

CONTANGO OIL & GAS CO
Form DEF 14A
September 29, 2003

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No. __)

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Contango Oil & Gas Company

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

CONTANGO OIL & GAS COMPANY

3700 Buffalo Speedway, Suite 960

Houston, Texas 77098

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

NOVEMBER 7, 2003

Dear Stockholder,

You are cordially invited to attend the 2003 Annual Meeting of Stockholders of Contango Oil & Gas Company, which will be held at 3700 Buffalo Speedway, Second Floor, Houston, Texas 77098, on Friday, November 7, 2003 at 9:00 a.m., local time.

At the Annual Meeting you will be asked to vote on the following matters:

- (1) To elect our board of directors to serve until the annual meeting of stockholders in 2004; and
- (2) To conduct any other business which is properly raised at the meeting.

Stockholders who owned shares of Contango Oil & Gas Company's common stock, par value \$0.04 per share, Series A senior convertible cumulative preferred stock, par value \$0.04 per share, or Series B senior convertible cumulative preferred stock, par value \$0.04 per share, at the close of business on September 22, 2003 are entitled to receive notice of and to attend and vote at the meeting.

As a stockholder of Contango Oil & Gas Company, you have the right to vote on the proposals listed above. Please read the Proxy Statement carefully because it contains important information for you to consider when deciding how to vote. Your vote is important.

This year, you have two options in submitting your vote prior to the Annual Meeting date:

- (1) You may sign and return the enclosed proxy card in the accompanying envelope; or
- (2) If your shares are held in street name, you can vote over the Internet at the address shown on your proxy card.

Whether or not you plan to attend the Annual Meeting in person, please date, sign and return the enclosed proxy card promptly or vote over the Internet. A postage-paid return envelope is enclosed for your convenience. If you decide to attend the meeting, you can, if you wish, revoke your proxy and vote in person. If you have any questions, please contact us through our Website at www.mcfx.biz, send us an e-mail at

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contango@mcfx.biz or write us at 3700 Buffalo Speedway, Suite 960, Houston, Texas 77098.

By order of the Board of Directors,

/s/ KENNETH R. PEAK

Kenneth R. Peak

Chairman, Chief Executive Officer and Secretary

Houston, Texas

September 29, 2003

CONTANGO OIL & GAS COMPANY

3700 Buffalo Speedway, Suite 960

Houston, Texas 77098

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

NOVEMBER 7, 2003

To our Stockholders:

The board of directors (the **Board**) of Contango Oil & Gas Company, a Delaware corporation (the **Company** or **Contango**), is furnishing you with this Proxy Statement in connection with its solicitation of your proxy, in the form enclosed, for use at the 2003 Annual Meeting of Stockholders (the **Annual Meeting**) to be held at 3700 Buffalo Speedway, Second Floor, Houston, Texas 77098, on Friday, November 7, 2003 at 9:00 a.m., local time, for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders.

We are mailing this Proxy Statement to you on or about October 10, 2003, together with the accompanying proxy card and the Company's annual report on Form 10-KSB for the fiscal year ended June 30, 2003.

We cordially invite you to attend the Annual Meeting. Whether or not you plan to attend, please complete, date and sign the proxy card and return it promptly in the return envelope provided.

QUESTIONS AND ANSWERS

1. Q: Who is asking for my proxy?

A: Your proxy is being solicited by our Board for use at our Annual Meeting. Our directors and officers may also solicit proxies on behalf of our Board, in person or by telephone, facsimile, mail or e-mail. If our directors, officers or employees solicit proxies, they will not be specially compensated. Contango will pay all costs and expenses of this proxy solicitation.

2. Q: What are stockholders being asked to vote on?

A: At our Annual Meeting, stockholders will be asked to vote:

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- n To elect our board of directors to serve until the annual meeting of stockholders in 2004; and
- n On any other matter that may properly come before the Annual Meeting or any adjournment of the Annual Meeting.

