

# CONTANGO OIL & GAS COMPANY

## NEWS RELEASE

### Contango Spuds Two Offshore Wells and Updates Operations

MARCH 5, 2010 – HOUSTON, TEXAS – Contango Oil & Gas Company (NYSE Amex: MCF) announced today that the Company has spud two exploration wells in the Gulf of Mexico. Our Dude prospect (Matagorda Island 617) was spud in mid-February 2010. In addition, we have taken a farm-in on block Eugene Island 10 to drill a well on our Eloise South prospect. This well was spud March 2, 2010 and will test the Rob L sands we see in our Eloise North well, and is being drilled in a location so that upon depletion of our Eloise South well, our well bore will be completed up-hole and produce in the Cib-op sand as our Dutch #5 well. The Company has a 100% working interest (72% net revenue interest) in Dude, a 29.7% working interest (19% net revenue interest) in Eloise South, and a 47.0% working interest (37.6% net revenue interest) in Dutch #5. Collectively, the Company has budgeted to invest a total, net to our interest, of approximately \$25.0 million to drill both wells.

Completion operations on our Ship Shoal 263 discovery are proceeding and production from this well is expected to begin by mid-summer 2010 at an estimated rate of 20 million cubic feet equivalent per day (“Mmcfed”), net to Contango. To date, the Company has invested approximately \$16.0 million in this well, and we expect to invest an additional \$11.0 million to bring the well to production.

Repairs are underway on the Company’s recently ruptured 20” pipeline that runs from our production platform at EI-11 to EI-63. We estimate the total cost to repair the pipeline will be approximately \$2 million (8/8ths) which we believe will be covered by our insurance policies subject to a deductible of \$0.5 million (8/8ths) and the work is expected to be completed by the end of March 2010. The Company has an approximate 53% ownership interest in the pipeline.

The Company’s on-shore drilling program with its joint venture partner, Patara Oil & Gas LLC, is currently producing at a rate of approximately 2.1 Mmcfed, net to Contango, from three wells. Our fourth well has been spudded and we plan to fracture stimulate the well this month. We are drilling ahead on our fifth and sixth wells. To date we have invested approximately \$7.5 million in this drilling program.

Our offshore production is approximately 33 Mmcfed, net to Contango and we expect it will increase back to approximately 75 to 80 Mmcfed upon repairs to our pipeline. As of March 1, 2010, we had no debt, approximately \$80.0 million in net cash and cash equivalents and \$50 million of unused borrowing capacity.

Kenneth R. Peak, Contango’s Chairman and Chief Executive Officer, said “We anticipate we will spud two more farm-in wells, one offshore and one on-shore, prior to June 30, 2010.”

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](http://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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