

CONTANGO OIL & GAS CO

Form 424B3

August 23, 2013

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Filed Pursuant to Rule 424(b)(3)  
Registration No. 333-189302

## JOINT PROXY STATEMENT/ PROSPECTUS

### MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

The board of directors of Contango Oil & Gas Company ( Contango ) and the board of directors of Crimson Exploration Inc. ( Crimson ) have each approved an Agreement and Plan of Merger (the merger agreement ) which provides for the acquisition of Crimson by Contango. Pursuant to the terms of the merger agreement, a wholly owned subsidiary of Contango will merge with and into Crimson, with Crimson surviving as a wholly owned subsidiary of Contango (the merger ).

If the merger is completed, each share of Crimson common stock outstanding immediately before that time (including restricted shares of Crimson common stock that become vested and unrestricted by virtue of the merger) will automatically be converted into the right to receive 0.08288 shares of Contango common stock. This exchange ratio is fixed and will not be adjusted to reflect stock price changes prior to the closing of the merger. Shares of Contango common stock outstanding before the merger is completed will remain outstanding and will not be exchanged, converted or otherwise changed in the merger. Contango common stock and Crimson common stock are currently traded on the NYSE MKT and the NASDAQ Global Market, respectively, under the symbols MCF and CXPO, respectively. **We urge you to obtain current market quotations of Contango and Crimson common stock.**

We intend for the merger to qualify as a reorganization under United States federal tax law. Accordingly, Crimson stockholders are not expected to recognize any gain or loss for U.S. federal income tax purposes upon the exchange of shares of Crimson common stock for shares of Contango common stock pursuant to the merger, except with respect to cash received in lieu of fractional shares of Contango common stock.

Based on the estimated number of shares of Contango and Crimson common stock that will be outstanding immediately prior to the closing of the merger, we estimate that, upon such closing, existing Contango stockholders will own approximately 79.7% of Contango following the merger and former Crimson stockholders will own approximately 20.3% of Contango following the merger.

At a special meeting of Contango stockholders, Contango stockholders will be asked to vote on the proposal to approve the issuance of shares of Contango common stock to Crimson stockholders in connection with the merger. Approval of this proposal requires the affirmative vote of a majority of the shares of Contango common stock, present in person or represented by proxy at the Contango special meeting and entitled to vote thereon, assuming a quorum. At the special meeting, Contango stockholders will also be asked to approve on an advisory (non-binding) basis, the compensation that may be paid or become payable to Contango's named executive officers that is based on or otherwise relates to the proposed transactions.

The Estate of Kenneth R. Peak, Brad Juneau and certain of the executive officers of Contango have each entered into an agreement with Crimson under which, subject to the terms and conditions of the agreement, each has agreed to vote all of the Contango shares it holds in favor of the issuance of shares of Contango common stock to Crimson stockholders in connection with the merger. As of the date of this document, such parties hold and are entitled to vote in the aggregate approximately 10.6% of the issued and outstanding shares of Contango common stock entitled to vote at the Contango special meeting.

At a special meeting of Crimson stockholders, Crimson stockholders will be asked to vote on the adoption of the merger agreement, the merger and the other transactions contemplated by the merger agreement. Approval of this proposal requires the affirmative vote of a majority of all the votes entitled to be cast by the holders of Crimson common stock. At the special meeting, Crimson stockholders will also be asked to approve on an advisory (non-binding) basis, the compensation that may be paid or become payable to Crimson's named executive officers that is based on or otherwise relates to the proposed transactions.

OCM Crimson Holdings, LLC and OCM GW Holdings, LLC, each an affiliate of Oaktree Capital Management, L.P. and each of the executive officers of Crimson have entered into an agreement with Contango under which, subject to the terms and conditions of the merger agreement, each has agreed to vote all of the Crimson shares it holds in favor of the merger. As of the date of this document, such parties hold and are entitled to vote in the aggregate approximately 37.25% of the issued and outstanding shares of Crimson common stock entitled to vote at the Crimson special meeting.

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The Contango board of directors unanimously recommends that the Contango stockholders vote **FOR** the proposal to approve the issuance of shares of Contango common stock to Crimson stockholders in connection with the merger, **FOR** the approval, on an advisory (non-binding) basis, of the compensation that may be paid or become payable to Contango's named executive officers that is based on or otherwise relates to the proposed transactions and **FOR** the proposal to approve the adjournment of the Contango special meeting, if necessary or appropriate, to permit further solicitation of proxies.

The Crimson board of directors unanimously recommends that the Crimson stockholders vote **FOR** the proposal to adopt the merger agreement, the merger and the other transactions contemplated by the merger agreement, **FOR** the approval, on an advisory (non-binding) basis, of the compensation that may be paid or become payable to Crimson's named executive officers that is based on or otherwise relates to the proposed transactions and **FOR** the proposal to approve the adjournment of the Crimson special meeting, if necessary or appropriate, to permit further solicitation of proxies.

**The obligations of Contango and Crimson to complete the merger are subject to the satisfaction or waiver of several conditions. The accompanying joint proxy statement/prospectus contains detailed information about Contango, Crimson, the special meetings, the merger agreement and the merger. Contango and Crimson encourage you to read the joint proxy statement/prospectus carefully and in its entirety before voting, including the section entitled Risk Factors beginning on page 32.**

We look forward to the successful combination of Contango and Crimson.

Sincerely,

Joseph J. Romano

Allan D. Keel

Chairman, President and Chief Executive Officer

President and Chief Executive Officer

Contango Oil & Gas Company

Crimson Exploration Inc.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under the joint proxy statement/prospectus or determined if the joint proxy statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

The joint proxy statement/prospectus is dated August 22, 2013 and is first being mailed to Contango stockholders and Crimson stockholders on or about August 26, 2013.

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**Contango Oil & Gas Company**

**3700 Buffalo Speedway**

**Houston, Texas 77098**

**(713) 960-1901**

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

**To Be Held On October 1, 2013**

To the Stockholders of Contango Oil & Gas Company:

We are pleased to invite you to attend the special meeting of stockholders of Contango Oil & Gas Company, a Delaware corporation ( Contango ), which will be held at 3700 Buffalo Speedway, Second Floor, Houston, Texas 77098, on October 1, 2013, at 9:30 a.m., local time, for the following purposes:

to vote on a proposal to approve the issuance of shares of Contango common stock, par value \$0.04 per share, to Crimson Exploration Inc. ( Crimson ) stockholders in connection with the merger contemplated by the Agreement and Plan of Merger, dated April 29, 2013, by and among Contango, Crimson and Contango Acquisition, Inc., a wholly owned subsidiary of Contango ( Merger Sub ), as it may be amended from time to time (the merger agreement ), a copy of which is included as Annex A to the joint proxy statement/prospectus of which this notice is a part;

to consider and cast an advisory (non-binding) vote on the compensation that may be paid or become payable to Contango s named executive officers that is based on or otherwise related to the proposed transactions; and

to vote on a proposal to approve the adjournment of the Contango special meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies in the event there are not sufficient votes at the time of the special meeting to approve the first proposal listed above.