3. Q: Who is entitled to vote?

A: The record of stockholders entitled to vote at the Annual Meeting was taken at the close of business on September 22, 2003 (the Record Date). As of the Record Date, the Company had outstanding 9,301,692 shares of common stock, par value \$0.04 per share (the Common Stock), 2,500 shares of Series A senior convertible cumulative preferred shares, par value \$ 0.04 per share (Series A Preferred Stock), and 5,000 shares of Series B senior convertible cumulative preferred Shares, par value \$0.04 per share (Series B Preferred Stock). Only holders of record of the Company s Common Stock, Series A Preferred Stock and Series B Preferred Stock at the close of business on the Record Date are entitled to notice of and to vote at the Annual Meeting.

4. Q: How many shares may vote at the Annual Meeting?

A: The holders of the Company s Common Stock, Series A Preferred Stock and Series B Preferred Stock vote together as a single class at the Annual Meeting and any adjournment thereof on the election of directors, with each record holder of Common Stock entitled to one vote per share of Common Stock, each record holder of Series A Preferred Stock entitled to 400 votes per share of Series A Preferred Stock and each record holder of Series B Preferred Stock entitled to 227.3 votes per share of Series B Preferred Stock.

5. Q: How do I vote my shares?

A: A proxy card is included with the proxy materials being sent to you. The proxy card allows you to specify how you want your shares voted as to each proposal listed. The proxy card provides space for you to:

n Vote for, or withhold authority to vote for, each nominee for the Board.

If the proxy card is properly signed and returned to us, shares covered by the proxy card will be voted in accordance with the directions you specify on the card. The person named as proxy on the proxy card is Kenneth R. Peak, the Company s Chairman and Chief Executive Officer. Any stockholder who wishes to name a different person as his or her proxy may do so by crossing out Mr. Peak s name and inserting the name of the other person to act as his or her proxy. In such a case, the stockholder would have to sign the proxy card and deliver it to the person named as his or her proxy, and that person would have to be present and vote at the Annual Meeting. Any proxy card so marked should not be mailed to the Company.

If you return a signed proxy card without having specified any choices, Mr. Peak, named as proxy, will vote the shares represented at the Annual Meeting and any adjournment thereof as follows:

n **FOR** the election of each nominee for director; and

n At the discretion of Mr. Peak, as proxy, on any other matter that may properly come before the Annual Meeting or any adjournment of the Annual Meeting.

6. Q: How does the Board recommend I vote?

A: The Board unanimously recommends that you vote For each of the matters to be voted on at the Annual Meeting.

Our executive officers and directors who own shares of Common Stock have advised us that they intend to vote their shares in favor of the proposal presented in this Proxy Statement. As of the Record Date, executive officers and directors collectively owned 1,305,433 shares of Common Stock, representing 11.4% of the total shares entitled to vote. Trust Company of the West (TCW), which holds 1,851,852 shares of the issued and outstanding Common Stock and all of the Series A Preferred Stock which, if converted, would constitute 1,000,000 shares of Common Stock, has advised us that it intends to vote its shares in favor of the proposal presented in this Proxy Statement. TCW s shares represent 24.9% of the total shares entitled to vote. In addition, Concert Capital Resources, LP (Concert), which holds all of the Series B Preferred Stock, which, if converted, would constitute 1,136,364 shares of the issued and outstanding Common Stock, have advised us that they intend to vote their shares in favor of the proposal presented in this Proxy Statement. Concert s shares represent 9.9% of the total shares entitled to vote. John B. Juneau, who beneficially owns 594,542 shares of the issued and outstanding Common Stock, has advised us that he intends to vote his shares in favor of the proposal presented in this Proxy Statement. Mr. Juneau s shares represent 5.2% of the total shares entitled to vote. See Security Ownership of Certain Beneficial Owners and Management .

