

CONTANGO OIL & GAS

NEWS RELEASE

Contango Oil & Gas Company Announces First Quarter Results

November 1, 2000 – HOUSTON, TEXAS – Contango Oil & Gas Company (OTCBB:BTUX) announced results for the three months ended September 30, 2000.

Contango, a development stage company, reported revenues during the three months ended September 30, 2000 of \$2,081,734. The Company had no revenues from operations for the three months ended September 30, 1999. Net income attributable to common stock for the three months ended September 30, 2000 was \$188,067, or \$0.01 per basic and diluted share, compared to a net loss for the three months ended September 30, 1999 of \$(298,380), or \$(0.05) per basic and diluted share.

Kenneth R. Peak, Chairman and Chief Executive Officer, stated, “The principal reason for our growth in revenues and profitability during the quarter has been the success of our exploratory program in south Texas. Since May 2000, we have drilled a total of 10 exploratory wells, nine of which have been successful. Of these nine, seven are producing and two are currently being completed. We have about 10 additional exploratory locations that we expect to drill over the next six months. We also anticipate drilling two Gulf of Mexico exploration wells over the next several months through our ownership in Republic Exploration, L.L.C. At October 31, 2000, our total net production was approximately 10.0 million cubic feet of natural gas and 400 barrels of oil per day. Based on natural gas and crude oil prices as of late October, we anticipate operating cash flow of around \$1.7 million for the month of November 2000.”

Contango is a Houston-based, development stage, independent natural gas and oil company. The Company explores and acquires natural gas and oil properties primarily in the onshore Gulf Coast and offshore Gulf of Mexico. Additional information can be found on our web page at www.contango-oandg.com.

This news release contains forward-looking statements within the meaning of the Securities Litigation Reform Act. The statements reflect the company’s current views with respect to future events that involve risks and uncertainties including uncertainties 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 the company’s publicly available SEC reports. In light of these risks and uncertainties, the forward-looking events described in this release might not occur.

Contango Oil & Gas Company
3700 Buffalo Speedway, Suite 960
Houston, Texas 77098
www.contango-oandg.com

For information, contact:
Kenneth R. Peak
(713) 960-1901

**CONTANGO OIL & GAS COMPANY
(A DEVELOPMENT STAGE ENTERPRISE)**

CONDENSED STATEMENTS OF OPERATIONS

	Three Months Ended	
	September 30,	
	2000	1999
REVENUES:		
Natural gas and oil sales.....	\$ 2,081,734	\$ -
EXPENSES:		
Lease operating expense.....	208,835	-
Exploration expense	681,000	10,000
Depreciation, depletion and amortization.....	570,736	610
General and administrative expense	464,882	290,070
Total expenses.....	1,925,453	300,680
INCOME (LOSS) FROM OPERATIONS.....	156,281	(300,680)
Interest expense	(1,174)	-
Interest income	57,618	2,300
INCOME (LOSS) BEFORE INCOME TAX	212,725	(298,380)
Provision for income tax.....	-	-
NET INCOME (LOSS)	212,725	(298,380)
Preferred stock dividends.....	24,658	-
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON STOCK	\$ 188,067	\$ (298,380)
NET INCOME (LOSS) PER SHARE:		
Basic.....	\$ 0.01	\$ (0.05)
Diluted.....	\$ 0.01	\$ (0.05)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:		
Basic.....	21,448,929	5,648,669
Diluted.....	23,046,549	5,648,669