Contango will transact no other business at the special meeting except such business as may properly be brought before the special meeting or any adjournment or postponement thereof. Please refer to the joint proxy statement/prospectus of which this notice is a part for further information with respect to the business to be transacted at the Contango special meeting.

The Contango board of directors has fixed the close of business on August 20, 2013 as the record date for the Contango special meeting. Only Contango stockholders of record at that time are entitled to receive notice of, and to vote at, the Contango special meeting or any adjournment or postponement thereof. A complete list of such stockholders will be available for inspection by any Contango stockholder for any purpose germane to the special meeting during ordinary business hours for the ten days preceding the Contango special meeting at Contango s offices at the address on this notice. The eligible Contango stockholder list will also be available at the Contango special meeting for examination by any stockholder present at such meeting.

The Estate of Kenneth R. Peak, Brad Juneau and certain of the executive officers of Contango have each entered into an agreement with Crimson under which, subject to the terms and conditions of the agreement, each has agreed to vote all of the Contango shares it holds in favor of the issuance of shares of Contango common stock to Crimson stockholders in connection with the merger. As of the date of this document, such parties hold in the aggregate approximately 10.6% of the outstanding shares of Contango common stock.

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Completion of the merger is conditioned on approval of the issuance of shares of Contango common stock to Crimson stockholders in connection with the merger. Approval of the issuance of shares of Contango common stock to Crimson stockholders in connection with the merger requires the approval of a majority of the votes cast at the Contango special meeting, assuming a quorum.

**The Contango board of directors has unanimously approved the merger and the merger agreement and unanimously recommends that Contango stockholders vote FOR the proposal to approve the issuance of shares of Contango common stock to Crimson stockholders in connection with the merger, FOR the approval, on an advisory (non-binding) basis, of the compensation that may be paid or become payable to Contango's named executive officers that is based on or otherwise relates to the proposed transactions and FOR the proposal to approve the adjournment of the Contango special meeting, if necessary or appropriate, to permit further solicitation of proxies.**

**Your vote is very important, regardless of the number of shares that you own. Whether or not you expect to attend the Contango special meeting in person, to ensure your representation at the Contango special meeting, we urge you to submit a proxy to vote your shares as promptly as possible by (i) accessing the internet site listed on the Contango proxy card, (ii) calling the toll-free number listed on the Contango proxy card or (iii) submitting your Contango proxy card by mail by using the provided self-addressed, stamped envelope.** Submitting a proxy will not prevent you from voting in person, but it will help to secure a quorum and avoid added solicitation costs. Any eligible holder of Contango stock who is present at the Contango special meeting may vote in person, thereby canceling any previous proxy. In any event, a proxy may be revoked in writing at any time before the Contango special meeting in the manner described in the accompanying joint proxy statement/prospectus. If your shares are held in the name of a bank, broker or other nominee, please follow the instructions on the voting instruction card furnished by such bank, broker or other nominee.

The enclosed joint proxy statement/prospectus provides a detailed description of the merger and the merger agreement and the other matters to be considered at the Contango special meeting. We urge you to carefully read the joint proxy statement/prospectus, including any documents incorporated by reference, and the Annexes in their entirety. If you have any questions concerning the merger or the joint proxy statement/prospectus, would like additional copies or need help voting your shares of Contango common stock, please contact Contango's proxy solicitor:

Georgeson Inc.

480 Washington Boulevard, 26<sup>th</sup> Floor

Jersey City, NJ 07310

866-856-4733

By Order of the Contango Board of Directors,

Sergio Castro

Vice President, Chief Financial Officer, Treasurer and Secretary

Houston, Texas

August 22, 2013

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**Crimson Exploration Inc.**

**717 Texas Ave, Suite 2900**

**Houston, Texas 77002**

**(713) 236-7400**

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

**To Be Held On October 1, 2013**

To the Stockholders of Crimson Exploration Inc.:

We are pleased to invite you to attend the special meeting of stockholders of Crimson Exploration Inc., a Delaware corporation ( "Crimson" ), which will be held at Crimson's offices at 717 Texas Avenue, Suite 2900, Houston, Texas 77002, on October 1, 2013, at 9:30 a.m., local time, for the following purposes:

to vote on a proposal to adopt the Agreement and Plan of Merger, dated as of April 29, 2013, by and among Contango Oil & Gas Company ( "Contango" ), Crimson and Contango Acquisition, Inc., a wholly owned subsidiary of Contango ( "Merger Sub" ), as it may be amended from time to time (the "merger agreement" ), a copy of which is included as Annex A to the joint proxy statement/prospectus of which this notice is a part, approve the merger and the other transactions contemplated by the merger agreement;

to consider and cast an advisory (non-binding) vote on the compensation that may be paid or become payable to Crimson's named executive officers that is based on or otherwise related to the proposed transactions; and

to vote on a proposal to approve the adjournment of the Crimson special meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies in the event there are not sufficient votes at the time of the special meeting to approve the first proposal listed above.

Crimson will transact no other business at the special meeting except such business as may properly be brought before the special meeting or any adjournment or postponement thereof. Please refer to the joint proxy statement/prospectus of which this notice is a part for further information with respect to the business to be transacted at the Crimson special meeting.

The Crimson board of directors has fixed the close of business on August 20, 2013 as the record date for the Crimson special meeting. Only Crimson stockholders of record at that time are entitled to receive notice of, and to vote at, the Crimson special meeting or any adjournment or postponement thereof. A complete list of such stockholders will be available for inspection by any Crimson stockholder for any purpose germane to the special meeting during ordinary business hours for the ten days preceding the Crimson special meeting at Crimson's offices at 717 Texas Ave, Suite 2900, Houston, Texas 77002. The eligible Crimson stockholder list will also be available at the Crimson special meeting for examination by any stockholder present at such meeting.

OCM Crimson Holdings, LLC and OCM GW Holdings, LLC, each an affiliate of Oaktree Capital Management, L.P., and each of the executive officers of Crimson have entered into an agreement with Contango and Merger Sub under which, subject to the terms and conditions of the agreement, each has agreed to vote all of the Crimson shares it holds in favor of the merger. As of the date of this document, such parties hold and are entitled to vote in the aggregate approximately 37.25% of the issued and outstanding shares of Crimson common stock entitled to vote at the Crimson special meeting.