7. Q: What vote is required?

A: Proposal 1, the election of directors will require an affirmative vote of a majority of the shares present in person or by proxy and voting at the Annual Meeting.

8. Q: What is a quorum ?

A: Presence at the Annual Meeting, in person or by proxy, of holders of a majority of the votes entitled to be cast by all record holders of the Company s Common Stock, Series A Preferred Stock and Series B Preferred Stock will constitute a quorum for the transaction of business. If a quorum is not present, the Annual Meeting may be adjourned from time to time until a quorum is obtained.

9. Q: What is the effect of an abstention or a broker non-vote?

A: Abstentions and broker non-votes are counted for purposes of determining the presence or absence of a quorum for the transaction of business. A broker non-vote occurs when a nominee holding shares of the Company's Common Stock for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received instructions from the beneficial owner. Abstentions are counted in tabulations of the votes cast on proposals presented to stockholders as a vote against, whereas broker non-votes are not counted for purposes of determining whether a proposal has been approved.

10. Q: What does it mean if I get more than one proxy card?

A: If your shares are registered differently or in more than one account, you will receive more than one proxy card. Sign and return all proxy cards to ensure that all your shares are voted.

11. Q: Can I revoke my proxy?

A: You may revoke your proxy at any time before it is exercised at the Annual Meeting by filing with or transmitting to our corporate secretary either a notice of revocation or a properly created proxy bearing a later date. You also may attend the meeting and revoke your proxy by voting your shares in person.

12. Q: How will the Company solicit proxies?

A: Proxies will be solicited in person, by telephone, facsimile or e-mail by directors, officers and employees of the Company without additional compensation. The Company will reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy materials to stockholders.

PROPOSAL 1

ELECTION OF DIRECTORS

At the Annual Meeting, we will present the nominees named below and recommend that they be elected to serve as directors for a term of one year or until their successors are duly elected and qualified. Each nominee has consented to being named in this Proxy Statement and to serve if elected.

Your proxy will be voted for the election of the four nominees named below unless you give instructions to the contrary. Your proxy cannot be voted for a greater number of persons than the number of nominees named.

Nominees

Presented below is a description of certain biographical information, occupations and business experience for the past five years of each person nominated to become a director. Four directors are to be elected at the Annual Meeting. Each nominee, Kenneth R. Peak, Jay D. Brehmer, Joseph S. Compofelice and Darrell W. Williams, is a current director standing for

reelection to the Board. If any nominee should become unavailable for election, your proxy may be voted for a substitute nominee selected by the Board, or the Board's size may be reduced accordingly. The Board is unaware of any circumstances likely to render any nominee unavailable. Directors of the Company hold office until the next annual stockholders meeting, until successors are elected and qualified or until their earlier resignation or removal.

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Year First Became a Director</u>
Kenneth R. Peak	58	Chairman, President, Chief Executive Officer, Chief Financial Officer and Secretary	1999
Jay D. Brehmer	38	Director	2000
Joseph S. Compofelice	54	Director	2002
Darrell W. Williams	60	Director	1999

Kenneth R. Peak has been Chairman and CEO of Contango since its formation in September 1999. Prior to September 1999, Mr. Peak was President of Peak Enernomics, Incorporated, a company engaged in consulting activities to the natural gas and oil industry. Mr. Peak's energy career began in 1973 as a commercial banker in First Chicago's energy group. In 1980, Mr. Peak became Treasurer of Tosco Corporation and in 1982 Chief Financial Officer of Texas International Company (T.I.). Mr. Peak's tenure included serving as President of TIPCO, the domestic operating subsidiary of T.I.'s oil and gas operations. Mr. Peak has also served as Chief Financial Officer of Forest Oil and as an investment banker with Howard Weil. Mr. Peak served as an officer in the U.S. Navy from 1968 to 1971. Mr. Peak received a BS in physics from Ohio University and a MBA from Columbia University. He currently serves as a director Patterson-UTI Energy, Inc., a provider of onshore contract drilling services to exploration and production companies in North America.

