

CONTANGO OIL & GAS COMPANY

NEWS RELEASE

Contango Announces an Investment in Alaskan Mineral Exploration

MARCH 8, 2010 – HOUSTON, TEXAS – Contango Oil & Gas Company (NYSE Amex: MCF) announced today that its wholly-owned subsidiary, Contango ORE Company (“CORE”), has agreed to invest up to \$3.0 million to conduct mineral exploration activities on approximately 580,000 acres of Alaska Native and State of Alaska lands located in interior Alaska (“Mineral Exploration Lands”). CORE purchased a 50% ownership from a private company for \$1.0 million, together with our commitment to invest the next \$2.0 million of capex to fund the expenses associated with the initial mineral exploration phase on this acreage. CORE and its partner will share expenses on a 50/50 basis thereafter and each will own a 50% working interest burdened by an approximate 5% overriding royalty interest.

Field exploration began in June 2009 and CORE has thus far invested a total of \$1.3 million. In our 2009 exploration program, a total of 1,076 rock, soil, pan concentrate and stream silt samples were collected. Of this total, 567 rock and soil samples were taken over a 40-acre area of exploration interest, with 348 samples showing measurable amounts of gold and 30 samples with measured gold of 0.5 grams per tonne or higher. The Mineral Exploration Lands have not been extensively explored for gold and cover several geologic terranes which are prospective for mineral deposits with gold, base metal and platinum group element prospects that are on trend to our Mineral Exploration Lands. Should this summer’s planned trenching, soil samples and mineralization studies indicate that additional exploration is warranted, CORE will have the opportunity to invest significantly more capital in this project.

Kenneth R. Peak, Contango’s Chairman and Chief Executive Officer, said, “This investment does not signal, foreshadow or represent a change in our natural gas and oil exploration business model. We recognize that the risks and challenges inherent in gold exploration are quite different from our natural gas and oil exploration business and were attracted to invest in this project solely by what we perceive to be its reward/risk ratio, where a relatively small amount of initial exploration risk capital (\$3 to \$5 million is envisioned) could potentially lead to a more extensive gold exploration/development project. Our 2009 exploration program found relatively few samples of commercial grade gold ore – generally considered to be 0.5 grams per tonne or more – but we believe our results merit an expanded exploration program for the summer of 2010.”

Mr. Peak continued, “Our planned 2010 exploration program will be directed toward additional rock sampling, trenching and drilling core holes. Shareholders are reminded that at this early exploration stage our investment should be considered as nothing more than an “interesting speculation” and that the odds of our ultimately being successful in finding gold in a volume sufficient to support a commercial gold mining operation are quite low. To put it in oil and gas parlance, this “play” is the rankest of “wildcats” that is currently only at the “idea” stage and we are hoping, based on our 2010 work program, to learn if we can mature it to the “prospect” stage in order to justify committing additional risk exploration capital. After we have taken our core, rock and pan samples, they will be assayed in an independent lab and then evaluated for prospectivity and commercial development potential. This process will likely take until December 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.

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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