Completion of the merger is conditioned on approval and adoption of the merger agreement, the merger and the other transactions contemplated by the merger agreement by the Crimson stockholders, which requires the approval of a majority of the votes cast at the Crimson special meeting, assuming a quorum.

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The Crimson board of directors has unanimously approved the merger and the merger agreement and unanimously recommends that Crimson stockholders vote **FOR** the proposal to adopt the merger agreement, the merger and the other transactions contemplated by the merger agreement, **FOR** the approval, on an advisory (non-binding) basis, of the compensation that may be paid or become payable to Crimson's named executive officers that is based on or otherwise relates to the proposed transactions and **FOR** the proposal to approve the adjournment of the Crimson special meeting, if necessary or appropriate, to permit further solicitation of proxies.

Your vote is very important, regardless of the number of shares that you own. Whether or not you expect to attend the Crimson special meeting in person, to ensure your representation at the Crimson special meeting, we urge you to submit a proxy to vote your shares as promptly as possible by (i) accessing the internet site listed on the Crimson proxy card, (ii) calling the toll-free number listed on the Crimson proxy card or (iii) submitting your Crimson proxy card by mail by using the provided self-addressed, stamped envelope. Submitting a proxy will not prevent you from voting in person, but it will help to secure a quorum and avoid added solicitation costs. Any eligible holder of Crimson stock who is present at the Crimson special meeting may vote in person, thereby canceling any previous proxy. In any event, a proxy may be revoked in writing at any time before the Crimson special meeting in the manner described in the accompanying joint proxy statement/prospectus. If your shares are held in the name of a bank, broker or other nominee, please follow the instructions on the voting instruction card furnished by such bank, broker or other nominee.

The enclosed joint proxy statement/prospectus provides a detailed description of the merger and the merger agreement and the other matters to be considered at the Crimson special meeting. We urge you to carefully read the joint proxy statement/prospectus, including any documents incorporated by reference, and the Annexes in their entirety. If you have any questions concerning the merger or the joint proxy statement/prospectus, would like additional copies or need help voting your shares of Crimson common stock, please contact Crimson's proxy solicitor:

Morrow & Co., LLC

470 West Ave., 3rd Floor

Stamford, CT 06902

Stockholders, please call toll free: (888) 836-9724

Banks and Brokerage Firms, please call collect: (203) 658-9400

By Order of the Crimson Board of Directors,

John A. Thomas

General Counsel and Corporate Secretary

Houston, Texas

August 22, 2013

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**ADDITIONAL INFORMATION**

This joint proxy statement/prospectus incorporates important business and financial information about Contango and Crimson from other documents that are not included in or delivered with this joint proxy statement/prospectus. This information is available to you without charge upon your request. You can obtain the documents incorporated by reference into this joint proxy statement/prospectus free of charge by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers:

Georgeson Inc.	Morrow & Co., LLC
480 Washington Boulevard, 26th Floor	470 West Avenue, 3rd Floor
Jersey City, NJ 07310	Stamford, CT 06902
(866) 856-4733	Stockholders, please call toll free: (888) 836-9724

Banks and Brokerage Firms, please call collect: (203) 658-9400

**Investors may also consult Contango's or Crimson's website for more information about Contango or Crimson, respectively. Contango's website is [www.contango.com](http://www.contango.com). Crimson's website is [www.crimsonexploration.com](http://www.crimsonexploration.com).** Information included on these websites is not incorporated by reference into this joint proxy statement/prospectus.

**If you would like to request any documents, please do so by September 13, 2013 in order to receive them before the special meetings.**

For a more detailed description of the information incorporated by reference in this joint proxy statement/prospectus and how you may obtain it, see "Where You Can Find More Information" beginning on page 160.

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**ABOUT THIS JOINT PROXY STATEMENT/PROSPECTUS**

This joint proxy statement/prospectus, which forms part of a registration statement on Form S-4 filed with the U.S. Securities and Exchange Commission (the "SEC") by Contango, constitutes a prospectus of Contango under the Securities Act of 1933, as amended (the "Securities Act"), with respect to the shares of Contango common stock to be issued to Crimson stockholders in connection with the merger. This joint proxy statement/prospectus also constitutes a joint proxy statement for both Contango and Crimson under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). It also constitutes a notice of meeting with respect to the special meeting of Contango stockholders and a notice of meeting with respect to the special meeting of Crimson stockholders.

You should rely only on the information contained in or incorporated by reference into this joint proxy statement/prospectus. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this joint proxy statement/prospectus. This joint proxy statement/prospectus is dated August 22, 2013. You should not assume that the information contained in this joint proxy statement/prospectus is accurate as of any date other than that date. You should not assume that the information incorporated by reference into this joint proxy statement/prospectus is accurate as of any date other than the date of the incorporated document. Neither our mailing of this joint proxy statement/prospectus to Contango stockholders or Crimson stockholders nor the issuance by Contango of shares of common stock pursuant to the merger agreement will create any implication to the contrary.

**This joint proxy statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation. Information contained in this joint proxy statement/prospectus regarding Contango has been provided by Contango and information contained in this joint proxy statement/prospectus regarding Crimson has been provided by Crimson.**

All references in this joint proxy statement/prospectus to "Contango" refer to Contango Oil & Gas Company, a Delaware corporation; all references in this joint proxy statement/prospectus to "Merger Sub" refer to Contango Acquisition, Inc., a Delaware corporation and wholly owned subsidiary of Contango formed for the sole purpose of effecting the merger; all references in this joint proxy statement/prospectus to "Crimson" refer to Crimson Exploration Inc., a Delaware corporation; unless otherwise indicated or as the context requires, all references in this joint proxy statement/prospectus to "we," "our" and "us" refer to Contango and Crimson collectively; and, unless otherwise indicated or as the context requires, all references to the "merger agreement" refer to the Agreement and Plan of Merger, dated as of April 29, 2013, by and among Contango Oil & Gas Company, Contango Acquisition, Inc. and Crimson Exploration Inc., which is incorporated by reference into this joint proxy statement/prospectus and a copy of which is included as Annex A to this joint proxy statement/prospectus. Contango and Crimson, subject to and following completion of the merger, are sometimes referred to in this joint proxy statement/prospectus as the "combined company."