Jay D. Brehmer has been a director of Contango since October 2000. He currently is managing director and a founder of Bullfrog Capital Partners, LLC, a mezzanine fund focused on investments in the oil and gas industry. From May 1998 to until November 2002, Mr. Brehmer was responsible for structured-finance energy related transactions at Aquila Energy Capital Corporation. Prior to joining Aquila, Mr. Brehmer founded Capital Financial Services, which provided mid-cap companies with strategic merger and acquisition advice coupled with prudent financial capitalization structures. His corporate finance industry experience also includes five years from 1990 until 1995 as Vice President of the investment banking subsidiary of Mutual of Omaha. He was responsible for the development and completion of all aspects of both private and public securities transactions. From 1985 until 1990, he was Vice President-Corporate Finance and Operations Manager for R. G. Dickinson & Company, a full service regional brokerage firm, where he created and managed the financial modeling of various public and private securities transactions. Mr. Brehmer holds a BBA from Drake University in Des Moines, Iowa.

Joseph S. Compofelice has been a director of Contango since 2002. He is the Chief Executive Officer of Aquilex Services Corp., a provider of services and equipment to the power generation and heavy processing industries. For the period 1998 to 2001, Mr. Compofelice was Chairman and CEO of CompX International Inc., a producer of hardware for the office furniture industry. From 1994 through 1997, Mr. Compofelice was a Director and CFO of NL Industries Inc., a chemical producer, and Director and CFO of TIMET, a producer of titanium metal principally for the aerospace industry. Mr. Compofelice received his BS at California State University at Los Angeles and his MBA at Pepperdine University. Mr. Compofelice is a Director

of Trico Marine Services, Inc., a provider of marine support vessels serving the international natural gas and oil industry, and a member of the Board of Advisors of Courtland Inc., a privately held investment management firm.

Darrell W. Williams has been a director of Contango since 1999. He is an international business consultant working through the firm of Williams and Associates, Inc. From 1993 until 2002, Mr. Williams was associated with the German firm of Deutag Drilling, GmbH in both marketing and operations positions. In September 1996, he was transferred to Germany and served as Managing Director of Deutag International, which had responsibility for all drilling operations outside of Europe. Prior to joining Deutag, Mr. Williams was in senior executive positions with Nabors Drilling (1988-1993), Pool Company (1985-1988), Baker Oil Tools (1980-1983), SEDCO (1970-1980), Tenneco (1966-1970), and Humble Oil (1964-1966). Mr. Williams graduated from West Virginia University with a degree in Petroleum Engineering in 1964. Mr. Williams is past Chairman of the Houston Chapter of International Association of Drilling Contractors, a member of the Society of Petroleum Engineers and a registered professional engineer in Texas. He also serves as a director of SMDC, Inc. (a wholly owned subsidiary of Hydril), which is engaged in the development of deep water drilling systems.

All directors and nominees for director of the Company are United States citizens. There are no family relationships between any of our directors, executive officers or nominees for director.

Board Operations and Organization

Mission Statement. The Company's primary objective is to maximize stockholder value, while at all times observing the highest ethical standards. The Company will pursue this objective through participation in the energy industry.

Corporate Authority & Responsibility. All corporate authority resides in the Board, as the representative of the stockholders. Authority is delegated to management by the Board in order to implement the Company's mission. Such delegated authority includes the authorization of spending limits and the authority to hire employees and terminate their services. The Board retains responsibility to recommend candidates to the stockholders for election to the Board. The Board retains responsibility for selection, evaluation and the determination of compensation of the chief executive officer of the Company, oversight of the succession plan, approval of the annual budget, assurance of adequate systems, procedures and controls, all matters of corporate governance, as well as assisting in the preparation and approval of the strategic plan. Additionally, the Board provides advice and counsel to senior management.

