

CONTANGO OIL & GAS COMPANY

NEWS RELEASE

Contango Updates Operations

SEPTEMBER 16, 2008 – HOUSTON, TEXAS – Contango Oil & Gas Company (AMEX:MCF) announced today that its offshore facilities sustained only minor damage from Hurricane Ike. Our Dutch #2 well, our Mary Rose #1 - #4 wells and our production platform at Eugene Island 11 have no damage. Our Dutch #1 and #3 wells suffered damage to their SCADA control systems and we expect to have them repaired within two weeks. The downstream gas processing facilities for our Dutch production was flooded and we are unable to provide an estimate as to a projected start-up time for production from our Dutch wells.

We are ready to begin producing from our four Mary Rose wells and are only awaiting the go-ahead from our downstream pipeline operator. The related ancillary downstream processing facilities are ready to process our gas and condensate. Prior to the two hurricanes, our Mary Rose production was approximately 200 million cubic feet equivalent per day (“Mmcfed”) 8/8ths or approximately 75 Mmcfed net to Contango. We anticipate we will begin production within a week or less. Our drilling rig is moving today to drill our Dutch #4 rate acceleration well and upon completion will move to our Mary Rose #5 rate acceleration well.

Our corporate office sustained major damage and we are temporarily relocating to an office approximately 200 yards away. Our e-mail and telephone are working and remain the same. We have not lost any paper files and all of our electronic files were backed up prior to the storm.

Kenneth R. Peak, Contango’s Chairman and Chief Executive Officer, said, “We are fortunate that all of our employees and partners are fine. The temporary move is only an inconvenience, and our offshore facilities are either ready or soon will be, to begin producing.”

Mr. Peak continued, “Our stock, like many others, has dropped dramatically over the past two weeks. Natural gas and oil prices are down significantly, and our production has been shut-in for all of September, so some decline is to be expected. We have run an economic case for our proved reserves, assuming we drill five rate acceleration wells and assuming \$7.00 per Mmbtu natural gas and \$70.00 per barrel of oil, NYMEX prices flat forever. We then subtracted 35% from pre-tax income for projected federal income taxes. The PV-10 of this case is approximately \$1.3 billion or \$78.00 per share, assuming 16.9 million shares outstanding. Our reserves have been in place for about 50 million years and aren’t going away because of a storm. We have no debt and only six employees and thus our ongoing financial commitments are minimal. Contango has now purchased approximately 100,000 shares. We have approximately \$40.0 million in cash and are continuing to purchase shares.”

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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