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**QUESTIONS AND ANSWERS**

*The following are some questions that you, as a Contango stockholder or a Crimson stockholder, may have regarding the merger and the other matters being considered at the special meetings and the answers to those questions. Contango and Crimson urge you to carefully read the remainder of this joint proxy statement/prospectus, including any documents incorporated by reference, and the Annexes in their entirety because the information in this section does not provide all of the information that might be important to you with respect to the merger agreement, the merger and the other matters being considered at the special meetings.*

**Q: Why am I receiving this joint proxy statement/prospectus?**

A: Contango and Crimson have agreed to a business combination pursuant to the terms of the merger agreement that is described in this joint proxy statement/prospectus. A copy of the merger agreement is included in this joint proxy statement/prospectus as Annex A. In order to complete the merger, among other conditions:

Contango stockholders must approve the issuance of shares of Contango common stock to Crimson stockholders in connection with the merger; and

Crimson stockholders must adopt the merger agreement, the merger and the other transactions contemplated by the merger agreement.

Contango and Crimson will hold separate special meetings of their stockholders to obtain these approvals. This joint proxy statement/prospectus, including its Annexes, contains and incorporates by reference important information about Contango and Crimson, the merger and the stockholder meetings of Contango and Crimson. You should read all of the available information carefully and in its entirety.

**Q: What effect will the merger have?**

A: Contango and Crimson have entered into the merger agreement pursuant to which Crimson will become a wholly owned subsidiary of Contango and Crimson stockholders will become stockholders of Contango. Following the merger, the stockholders of Contango and Crimson will be the stockholders of the combined company.

**Q: What will I receive in the merger?**

A: *Contango Stockholders:* Whether or not the merger is completed, Contango stockholders will retain the Contango common stock that they currently own. They will not receive any merger consideration, and they will not receive any additional shares of Contango common stock in the merger.

*Crimson Stockholders:* If the merger is completed, Crimson stockholders will receive 0.08288 shares of Contango common stock for each share of Crimson common stock that they hold at the effective time of the merger. Crimson stockholders will not receive any fractional shares of Contango common stock in the merger. Instead, Contango will pay cash in lieu of any fractional shares of Contango common stock that a Crimson stockholder would otherwise have been entitled to receive. Crimson stockholders will also be entitled to any dividends declared and paid by Contango with a record date at or after the effective time of the merger after they have surrendered their certificates representing Crimson common stock.

**Q: What is the value of the merger consideration?**

A: Because Contango will issue 0.08288 shares of Contango common stock in exchange for each share of Crimson common stock, the value of the merger consideration that Crimson stockholders receive will depend on the price per share of Contango common stock at the effective time of the merger. That price will not be known at the time of the special meetings and may be greater or less than the current price or the price at the time of the special meetings. We urge you to obtain current market quotations of Contango common stock and Crimson common stock. See Risk Factors beginning on page 32.

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**Q: When and where will the special stockholders meetings be held?**

A: *Contango Stockholders:* The special meeting of Contango stockholders will be held at 3700 Buffalo Speedway, Second Floor, Houston, Texas 77098, on October 1, 2013, at 9:30 a.m., local time.

*Crimson Stockholders:* The special meeting of Crimson stockholders will be held at Crimson's offices at 717 Texas Avenue, Suite 2900, Houston, Texas 77002, on October 1, 2013, at 9:30 a.m., local time.

**Q: Who is entitled to vote at the special stockholders meetings?**

A: *Contango Stockholders:* The record date for the Contango special meeting is August 20, 2013. Only record holders of shares of Contango common stock at the close of business on such date are entitled to notice of, and to vote at, the Contango special meeting or any adjournment or postponement thereof.

*Crimson Stockholders:* The record date for the Crimson special meeting is August 20, 2013. Only record holders of shares of Crimson common stock at the close of business on such date are entitled to notice of, and to vote at, the Crimson special meeting or any adjournment or postponement thereof.

**Q: What constitutes a quorum at the special stockholders meetings?**

A: *Contango Stockholders:* Stockholders who hold shares representing at least a majority of the voting power of all outstanding shares of capital stock entitled to vote at the Contango special meeting must be present in person or represented by proxy to constitute a quorum. All shares of Contango common stock represented at the Contango special meeting, including shares that are represented but that vote to abstain, will be treated as present for purposes of determining the presence or absence of a quorum. Broker non-votes will not be treated as present for purposes of determining the presence or absence of a quorum.

*Crimson Stockholders:* Stockholders who hold shares representing at least a majority of the voting power of all outstanding shares of capital stock entitled to vote at the Crimson special meeting must be present in person or represented by proxy to constitute a quorum. All shares of Crimson common stock represented at the Crimson special meeting, including shares that are represented but that vote to abstain, will be treated as present for purposes of determining the presence or absence of a quorum. Broker non-votes will not be treated as present for purposes of determining the presence or absence of a quorum.

Additional information on the quorum requirements can be found under the heading "Quorum" on page 41 with respect to Contango and on page 46 with respect to Crimson.

**Q: How do I vote if I am a stockholder of record?**

A: *Contango Stockholders:* If you were a record holder of Contango stock at the close of business on the record date for the Contango special meeting, you may vote in person by attending the Contango special meeting or, to ensure that your shares are represented at the Contango special meeting, you may authorize a proxy to vote by:

accessing the internet site listed on the Contango proxy card and following the instructions provided on that site anytime up to 1:00 a.m., eastern time, on October 1, 2013;

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calling the toll-free number listed on the Contango proxy card and following the instructions provided in the recorded message anytime up to 1:00 a.m., eastern time, on October 1, 2013; or

submitting your Contango proxy card by mail by using the provided self-addressed, stamped envelope.

If you hold shares of Contango common stock in street name through a bank, broker or other nominee, please follow the voting instructions provided by your bank, broker or other nominee to ensure that your shares are represented at the Contango special meeting.

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*Crimson Stockholders.* If you were a record holder of Crimson stock at the close of business on the record date for the Crimson special meeting, you may vote in person by attending the Crimson special meeting or, to ensure that your shares are represented at the Crimson special meeting, you may authorize a proxy to vote by:

accessing the internet site listed on the Crimson proxy card and following the instructions provided on that site anytime up to 11:59 p.m., eastern time, on September 30, 2013;

calling the toll-free number listed on the Crimson proxy card and following the instructions provided in the recorded message anytime up to 11:59 p.m., eastern time, on September 30, 2013; or

submitting your Crimson proxy card by mail by using the provided self-addressed, stamped envelope.

If you hold Crimson shares in street name through a bank, broker or other nominee, please follow the voting instructions provided by your bank, broker or other nominee to ensure that your shares are represented at the Crimson special meeting.

### **Q: How many votes do I have?**

A: *Contango Stockholders:* With respect to each proposal to be presented at the Contango special meeting, holders of Contango common stock as of the Contango record date are entitled to one vote for each share of Contango common stock owned at the close of business on the Contango record date. At the close of business on the Contango record date, there were 15,194,952 shares of Contango common stock outstanding and entitled to vote at the Contango special meeting.