Compensation of Directors. Directors are compensated in the form of both a cash payment and Company equity. Each outside director receives a quarterly cash retainer of \$3,000 and a quarterly stock option grant to purchase 3,000 shares of Common Stock. Each outside director received a \$1,000 cash payment for each board meeting and separately scheduled Audit Committee meeting attended. In addition, the Chairman of the Audit Committee receives an additional quarterly stock option grant to purchase 1,500 shares of Common Stock.

Board Size. In general, smaller to mid-size boards are more cohesive, work better together and tend to be more effective monitors than larger boards. Our Bylaws currently provide for at least three and not more than seven directors.

Annual Election of Directors. In order to create greater alignment between the Board's and our stockholders' interests and to promote greater accountability to the stockholders, directors shall be elected annually.

Meetings. Our Board has meetings as necessary. During the fiscal year ended June 30, 2003, the Board held three regular meetings. All directors attended each of these meetings. During the fiscal year ended June 30, 2003, the Board passed resolutions by unanimous written consent on 10 occasions.

Committee Structure. It is the general policy of the Company that the Board as a whole will consider all major decisions. As a consequence, the committee structure of the Board is limited to the Audit Committee. The Audit Committee is composed solely of independent directors. The Board may form other committees as it determines appropriate.

Audit Committee. The Audit Committee recommends the appointment of independent public accountants to conduct audits of our financial statements, reviews with the accountants the plan and results of the auditing engagement, approves other professional services provided by the accountants and evaluates the independence of the accountants. The Audit Committee also reviews the scope and results of the Company's procedures for internal auditing and the adequacy of our system of internal accounting controls. Members are Messrs. Compofelice (chairman), Brehmer and Williams. The Audit Committee met formally five times during the fiscal year ended June 30, 2003.

THE BOARD RECOMMENDS A VOTE FOR THE ELECTION OF THE FOUR NOMINEES AS DIRECTORS OF CONTANGO, TO SERVE UNTIL THE NEXT ANNUAL MEETING OF STOCKHOLDERS OR UNTIL THEIR SUCCESSORS ARE DULY ELECTED AND QUALIFIED.

CORPORATE GOVERNANCE

We believe that good corporate governance is important to assure that the Company is managed for the long-term benefit of its stockholders. The Board and management are committed to good business practices, transparency in financial reporting and the highest level of corporate governance and ethics. During the past year, the Board has reviewed existing corporate governance policies and practices and compared them to those suggested by various authorities in corporate governance and the practices of other public companies. It has specifically reviewed the provisions of the Sarbanes-Oxley Act of 2002, the new and proposed rules of the Securities and Exchange Commission and the proposed new listing standards and rules of the American Stock Exchange.

Many of the requirements of the Sarbanes-Oxley Act and the proposed American Stock Exchange rules are not yet effective as of the date of this Proxy Statement. Nevertheless, the Board has reaffirmed existing policies and initiated actions voluntarily adopting new policies consistent with many of the proposed new rules and listing standards. In particular, we have:

A majority of independent directors

An Audit Committee consisting solely of independent directors

Adopted a formal Audit Committee Charter in May 2000, an amended copy of which is attached to this proxy statement as Exhibit A

Empowered the Audit Committee to engage independent auditors and other outside advisors

Provided access by Audit Committee to independent auditors, legal counsel and all management and employee levels

Established executive sessions exclusively of independent directors

Adopted a formal code of ethical conduct for management, a copy of which was filed as an exhibit to our Form 10-KSB for the year ended June 30, 2003

Adopted a formal whistleblower protection policy

Adopted a formal complaint handling policy regarding accounting practices

Expanded disclosures regarding critical accounting policies

Determined chief executives officer's compensation by the independent directors

No history of personal loans to officers and directors

More information about the Company's Corporate Governance practices and procedures will be available on the Company's website at www.mcfx.biz.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following tables show the ownership of our Common Stock as of September 2, 2003 by (i) each person who is known by us to beneficially own 5% or more of our outstanding shares of Common Stock, (ii) each of our non-employee directors, (iii) our executive officers and (iv) our executive officers and directors taken together as a group. Unless otherwise indicated, each person named in the following table has the sole power to vote and dispose of the shares listed next to his name based on information as of September 2, 2003. The address of the members of the Board and our executive officers is 3700 Buffalo Speedway, Suite 960, Houston, Texas 77098.

