

# CONTANGO OIL & GAS COMPANY

## NEWS RELEASE

### Contango Reports First Quarter Results

NOVEMBER 9, 2010 – HOUSTON, TEXAS – Contango Oil & Gas Company (NYSE Amex: MCF) reported revenues from sales of natural gas, oil and natural gas liquids for the three months ended September 30, 2010 of approximately \$55.1 million, compared to \$35.6 million for the same period last year. The Company reported net income attributable to common stock for the three months ended September 30, 2010 of approximately \$18.9 million, or \$1.21 per basic share and \$1.20 per diluted share. This compares to net income attributable to common stock for the three months ended September 30, 2009 of approximately \$13.5 million, or \$0.85 per basic share and \$0.83 per diluted share. As of October 31, 2010, we had no debt, approximately \$61.0 million in cash and cash equivalents, \$40.0 million of unused borrowing capacity, and were producing at a rate of approximately 111 million cubic feet equivalent per day, net to Contango.

**CONTANGO OIL & GAS COMPANY AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(Unaudited)**

	<b>Three Months Ended</b>	
	<b>September 30,</b>	
	<b>2010</b>	<b>2009</b>
<b>REVENUES:</b>		
Natural gas, oil and liquids sales.....	\$ 55,084,215	\$ 35,602,471
Total revenues.....	55,084,215	35,602,471
<b>EXPENSES:</b>		
Operating expenses.....	4,940,795	3,456,353
Exploration expenses.....	1,377,939	373,933
Depreciation, depletion and amortization.....	15,226,744	8,956,941
General and administrative expenses.....	3,083,553	1,438,541
Total expenses.....	24,629,031	14,225,768
<b>NET INCOME FROM CONTINUING OPERATIONS</b>		
BEFORE OTHER INCOME AND INCOME TAXES.....	30,455,184	21,376,703
<b>OTHER INCOME (EXPENSE):</b>		
Interest expense.....	(63,014)	(156,133)
Interest income.....	350	147,230
<b>NET INCOME FROM CONTINUING OPERATIONS</b>		
BEFORE INCOME TAXES.....	30,392,520	21,367,800
Provision for income taxes.....	(11,451,500)	(7,901,939)
<b>NET INCOME FROM CONTINUING OPERATIONS</b> .....	18,941,020	13,465,861
<b>NET INCOME ATTRIBUTABLE TO COMMON STOCK</b> .....	\$ 18,941,020	\$ 13,465,861
<b>NET INCOME PER SHARE:</b>		
Basic.....	\$ 1.21	\$ 0.85
Diluted.....	\$ 1.20	\$ 0.83
<b>WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:</b>		
Basic.....	15,646,079	15,827,436
Diluted.....	15,760,318	16,144,643

## Production, Prices, Operating Expenses and Other

	<b>Three Months Ended</b>	
	<b>September 30,</b>	
	<b>2010</b>	<b>2009</b>
	(Dollar amounts in 000's, except per Mcfe amounts)	
<b>Production Data:</b>		
Natural gas (million cubic feet).....	7,040	5,976
Oil and condensate (thousand barrels).....	196	150
Natural gas liquids (thousand gallons).....	8,395	5,967
Total (million cubic feet equivalent).....	9,415	7,728
Natural gas (million cubic feet per day).....	76.5	65.0
Oil and condensate (thousand barrels per day).....	2.1	1.6
Natural gas liquids (thousand gallons per day).....	91.3	64.9
Total (million cubic feet equivalent per day).....	102.1	83.9
<b>Average Sales Price:</b>		
Natural gas (per thousand cubic feet).....	\$ 4.55	\$ 3.40
Oil and condensate (per barrel).....	\$ 76.56	\$ 68.53
Natural gas liquids (per gallon).....	\$ 0.96	\$ 0.84
Total (per thousand cubic feet equivalent).....	\$ 5.85	\$ 4.61
<b>Selected data per Mcfe:</b>		
Lease operating expenses.....	\$ 0.52	\$ 0.45
General and administrative expenses.....	\$ 0.27	\$ 0.19
Depreciation, depletion and amortization of natural gas and oil properties.....	\$ 1.61	\$ 1.15

Contango is a Houston-based, independent natural gas and oil company. The Company's 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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