*Crimson Stockholders:* With respect to each proposal to be presented at the Crimson special meeting, holders of Crimson common stock as of the Crimson record date are entitled to one vote for each share of Crimson common stock owned at the close of business on the Crimson record date. At the close of business on the Crimson record date, there were 44,764,423 shares of Crimson common stock outstanding and entitled to vote at the Crimson special meeting.

### **Q: Who will serve on the board of directors of Contango following the completion of the merger?**

A: The merger agreement provides that, upon completion of the merger, the board of directors of Contango will consist of eight members, including, (i) five directors chosen by the current Contango directors, which directors will be members of the existing Contango board (at least three of whom will be independent for purposes of the rules of the NYSE MKT), and (ii) three directors chosen by the current Crimson directors, which directors will be members of the existing Crimson board (at least two of whom will be independent for purposes of the rules of the NYSE MKT). As of the date of this joint proxy statement/prospectus, it is anticipated that Joseph J. Romano, Brad Juneau, B.A. Berilgen, Charles M. Reimer, Steven L. Schoonover, Allan D. Keel, B. James Ford, and Lon McCain will serve as directors of the combined company upon completion of the merger.

### **Q: Who will serve as executive management of Contango following the completion of the merger?**

A: Effective as of, and subject to the occurrence of, the effective time of the merger (i) Joseph J. Romano will continue to serve as the Chairman of the board of directors of the combined company, (ii) Allan D. Keel will become President and Chief Executive Officer of the combined company, (iii) E. Joseph Grady will become the Senior Vice President and Chief Financial Officer of the combined company,



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(iv) Thomas H. Atkins will become the Senior Vice President of Exploration of the combined company, (v) Jay S. Mengle will become the Senior Vice President of Engineering of the combined company, and (vi) A. Carl Isaac will become the Senior Vice President of Operations of the combined company.

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**Q: What vote is required to approve each proposal?**

A: *Contango Stockholders:* The approval of the issuance of shares of Contango common stock to Crimson stockholders in connection with the merger requires the affirmative vote of a majority of the shares of Contango common stock, present in person or represented by proxy at the Contango special meeting and entitled to vote thereon, assuming a quorum. Failures to vote and broker non-votes will have no effect on the vote for this proposal; however, abstentions will have the same effect as a vote AGAINST the approval of such proposal.

The approval, on an advisory (non-binding) basis, of the compensation that may be paid or become payable to Contango's named executive officers that is based on or otherwise related to the proposed transactions requires the affirmative vote of a majority of the shares of Contango common stock, present in person or represented by proxy at the Contango special meeting and entitled to vote thereon, assuming a quorum. Failures to vote and broker non-votes will have no effect on the vote for this proposal; however, abstentions will have the same effect as a vote AGAINST the approval of such proposal.

The adjournment of the Contango special meeting, if necessary or appropriate, to solicit additional proxies requires the affirmative vote of a majority of the shares of Contango common stock, present in person or represented by proxy at the Contango special meeting and entitled to vote thereon, regardless of whether there is a quorum. Failures to vote and broker non-votes will have no effect on the vote for this proposal; however, abstentions will have the same effect as a vote AGAINST the approval of such proposal.

*Crimson Stockholders:* The adoption of the merger agreement, the merger and the other transactions contemplated by the merger agreement requires the affirmative vote of a majority of the issued and outstanding shares of Crimson common stock that are entitled to vote at the special meeting. Failures to vote, broker non-votes and abstentions will have the same effect as a vote AGAINST the approval of such proposal.

The approval, on an advisory (non-binding) basis, of the compensation that may be paid or become payable to Crimson's named executive officers that is based on or otherwise related to the proposed transactions requires the approval of a majority of the votes cast at the Crimson special meeting, assuming a quorum. Failures to vote and broker non-votes will have no effect on the vote for this proposal; however, abstentions will have the same effect as a vote AGAINST the approval of such proposal.

The adjournment of the Crimson special meeting, if necessary or appropriate, to solicit additional proxies requires the approval of a majority of the votes cast at the Crimson special meeting, regardless of whether there is a quorum. Failures to vote and broker non-votes will have no effect on the vote for this proposal; however, abstentions will have the same effect as a vote AGAINST the approval of such proposal.

**Q: How does the Contango board of directors recommend that Contango stockholders vote?**

A: The Contango board of directors has unanimously determined that the merger and the other transactions contemplated by the merger agreement (including the issuance of shares of Contango common stock to Crimson stockholders in connection with the merger) are in the best interests of Contango and its stockholders. Accordingly, the Contango board of directors unanimously recommends that Contango stockholders vote FOR the proposal to approve the issuance of shares of Contango common stock to Crimson stockholders in connection with the merger, FOR the proposal to approve on an advisory (non-binding) basis, the compensation that may be paid or become payable to Contango's named executive officers that is based on or otherwise related to the proposed transactions and FOR the proposal to approve the adjournment of the Contango special meeting, if necessary or appropriate, to permit further solicitation of proxies.

**Q: How does the Crimson board of directors recommend that Crimson stockholders vote?**

A: The Crimson board of directors has unanimously adopted the merger agreement and determined that the merger agreement, the merger and the other transactions contemplated by the merger agreement are in the best interests of Crimson and its stockholders. Accordingly, the Crimson board of directors unanimously

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recommends that Crimson stockholders vote **FOR** the proposal to adopt the merger agreement, the merger and the other transactions contemplated by the merger agreement, **FOR** the proposal to approve on an advisory (non-binding) basis, the compensation that may be paid or become payable to Crimson's named executive officers that is based on or otherwise related to the proposed transactions and **FOR** the proposal to approve the adjournment of the Crimson special meeting, if necessary or appropriate, to permit further solicitation of proxies.

**Q: My shares are held in street name by my bank, broker or other nominee. Will my bank, broker or other nominee automatically vote my shares for me?**

A: No. If your shares are held through a bank, broker or other nominee, you are considered the beneficial holder of the shares held for you in what is known as street name. The record holder of such shares is your bank, broker or other nominee, and not you. If this is the case, this joint proxy statement/prospectus has been forwarded to you by your bank, broker or other nominee. You must provide the record holder of your shares with instructions on how to vote your shares. Otherwise, your bank, broker or other nominee may not vote your shares on any of the proposals to be considered at the Contango special meeting or the Crimson special meeting, as applicable, and a broker non-vote will result.