Our 5% Stockholders

Common Shares Beneficially Owned			
	Under Stock Options and Warrants, and Issuable Upon Conversion		Percent
Outstanding	of Preferred Stock (1)	Total	of Total Common Stock Outstanding

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Trust Company of the West 865 South Figueroa St. Los Angeles, California 90017	1,851,852	1,456,852(2)	3,308,704	30.8%
Concert Capital Resources, LP 909 Fannin, Suite 1850 Houston, Texas 77010		1,136,364(3)	1,136,364	10.9%
John B. Juneau (4)				
26902 Nichols Sawmill Road Magnolia, Texas 77355	594,542	425,000	1,019,542	10.5%

Members of the Board Who Are Not Employees

	Common Shares Beneficially Owned			Percent of Total Common Stock Outstanding
	Outstanding	Under Stock Options and Warrants (1)	Total	
Jay D. Brehmer	11,000	20,000(5)	31,000	*
Joseph S. Compofelice	15,000	4,500(6)	19,500	*
Darrell W. Williams	131,668	68,666(7)	200,334	2.1%

Our Executive Officers

	Common Shares Beneficially Owned			Percent of Total Common Stock Outstanding
	Outstanding	Under Stock Options and Warrants (1)	Total	
Kenneth R. Peak, Chairman, President, Chief Executive and Chief Financial Officer and Secretary	1,269,765	987,584(8)	2,257,349	21.9%
William H. Gibbons, Vice President and Treasurer	30,102	75,000(9)	105,102	1.1%
Lesia Bautina, Vice President and Controller	3,566	48,749(10)	52,315	*

All Directors and Executive Officers Together

	Common Shares Beneficially Owned			Percent of Total Common Stock Outstanding
	Outstanding	Under Stock Options and Warrants (1)	Total	
Directors and executive officers, as a group (6 persons)	1,461,101	1,207,499	2,668,600	25.4%

* Less than 1%.

- Includes shares underlying options and warrants to purchase shares that currently are vested and exercisable or will vest or be exercisable within 60 days or shares issuable upon conversion of convertible preferred stock.
- Includes Trust Company of the West holds its securities of Contango in its capacity as Investment Manager and Custodian for a client. Shares include stock options to purchase 21,667 shares of Common Stock, warrants to purchase 435,185 shares of Common Stock and 1,000,000 shares issuable upon conversion of the Series A senior convertible cumulative preferred stock, all of which are vested or will vest within 60 days.
- Includes shares of Common Stock issuable upon conversion of Series B senior convertible cumulative preferred stock.
- Amounts listed under Outstanding include 200,000 shares of Common Stock that are owned by Juneau Exploration, LP (JEX). Amounts listed Under Stock Options and Warrants, and Issuable Upon Conversion of Preferred Stock include stock options to purchase 300,000 shares of Common Stock and warrants to purchase 125,000 shares of Common Stock, all of which are vested or will vest within 60 days and which are owned by (JEX). Mr. Juneau is the sole manager of the general partner of JEX, one of our exploration alliance partners.
- Includes stock options to purchase 20,000 shares of Common Stock, all of which are vested or will vest within 60 days.
- Includes stock options to purchase 4,500 shares of Common Stock, all of which are vested or will vest within 60 days.
- Includes stock options to purchase 13,666 shares of Common Stock and a warrant to purchase 55,000 shares of Common Stock, all of which are vested or will vest within 60 days.
- Includes stock options to purchase 287,584 shares of Common Stock and a warrant to purchase 700,000 shares of Common Stock, all of which are vested or will vest within 60 days.
- Includes stock options to purchase 75,000 shares of Common Stock, all of which are vested or will vest within 60 days.
- Includes stock options to purchase 48,749 shares of Common Stock, all of which are vested or will vest within 60 days.

