



July 28, 2016

Contango Completes Purchase of Southern Delaware Basin Acreage and Closes on Equity Offering

HOUSTON--(BUSINESS WIRE)-- Contango Oil & Gas Company (NYSE MKT: MCF) announced today that the previously announced purchase of one-half of the seller's interest in approximately 12,100 gross undeveloped acres (~5,000 net acres to MCF) in the Southern Delaware Basin of Texas closed on July 26, 2016. The Company paid \$10 million in cash at closing to fund the initial purchase price, and will pay an additional \$10 million in carried well costs over the next 14 months and \$5 million in additional contingent payments upon success. Additionally, the Company closed on its recently announced equity offering on July 27, 2016 and received approximately \$46.9 million, net of fees and expenses.

Allan D. Keel, the Company's President and Chief Executive Officer, said, "I'm sure all Contango shareholders are as excited as we are to have gained a foothold in one of the most prolific and economic plays in the country. With funding this week from the recently announced equity raise, we have already begun the process to secure a drilling rig to commence drilling in September/October 2016, with initial production expected in the fourth quarter of 2016. The initial plan is to start development with one rig in 2016, and if results warrant, ramp up to two rigs by mid-2017. Throughout this development project, we will continue to focus on maintaining our strong balance sheet and financial flexibility to remain well positioned to take advantage of any additional acquisition opportunities that may arise."

Contango Oil & Gas Company is a Houston, Texas-based, independent energy company engaged in the acquisition, exploration, development, exploitation and production of crude oil and natural gas offshore in the shallow waters of the Gulf of Mexico and in the onshore Texas Gulf Coast and Rocky Mountain regions of the United States. Additional information is available on the Company's website 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. Initial production rates are subject to decline over time and should not be regarded as reflective of sustained production levels.

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