In connection with the Contango special meeting, broker non-votes will have no effect on (i) the proposal to approve the issuance of shares of Contango common stock to Crimson stockholders in connection with the merger (assuming a quorum is present), (ii) the proposal to approve on an advisory (non-binding) basis, the compensation that may be paid or become payable to Contango's named executive officers that is based on or otherwise related to the proposed transactions or (iii) the proposal to approve the adjournment of the Contango special meeting, if necessary or appropriate, to permit further solicitation of proxies.

In connection with the Crimson special meeting, broker non-votes will have (i) the same effect as a vote **AGAINST** the proposal to adopt the merger agreement, the merger and the other transactions contemplated by the merger agreement, (ii) no effect on the proposal to approve on an advisory (non-binding) basis, the compensation that may be paid or become payable to Crimson's named executive officers that is based on or otherwise related to the proposed transactions and (iii) no effect on the proposal to approve the adjournment of the Crimson special meeting, if necessary or appropriate, to permit further solicitation of proxies.

Please follow the voting instructions provided by your bank, broker or other nominee so that it may vote your shares on your behalf. Please note that you may not vote shares held in street name by returning a proxy card directly to Contango or Crimson or by voting in person at the special meeting unless you first obtain a legal proxy from your bank, broker or other nominee.

**Q: What will happen if I fail to vote or I abstain from voting?**

A: *Contango Stockholders:* If you fail to vote it will not have any effect on the vote for the proposals; however, if you attend the Contango special meeting and abstain or mark your proxy or voting instructions to abstain, it will have the same effect as a vote **AGAINST** (i) the proposal to approve the issuance of shares of Contango common stock to Crimson stockholders in connection with the merger, (ii) the proposal to approve on an advisory (non-binding) basis, the compensation that may be paid or become payable to Contango's named executive officers that is based on or otherwise related to the proposed transactions, and (iii) the proposal to approve the adjournment of the Contango special meeting, if necessary or appropriate, to permit further solicitation of proxies.

*Crimson Stockholders:* If you fail to vote, it will have (i) the same effect as a vote **AGAINST** the proposal to adopt the merger agreement, the merger and the other transactions contemplated by the merger agreement, (ii) no effect on the proposal to approve on an advisory (non-binding) basis, the compensation that may be paid or become payable to Crimson's named executive officers that is based on or otherwise related to the proposed transactions and (iii) no effect on the proposal to approve the adjournment of the Crimson special meeting, if necessary or appropriate, to permit further solicitation of proxies.

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If you attend the Crimson special meeting and abstain or mark your proxy or voting instructions to abstain, it will have the same effect as a vote AGAINST (i) the proposal to adopt the merger agreement, the merger and the other transactions contemplated by the merger agreement, (ii) the proposal to approve on an advisory (non-binding) basis, the compensation that may be paid or become payable to Crimson's named executive officers that is based on or otherwise related to the proposed transactions and (iii) the proposal to approve the adjournment of the Crimson special meeting, if necessary or appropriate, to permit further solicitation of proxies.

### **Q: What will happen if I return my proxy card without indicating how to vote?**

**A:** *Contango Stockholders:* If you properly complete and sign your proxy card but do not indicate how your shares of Contango common stock should be voted on a proposal, the shares of Contango common stock represented by your proxy will be voted as the Contango board of directors recommends and, therefore, FOR (i) the proposal to approve the issuance of shares of Contango common stock to Crimson stockholders in connection with the merger, (ii) the proposal to approve on an advisory (non-binding) basis, the compensation that may be paid or become payable to Contango's named executive officers that is based on or otherwise related to the proposed transactions and (iii) the proposal to approve the adjournment of the Contango special meeting, if necessary or appropriate, to permit further solicitation of proxies.

*Crimson Stockholders:* If you properly complete and sign your proxy card but do not indicate how your shares of Crimson common stock should be voted on a proposal, the shares of Crimson common stock represented by your proxy will be voted as the Crimson board of directors recommends and, therefore, FOR (i) the proposal to adopt the merger agreement, the merger and the other transactions contemplated by the merger agreement, (ii) the proposal to approve on an advisory (non-binding) basis, the compensation that may be paid or become payable to Crimson's named executive officers that is based on or otherwise related to the proposed transactions and (iii) the proposal to approve the adjournment of the Contango special meeting, if necessary or appropriate, to permit further solicitation of proxies.

### **Q: Can I change my vote or revoke my proxy after I have returned a proxy or voting instruction card?**

**A:** Yes.

If you are the record holder of either Contango or Crimson stock, you can change your vote or revoke your proxy at any time before your proxy is voted at the applicable special meeting. You can do this by:

timely delivering a signed written notice of revocation;

timely delivering a new, valid proxy bearing a later date (including by telephone or through the internet); or

attending the special meeting and voting in person, which will automatically cancel any proxy previously given, or revoking your proxy in person. Simply attending the Contango special meeting or the Crimson special meeting without voting will not revoke any proxy that you have previously given or change your vote.

If you choose either of the first two methods, your notice of revocation or your new proxy must be received by the Secretary of Contango or Crimson, as applicable, no later than the beginning of the applicable special meeting.

Regardless of the method used to deliver your previous proxy, you may revoke your proxy by any of the above methods.

*If you hold shares of either Contango or Crimson in street name:* If your shares are held in street name, you must contact your bank, broker or other nominee to change your vote.



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**Q: What are the material U.S. federal income tax consequences of the merger to U.S. holders of Crimson common stock?**

A: The merger is intended to be treated for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the Code). Assuming the merger qualifies as a reorganization, a U.S. holder of Crimson common stock will not recognize any gain or loss for U.S. federal income tax purposes upon the exchange of the holder's shares of Crimson common stock for shares of Contango common stock pursuant to the merger, except with respect to cash received in lieu of fractional shares of Contango common stock. For further information, see Material U.S. Federal Income Tax Consequences beginning on page 132.

*The U.S. federal income tax consequences described above may not apply to all holders of Crimson common stock. Your tax consequences will depend on your individual situation. Accordingly, we strongly urge you to consult your independent tax advisor for a full understanding of the particular tax consequences of the merger to you.*

**Q: When do you expect the merger to be completed?**

A: Contango and Crimson hope to complete the merger as soon as reasonably possible and expect the closing of the merger to occur in September or October of 2013. However, the merger is subject to the satisfaction or waiver of other conditions, and it is possible that factors outside the control of Contango and Crimson could result in the merger being completed at an earlier time, a later time or not at all.

**Q: Do I need to do anything with my shares of common stock other than vote for the proposals at the special meeting?**

A: *Contango Stockholders:* If you are a Contango stockholder, after the merger is completed, you are not required to take any action with respect to your shares of Contango common stock.

