

CONTANGO OIL & GAS COMPANY

NEWS RELEASE

Contango Oil & Gas Company Announces Second Quarter Results

FEBRUARY 14, 2001 – HOUSTON, TEXAS – Contango Oil & Gas Company (AMEX:MCF) announced results for the three and six months ended December 31, 2000.

Contango reported natural gas and oil sales for the three months ended December 31, 2000 of \$6,690,178, compared to \$6,367 for the three months ended December 31, 1999. After reflecting an unrealized loss from hedging activities of \$2,588,370, revenues for three months ended December 31, 2000 were reduced to \$4,101,808. Net income attributable to common stock for the three months ended December 31, 2000 was \$1,365,002, or \$0.12 per basic share and \$0.10 per diluted share, compared to a net loss for the three months ended December 31, 1999 of \$(297,575), or \$(0.05) per basic and diluted share.

Natural gas and oil sales for the six months ended December 31, 2000 were \$8,771,912, compared to \$6,367 for the six months ended December 31, 1999. After reflecting an unrealized loss from hedging activities of \$2,588,370, revenues for six months ended December 31, 2000 were reduced to \$6,183,542. Net income attributable to common stock for the six months ended December 31, 2000 was \$1,553,069, or \$0.14 per basic share and \$0.13 per diluted share, compared to a net loss for the six months ended December 31, 1999 of \$(595,955), or \$(0.13) per basic and diluted share.

Kenneth R. Peak, Chairman and Chief Executive Officer, stated, “We continue to have success in our south Texas exploration program. Since May 2000, we have drilled 15 wells, 14 of which have been successful. As of mid-February 2001, our net production rates were approximately 12.0 million cubic feet of gas and 400 barrels of oil per day. We have another 10 to 15 additional exploratory locations that we expect to drill in south Texas over the remainder of calendar year 2001. Through our minority owned subsidiary, Republic Exploration LLC, we also expect to spud two Gulf of Mexico wells by this summer.”

Contango is a Houston-based, independent oil and natural gas company. The company explores and acquires oil and gas 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.

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CONTANGO OIL & GAS COMPANY
CONDENSED STATEMENTS OF OPERATIONS

	<u>Three Months Ended</u> <u>December 31,</u>		<u>Six Months Ended</u> <u>December 31,</u>	
	<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
REVENUES:				
Natural gas and oil sales	\$ 6,690,178	\$ 6,367	\$ 8,771,912	\$ 6,367
Unrealized loss from hedging activities	<u>(2,588,370)</u>	<u>-</u>	<u>(2,588,370)</u>	<u>-</u>
Total revenues	<u>4,101,808</u>	<u>6,367</u>	<u>6,183,542</u>	<u>6,367</u>
EXPENSES:				
Operating expenses	649,980	1,677	858,815	1,677
Exploration expense	658,573	78,928	1,339,573	88,928
Depreciation, depletion and amortization	953,799	1,438	1,524,535	2,048
General and administrative expense	<u>487,628</u>	<u>241,401</u>	<u>952,510</u>	<u>531,471</u>
Total expenses	<u>2,749,980</u>	<u>323,444</u>	<u>4,675,433</u>	<u>624,124</u>
INCOME (LOSS) FROM OPERATIONS	1,351,828	(317,077)	1,508,109	(617,757)
Interest expense	(237)	-	(1,411)	-
Interest income	<u>163,959</u>	<u>19,502</u>	<u>221,577</u>	<u>21,802</u>
INCOME (LOSS) BEFORE INCOME TAXES	1,515,550	(297,575)	1,728,275	(595,955)
Provision for income taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCOME (LOSS)	1,515,550	(297,575)	1,728,275	(595,955)
Preferred stock dividends	<u>150,548</u>	<u>-</u>	<u>175,206</u>	<u>-</u>
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON STOCK	<u>\$ 1,365,002</u>	<u>\$ (297,575)</u>	<u>\$ 1,553,069</u>	<u>\$ (595,955)</u>
NET INCOME (LOSS) PER SHARE				
Basic	<u>\$ 0.12</u>	<u>\$ (0.05)</u>	<u>\$ 0.14</u>	<u>\$ (0.13)</u>
Diluted	<u>\$ 0.10</u>	<u>\$ (0.05)</u>	<u>\$ 0.13</u>	<u>\$ (0.13)</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
Basic	<u>11,467,470</u>	<u>6,516,541</u>	<u>11,095,967</u>	<u>4,663,400</u>
Diluted	<u>15,057,273</u>	<u>6,516,541</u>	<u>12,917,744</u>	<u>4,663,400</u>
PRODUCTION:				
Natural gas (Mcf)	916,000	1,353	1,221,000	1,353
Oil and condensate (Bbls)	36,000	123	54,000	123
Mcf	1,132,000	2,091	1,545,000	2,091
OPERATING EXPENSES (per Mcfe):				
Lease operating expense (before taxes)	\$ 0.17	\$ 0.61	\$ 0.18	\$ 0.61
Production and severance taxes	<u>0.40</u>	<u>0.19</u>	<u>0.38</u>	<u>0.19</u>
Total operating expenses	<u>\$ 0.57</u>	<u>\$ 0.80</u>	<u>\$ 0.56</u>	<u>\$ 0.80</u>
Depreciation, depletion and amortization of natural gas and oil properties	\$ 0.82	\$ 0.40	\$ 0.97	\$ 0.40