Compliance with Section 16(a) of the Securities Exchange Act

Section 16(a) of the Exchange Act requires our officers and directors and persons who own more than 10% of our Common Stock to file reports of ownership and changes in ownership with the SEC. These persons are required by SEC regulations to furnish us with copies of all Section 16(a) reports they file. Based on our review of the copies of such reports, we believe that all such filing requirements were complied with during the fiscal year ended June 30, 2003 except as follows: On December 31, 2002, Jay D. Brehmer, Michael P. Childers and Darrell W. Williams, directors, were granted options to purchase 3,000 shares of our Common Stock, and Joseph S. Compofelice was granted an option to purchase 4,500 shares of our Common Stock. These grants should have been reported on a Form 4 filing no later than January 3, 2003 but were filed on January 28, 2003. On January 31, 2003, John B. Juneau, who beneficially owns more than 10% of our Common Stock, exercised stock options covering 14,334 shares of our Common Stock in a cashless transaction. This should have been reported on a Form 4 filing no later than February 4, 2003 but was filed on February 19, 2003. On April 4, 2003, Kenneth R. Peak, Chairman and CEO, purchased 1,000 shares of our Common Stock, which should have been reported on a Form 4 filing no later than April 8, 2003 but was filed on April 14, 2003. On April 14, 2003, Mr. Peak purchased 300 shares of our Common Stock, which should have been reported on a Form 4 filing no later than April 18, 2003 but was filed on July 8, 2003. On May 7, 2003, Mr. Peak purchased 700 shares of our Common Stock, which should have been reported on a Form 4 filing no later than May 9, 2003 but was filed on May 12, 2003. On June 11, 2003, Darrell W. Williams, a director, sold 1,000 shares of our Common Stock, which should have been reported on a Form 4 filing no later than June 13, 2003 but was filed on June 16, 2003.

Certain Relationships and Transactions

Directors, Director Designees and Observers. As part of the Certificate of Designations, Preferences, and Relative Rights and Limitations of the Series A Preferred Stock, if Trust Company of the West (TCW), as the holder of Series A Preferred Stock, has not appointed or nominated for election at least one member of the Board and shares of the Series A Preferred Stock remain outstanding, then, in its capacity as the holder of Series A Preferred Stock, TCW shall be entitled to designate a person to attend any meetings of the Board for the sole purpose of observing such meeting for and on behalf of TCW. In addition, as part of the securities purchase agreement dated as of December 29, 1999 between Contango and TCW, as amended August 24, 2000, TCW has concurrent rights to designate a person to attend any meetings of the Board for the sole purpose of observing such meeting for and on behalf of TCW, provided that TCW has not nominated or appointed at least one member of the Board and it holds at least 5% of the Company's outstanding Common Stock.

Juneau Exploration, LP. Effective September 1, 1999, we entered into an agreement with Juneau Exploration, LP (JEX) whereby we outsourced natural gas and oil prospect generation and evaluation functions to JEX. As an inducement to enter into the agreement, JEX received 200,000 shares of our Common Stock. As of September 2, 2003, we have granted to JEX options to purchase 400,000 shares of our Common Stock in connection with exploratory successes and acquisitions. Of these options, 285,834 remain vested and unexercised as of September 2, 2003, with the remainder vesting subject to achieving a defined payout and rate of return. Additionally, we have granted to JEX warrants to acquire 125,000 shares of Common Stock in connection with the formation of Republic Exploration, LLC.