*Crimson Stockholders:* If you are a Crimson stockholder, after the merger is completed, each share of Crimson common stock that you hold will be converted automatically into the right to receive 0.08288 shares of Contango common stock together with cash in lieu of any fractional shares, as applicable. You will receive instructions at that time regarding exchanging your shares for shares of Contango common stock. You do not need to take any action at this time. Please do not send your Crimson stock certificates with your proxy card.

**Q: Should I send in my share certificates now?**

A: No. If Contango and Crimson complete the merger, former Crimson stockholders will receive written instructions for exchanging their Crimson share certificates. Contango will issue shares of Contango common stock to former holders of Crimson common stock in uncertificated form as a notation on the Contango stockholders register, unless a former Crimson stockholder requests share certificates for shares of Contango common stock to be issued in such stockholder's name, in which case Contango will issue such certificates in accordance with its normal procedure for issuing share certificates to stockholders.

**Q: Are stockholders entitled to appraisal rights?**

A: No. Neither the stockholders of Contango nor the stockholders of Crimson are entitled to appraisal rights in connection with the merger under Delaware law, under the certificate of incorporation or bylaws of either company or otherwise.

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**Q: What happens if I sell my shares of Crimson common stock before the Crimson special meeting?**

A: The record date for the Crimson special meeting is earlier than the date of the Crimson special meeting and the date that the merger is expected to be completed. If you transfer your Crimson shares after the Crimson record date but before the Crimson special meeting, you will retain your right to vote at the Crimson special meeting, but will have transferred the right to receive the merger consideration in the merger. In order to receive the merger consideration, you must hold your shares through the effective date of the merger.

**Q: What does it mean if I receive more than one set of materials?**

A: This means you own shares of both Contango and Crimson common stock or you own shares of Contango or Crimson common stock that are registered under different names. For example, you may own some shares directly as a stockholder of record and other shares through a bank, broker or other nominee or you may own shares through more than one bank, broker or other nominee. In these situations, you will receive multiple sets of proxy materials. You must complete, sign and return all of the proxy cards or follow the instructions for any alternative voting procedure on each of the voting instruction forms you receive in order to vote all of the shares of Contango and/or Crimson common stock that you own. Each proxy card you receive will come with its own self-addressed, stamped envelope; if you submit your proxy by mail, make sure you return each proxy card in the return envelope that accompanied that proxy card.

**Q: How can I find out more information?**

A: For more information about Contango and Crimson, see the section entitled "Where You Can Find More Information" beginning on page 160.

**Q: Who can help answer my questions?**

A: Contango stockholders who have questions about the merger, the other matters to be voted on at the special meetings or how to submit a proxy, or desire additional copies of this joint proxy statement/prospectus or additional proxy cards should contact: Georgeson Inc., 480 Washington Boulevard, 26th Floor, Jersey City, NJ 07310, Telephone: (866) 856-4733.

Crimson stockholders who have questions about the merger, the other matters to be voted on at the special meetings or how to submit a proxy, or desire additional copies of this joint proxy statement/prospectus or additional proxy cards should contact: Morrow & Co., LLC, 470 West Avenue, 3rd Floor, Stamford, CT 06902. Stockholders may call toll free at (888) 836-9724. Banks and brokerage firms may call collect at (203) 658-9400.

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### **SUMMARY**

*This summary highlights information contained elsewhere in this joint proxy statement/prospectus and may not contain all the information that is important to you with respect to the merger and the other matters being considered at the Contango and Crimson special meetings. Contango and Crimson urge you to read the remainder of this joint proxy statement/prospectus carefully, including the attached Annexes, and the other documents to which we have referred you. See also the section entitled "Where You Can Find More Information" beginning on page 160. We have included page references in this summary to direct you to a more complete description of the topics presented below.*

### **The Companies**

#### **Contango Oil & Gas Company**

Contango is a Houston, TX-based, independent natural gas and oil company. Contango's core business is to explore, develop, produce and acquire natural gas and oil properties offshore in the Gulf of Mexico in water-depths of less than 300 feet. Contango has 12 operating wells and three production platforms in the Gulf of Mexico. Contango has additional onshore investments in (i) Alta Resources Investments, LLC, whose primary area of focus is the liquids-rich Kaybob Duvernay in Alberta, Canada; (ii) Exaro Energy III LLC ( Exaro ), which is primarily focused on the development of proved natural gas reserves in the Jonah Field in Wyoming; and (iii) the Tuscaloosa Marine Shale where Contango leases approximately 24,000 net acres. As of March 31, 2013, Contango had estimated proved reserves of 215.5 billion cubic feet equivalent (Bcfe) including 19.6 Bcfe of proved developed reserves attributable to its investment in Exaro. Contango has an active exploration program, and plans to drill two new exploratory wells in the central Gulf of Mexico in 2013. As of March 31, 2013, Contango had no debt and approximately \$100 million of working capital. For the quarter ended March 31, 2013, Contango's average production was approximately 64.6 million cubic feet equivalent per day ( Mmcfed ).

Contango's common stock is traded on the NYSE MKT under the symbol MCF.

The principal executive offices of Contango are located at 3700 Buffalo Speedway, Houston, Texas 77098, and Contango's telephone number is (713) 960-1901. Additional information about Contango and its subsidiaries is included in documents incorporated by reference into this joint proxy statement/prospectus. See "Where You Can Find More Information" on page 160.

#### **Crimson Exploration Inc.**

Crimson is a Houston, TX-based independent energy company engaged in the exploitation, exploration, development and acquisition of crude oil and natural gas, primarily in the onshore Gulf Coast regions of the United States. Crimson currently owns approximately 95,000 net acres onshore in Texas, Louisiana, Colorado and Mississippi. Crimson refers to its four corporate areas as (i) Southeast Texas, focusing on the Woodbine, Eagle Ford and Georgetown formations, (ii) South Texas, focusing on the Eagle Ford and Buda formations, (iii) East Texas, focusing on the Haynesville, Mid-Bossier and James Lime formations, and (iv) Rockies and Other, focusing on the Niobrara and D&J Sand formations. Crimson's strategy is to continue to increase crude oil and liquids-rich reserves and production from an extensive inventory of drilling prospects, de-risk unproved prospects in core operating areas, and opportunistically grow reserves through acquisitions complementary to its existing asset base.

As of June 30, 2013, Crimson had estimated proved reserves of 117.1 Bcfe of natural gas equivalents, based on SEC reporting guidelines. For the quarter ended June 30, 2013, Crimson's average production was approximately 44.2 Mmcfed.

Crimson's common stock is traded on the NASDAQ under the symbol CXPO.



