

CONTANGO OIL & GAS COMPANY

NEWS RELEASE

Contango Announces Successful Development Well at Mary Rose #2 and Begins Production of Mary Rose #1 and #3 Wells

APRIL 29, 2008 – HOUSTON, TEXAS – Contango Oil & Gas Company (AMEX:MCF) announced a successful well at its Mary Rose #2 location in Louisiana state waters. This is the third well the Company has drilled on its Mary Rose prospect and we expect to test this well by the end of May 2008. The Company's net revenue interest in this well is approximately 38.5%. Upon completion and tie-in to our recently completed production platform at Eugene Island 11, we expect the well to flow at an 8/8ths rate of approximately 50 to 60 million cubic feet equivalent per day ("Mmcfe/d"). Mary Rose #2 was drilled by Contango Operators, Inc. ("COI"), a wholly-owned subsidiary of the Company.

Mary Rose #1 and Mary Rose #3 have begun producing, and are currently flowing at a combined rate of approximately 85 Mmcfe/d (approximately 33.5 Mmcfe/d net to Contango). The Company's plan is to gradually bring the 8/8ths production of each of these wells up to 50 to 60 Mmcfe/d. The Company's net revenue interest in these two wells is approximately 39.5%. The wells flow into the Company's production platform at Eugene Island 11, and through its associated pipeline into the ANR Pipeline Company facilities at Eugene Island 63. The gas is then processed on-shore at Crosstex's Pelican plant near Patterson, Louisiana.

Kenneth R. Peak, Contango's Chairman and Chief Executive Officer, said, "We are drilling our Mary Rose #4 exploration well, in which we have a net revenue interest of approximately 25.5%. Upon completion of our Mary Rose #2 well and if successful at Mary Rose #4, both wells will flow into our production platform at Eugene Island 11. Our three Dutch wells are currently flowing to a third party operated platform at Eugene Island 24 at a capacity constrained level of approximately 75 Mmcfe/d (approximately 28.5 Mmcfe/d net to Contango). We expect to have the downstream constraints removed by July and then flow our Dutch wells at a combined rate of 100 Mmcfe/d."

Mr. Peak continued, "As previously announced, we have authorized Merrill Lynch & Co. to obtain proposals for the purchase of the Company's Dutch and Mary Rose discoveries, through the sale of the Company, with the simultaneous spin-off of the remaining Contango assets to our shareholders in a new company, Contango Energy Company. We expect to open a data room for this sale upon completion and evaluation of our Mary Rose #4 well, currently estimated to be before the end of June 2008."

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. 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. 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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