

CONTANGO OIL & GAS COMPANY

NEWS RELEASE

Contango Updates Operations and Announces Two Company Presentations

JULY 27, 2004 – HOUSTON, TEXAS – Contango Oil & Gas Company (AMEX:MCF) announced that during the quarter ended June 30, 2004, the Company drilled five exploratory wells, four of which were successful and one of which was a dry hole. The Company drilled two Queen City wells, in Duval Co., Texas (NRIs 16.8% and 31.5%) with its alliance partner, Alta Resources. A Wilcox prospect (NRI 14.3%) was successfully drilled in Zapata Co., Texas with the Company's alliance partner Ameritex. The fourth successful well in the quarter was the Ship Shoal 358 #A-3 well (NRI 7.7% by the Company's 66.7% owned subsidiary, Contango Offshore Exploration, LLC). The Ship Shoal 358 #A-3 well is currently producing. The Company expects production to begin at the two Queen City wells in early August 2004, and the Wilcox well to begin production in September 2004. The Company further announced that its exploratory oil well in southwestern France was unsuccessful, and the well has been plugged and abandoned.

Kenneth R. Peak said, "We anticipate the high level of drilling activity experienced during the last quarter to continue for the balance of calendar year 2004. Through year end 2004, we expect to drill a total of 15 wells onshore in south Texas at an estimated net lease and dry hole cost to Contango of \$6.0 million (approximate working interest 33%). In addition, we expect three Gulf of Mexico wells in which we have a carried interest will begin drilling before year end. Currently, one onshore south Texas well is drilling, and Eugene Island 113B, an offshore well in the Gulf of Mexico, is drilling."

Mr. Peak continued, "Our current production rate is approximately 13.0 MMBtue per day. The production from the recent four successful wells is expected to add to our net production by approximately 2.5 MMBtue per day. At these anticipated production levels and current commodity prices, we expect to maintain our cash flow of approximately \$2.0 million per month through December 2004. We have approximately \$4.8 million of bank debt outstanding and currently have \$17.6 million of available bank loan capacity."

The Company also reported that Contango's Chairman and CEO, Kenneth R. Peak, will be making a corporate presentation at the Pritchard Capital Partners summer energy conference in New York City on Tuesday, July 27, 2004 at 11:15 AM (Eastern Time). Web casting is not available for the Pritchard presentation, but a copy of the slide presentation is available on the Contango website at www.contango.com. Mr. Peak will also be a presenter at the Ninth Oil & Gas Conference in Denver at 4:30 PM (Mountain Time) on Wednesday, August 4, 2004. To listen to a delayed web cast from the Ninth Oil & Gas Conference, log on to the conference web site, www.theoilandgasconference.com, for access to the presentation. A copy of Mr. Peak's Denver slide presentation will be available on the Contango website at www.contango.com.

Contango is a Houston-based, independent natural gas and oil company. The Company explores, develops, produces and acquires natural gas and oil properties primarily onshore in the Gulf Coast and offshore in the Gulf of Mexico. Contango also owns a 10% partnership interest in Freeport LNG Development L.P., which is developing a 1.5 BCF per day LNG terminal in Freeport, Texas, and a 32% interest in Contango Capital Partnership Management, LLC, which was formed to invest in the alternative energy venture capital market with a focus on environmentally preferred energy technologies. Additional information can be found on our web page at www.contango.com.

This press release contains forward-looking statements that involve risks and uncertainties, and actual events or results may differ materially from Contango's expectations. The statements reflect Contango's current views with respect to future events that involve risks and uncertainties, including those 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 Contango's publicly available reports filed with the Securities and Exchange Commission.

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

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