

# CONTANGO OIL & GAS COMPANY

## NEWS RELEASE

### Contango Oil & Gas Affiliates Apparent High Bidders on Three Gulf of Mexico Lease Blocks

MARCH 17, 2005 – HOUSTON, TEXAS – Contango Oil & Gas Company (AMEX:MCF) announced today that two affiliated companies bid on five blocks and were the apparent high bidders on three blocks offered at the Central Gulf of Mexico Lease Sale #194 held March 16, 2005 in New Orleans. The sale covered areas in the central part of the Outer Continental Shelf, offshore from the Louisiana coastline. An apparent high bid (“AHB”) gives the bidding party propriety in award of offered tracts, notwithstanding the fact that the Minerals Management Service (“MMS”) may reject all bids for a given tract. The MMS review process can take up to 90 days on some bids. Upon completion of that process, final results for all AHBs will be known.

Contango’s affiliates, Republic Exploration LLC (“Republic”) and Contango Offshore Exploration LLC (“COE”), had the AHB on the following lease blocks:

<u>Affiliate with AHB</u>	<u>Block</u>	<u>Republic's WI</u>	<u>COE's WI</u>	<u>Bid Amount</u>
Republic	West Cameron 107	100%	-	\$ 307,500
COE	Viosca Knoll 475	-	100%	\$ 262,700
Republic/COE	Eugene Island 168	50%	50%	\$ 357,500
				<u>\$ 927,700</u>

Contango owns 33% and 67% of Republic and COE, respectively. If these blocks are awarded, Contango will own interests, both directly and indirectly vis-à-vis its affiliates, in 44 federal lease blocks in the Gulf of Mexico.

Kenneth R. Peak, Contango’s Chairman and Chief Executive Officer, said, “The Company is pleased with its inventory of offshore prospects. Currently, we are drilling one onshore well and one offshore well, and are still on track to drill approximately 25 exploration wells during the calendar year 2005. We have \$37 million in cash on hand and are currently producing approximately 2.2 MMcf per day.

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., 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](http://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.

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