas Company (AMEX:MCF) announced a successful well at its Mary Rose prospect located in Louisiana state waters at State Lease No. 19266. This is the second well the Company has drilled on its Mary Rose prospect (“Mary Rose #3”). The well is located approximately six miles off the coast of Louisiana and was drilled by Contango Operators, Inc. (“COI”), a wholly-owned subsidiary of the Company.

On an 8/8ths basis, proved reserves from our Dutch and Mary Rose discoveries increased from 435 billion cubic feet equivalent (“Bcfe”) as of December 31, 2007 to 620 Bcfe, a 43% increase, as estimated by the Company’s independent third party engineer. Probable reserves from our Dutch and Mary Rose discoveries decreased from 137 Bcfe as of December 31, 2007 to 130 Bcfe, a 5 % decrease. Total proved reserves plus probable reserves increased from 572 Bcfe as of December 31, 2007 to 750 Bcfe, a 31% increase.

Net to Contango, proved reserves from our Dutch and Mary Rose discoveries increased from 126 Bcfe as of December 31, 2007 to 217 Bcfe, a 72% increase. This larger percentage increase is attributable to the Company having purchased additional working interests and net revenue interests in the Dutch and Mary Rose discoveries in January 2008. Probable reserves from our Dutch and Mary Rose discoveries decreased from 34 Bcfe as of December 31, 2007 to 31 Bcfe, a 9% decrease. Total proved reserves plus probable reserves increased from 160 Bcfe at December 31, 2007 to 248 Bcfe, a 55% increase.

The Company has spud a wildcat exploration well at High Island A198. The Company is paying 100% of the costs until casing point. Republic Exploration LLC (“REX”), a partially-owned subsidiary of the Company, is being carried ‘through the tanks’ for 10%. Once casing is set, REX can elect to take an additional 25% working interest. Once production begins, assuming a successful well, Contango will have a 65% working interest and REX will have a 35% working interest in this well.

Kenneth R. Peak, Contango’s Chairman and Chief Executive Officer, said, “We are planning to spud our third Mary Rose well (“Mary Rose #2”) by the end of March 2008. We have now completed nearly \$400 million in asset sales over the last two months and \$200 million in like-kind exchange purchases of reserves at our Dutch and Mary Rose discoveries. We recently completed a \$9 million like-kind exchange purchase of a 0.3% overriding royalty interest in Dutch and Mary Rose, and expect to conclude another \$100 million of like-kind reserve purchases within the next 60 days.”

“We are making progress on our platform and pipeline construction being built to process and transport our Mary Rose production. We now estimate we will have our Mary Rose #1 and Mary Rose #3 wells on production in the May-June time frame. Our 8/8ths production from our three Dutch wells is currently approximately 85 million cubic feet equivalent per day and is constrained due to on-shore processing plant repairs.”

Mr. Peak continued, “Our assets and exploration activities are now 100% focused on the Gulf of Mexico as we continue to study our strategic options and alternatives.”

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 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 (“SEC”). 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.

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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