On August 14, 2000, we amended our agreement with JEX whereby in exchange for our no longer granting stock options for each acquisition and exploration success brought to us by JEX, we increased the overriding royalty interest granted to JEX's individual geoscientists from 2.5% to 3.3%. JEX currently receives a 25% proportionately reduced back-in working interest on successful prospects brought to us by JEX after we achieve a defined payout. JEX will continue to bear the upfront overhead costs of performing all functions involved in bringing a prospect to a ready to drill stage. JEX is required to participate for a 5% working interest in each transaction recommended. JEX's overall remuneration is directly related to our exploration success, as the overriding royalty and 25% after payout back-in working interest are tied to the drilling and performance of successful wells.

As of September 2, 2003, John B. Juneau beneficially owned 10.5% of our Common Stock and is the sole manager of the general partner of JEX.

EXECUTIVE OFFICERS AND OTHER KEY EMPLOYEES

The following sets forth the names, ages and positions of our executive officers together with certain biographical information:

Name	Age	Position
Kenneth R. Peak	58	Chairman, President, Chief Executive and Chief Financial Officer and Secretary
William H. Gibbons	60	Vice President and Treasurer
Lesia Bautina	32	Vice President and Controller

Kenneth R. Peak has been Chairman and CEO of Contango since its formation in September 1999 and serves as chairman of the board. Further information about Mr. Peak is provided above under Election of Directors Nominees .

William H. Gibbons joined Contango in February 2000 as treasurer and was appointed vice president and treasurer in November 2000. Mr. Gibbons' energy career began with Houston Oil & Minerals Corporation, where he was Treasurer from 1975 to 1981. From 1981 to 1983, he served as Vice President-Finance and Administration for Guardian Oil Company. From 1983 to 1986 and 1990 to 1998, Mr. Gibbons provided financial consulting services to domestic and international oil companies, including a five-year financing assignment with Walter International, Inc. (1991-1996). He also has served as Director of Acquisitions for Service Corporation International (1986-1990) and Treasurer of Packaged Ice, Inc. (1998-2000). Mr. Gibbons received a BA in Business Administration from Duke University and a MBA in Finance from Tulane University.

Lesia Bautina joined Contango in November 2001 as Controller and was appointed vice president and controller in August 2002. Prior to joining Contango, Ms. Bautina worked as an auditor for Arthur Andersen LLP from 1997 to 2001. Her primary experience is accounting and financial reporting for exploration and production companies. Ms. Bautina received a degree in History from the University of Lvov in the Ukraine in 1990 and a BBA in Accounting in 1996 from Sam Houston State University, where she graduated with honors. Ms. Bautina is a Certified Public Accountant and Member of the Petroleum Accounting Society of Houston.

All executive officers and key employees of the Company are United States citizens. There are no family relationships between any of our directors, executive officers or key employees.

EXECUTIVE COMPENSATION
Summary Compensation Tables

The following tables and discussion below set forth information about the compensation awarded to, earned by or paid to our executive officers during the fiscal years ended June 30, 2003, 2002 and 2001. Other than the salary and bonus described in the table below, we did not pay any executive officer named in the table below any fringe benefits, perquisites or other compensation.

<u>Name and Principal Position</u>	<u>Fiscal Year</u>	<u>Annual Compensation</u>		<u>Shares</u>
		<u>Salary</u>	<u>Bonus</u>	<u>Underlying Options</u>
Kenneth R. Peak Chairman, President, Chief Executive and Financial Officer and Secretary	2003	\$ 150,000	\$	100,000
	2002	\$ 150,000	\$ 350,000	100,000
	2001	\$ 150,000	\$ 150,000	200,000
William H. Gibbons Vice President and Treasurer	2003	\$ 95,000	\$ 750	25,000
	2002	\$ 93,563	\$ 40,000	25,000
	2001	\$ 108,006	\$ 30,000	50,000
Lesia Bautina (1) Vice President and Controller	2003	\$ 90,000	\$ 76,000	
	2002	\$ 53,000	\$ 50,000	