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The principal executive offices of Crimson are located at 717 Texas Ave., Suite 2900, Houston, Texas 77002, and Crimson's telephone number is (713) 236-7400. Additional information about Crimson and its subsidiaries is included in documents incorporated by reference into this joint proxy statement/prospectus. See "Where You Can Find More Information" on page 160.

**Contango Acquisition, Inc.**

Contango Acquisition, Inc., a wholly owned subsidiary of Contango, is a Delaware corporation that was formed on March 14, 2013 for the sole purpose of effecting the merger. In the merger, Contango Acquisition, Inc. will be merged with and into Crimson, with Crimson surviving as a wholly owned subsidiary of Contango.

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### **The Meetings**

#### **The Contango Special Meeting (see page 40)**

The special meeting of Contango stockholders will be held at 3700 Buffalo Speedway, Second Floor, Houston, Texas 77098, on October 1, 2013, at 9:30 a.m., local time. The special meeting of Contango stockholders is being held to consider and vote on:

a proposal to approve the issuance of shares of Contango common stock to Crimson stockholders in connection with the merger;

an advisory (non-binding) proposal to approve the compensation that may be paid or become payable to Contango's named executive officers that is based on or otherwise related to the proposed transactions; and

a proposal to approve the adjournment of the Contango special meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies in the event there are not sufficient votes at the time of the special meeting to approve the first proposal listed above. Completion of the merger is conditioned on approval of the issuance of shares of Contango common stock to Crimson stockholders in connection with the merger.

Only record holders of shares of Contango common stock at the close of business on August 20, 2013, the record date for the Contango special meeting, are entitled to receive notice of, and to vote at, the Contango special meeting or any adjournment or postponement thereof. At the close of business on the record date, the only outstanding voting securities of Contango were common stock, and 15,194,952 shares of Contango common stock were issued and outstanding, approximately 11.2% of which were owned and entitled to be voted by Contango directors and executive officers and the Estate of Mr. Peak, Contango's former Chairman and Chief Executive Officer. The Contango directors and executive officers and the Estate of Mr. Peak are currently expected to vote their shares in favor of each Contango proposal listed above.

The Estate of Kenneth R. Peak, Brad Juneau and certain of the executive officers of Contango have each entered into an agreement with Crimson whereby, subject to the terms and conditions of that agreement, such stockholder has agreed to vote all of the Contango shares held by such stockholder in favor of the issuance of shares of Contango common stock to Crimson stockholders in connection with the merger. As of the date of this joint proxy statement/prospectus, such parties hold in the aggregate approximately 10.6% of the outstanding shares of Contango common stock.

With respect to each Contango proposal listed above, Contango stockholders may cast one vote for each share of Contango common stock that they own as of the Contango record date. The proposal to approve the issuance of shares of Contango common stock to Crimson stockholders in connection with the merger requires the affirmative vote of a majority of the shares of Contango common stock, present in person or represented by proxy at the Contango special meeting and entitled to vote thereon. No business may be transacted at the Contango special meeting unless a quorum is present. If a quorum is not present, or if fewer shares are voted in favor of the proposal to approve the issuance of shares of Contango common stock to Crimson stockholders in connection with the merger than is required, to allow additional time for obtaining additional proxies, the special meeting may be adjourned if the requisite stockholder approval to adjourn the meeting is obtained. No notice of an adjourned meeting need be given unless the adjournment is for more than 30 days or, if after the adjournment, a new record date is fixed for the adjourned meeting, in which case a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

#### **Reasons for the Merger; Recommendation of the Board of Directors of Contango (see page 61)**

After careful consideration, the Contango board of directors unanimously determined that the merger and the other transactions contemplated by the merger agreement are advisable and in the best interests of Contango

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and its stockholders, approved the merger and the merger agreement and recommended to the holders of Contango common stock the approval of the issuance of Contango common stock to Crimson stockholders in connection with the merger. For more information regarding the factors considered by the Contango board of directors in reaching its decisions relating to its recommendations, see the section entitled "The Merger Contango's Reasons for the Merger; Recommendation of the Contango Board of Directors." **The Contango board of directors unanimously recommends that Contango stockholders vote FOR the proposal to approve the issuance of shares of Contango common stock to Crimson stockholders in connection with the merger, FOR the proposal to approve on an advisory (non-binding) basis, the compensation that may be paid or become payable to Contango's named executive officers that is based on or otherwise related to the proposed transactions and FOR the proposal to approve the adjournment of the Contango special meeting to a later date or dates, if necessary or appropriate to solicit additional proxies in the event there are not sufficient votes at the time of the special meeting to approve the issuance of shares of Contango common stock.**

**Opinion of Contango's Financial Advisor (see page 63)**

In connection with the merger, on February 6, 2013, the Contango board of directors retained Petrie Partners Securities, LLC (referred to in this joint proxy statement/prospectus as "Petrie") to act as financial advisor to the Contango board of directors. On April 29, 2013, at a meeting of the Contango board of directors, Petrie rendered its oral opinion, subsequently confirmed by delivery of a written opinion soon after the meeting, that, as of April 29, 2013 and based upon and subject to the factors, procedures, assumptions, qualifications and limitations set forth in its opinion, the exchange ratio was fair, from a financial point of view, to Contango.

**The full text of the written opinion of Petrie, dated as of April 29, 2013, which sets forth, among other things, the procedures followed, assumptions made, matters considered and qualifications and limitations on the scope of review undertaken in rendering its opinion, is attached as Annex B to this joint proxy statement/prospectus and is incorporated by reference in its entirety into this joint proxy statement/prospectus. You are urged to read the opinion carefully and in its entirety. Petrie's opinion was addressed to, and provided for the information and benefit of, the Contango board of directors (in its capacity as such) in connection with its evaluation of whether the exchange ratio was fair, from a financial point of view, to Contango. Petrie's opinion does not address the fairness of the proposed merger, or any consideration received in connection with the proposed merger, to the holders of any securities, creditors or other constituencies of Contango, nor does it address the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of Contango, or any class of such persons, whether relative to the exchange ratio or otherwise. Petrie assumed that any modification to the structure of the merger would not vary in any respect material to its analysis. Petrie's opinion does not address the relative merits of the merger as compared to any other alternative business transaction or strategic alternative that might be available to Contango, nor does it address the underlying business decision of Contango to engage in the merger. Petrie's opinion does not constitute a recommendation to the Contango board of directors or to any other persons in respect of the merger, including as to how any holder of shares of common stock of Contango should act or vote in respect of any of the transactions contemplated by the merger agreement. Finally, Petrie did not express any opinion as to the price at which shares of Contango or Crimson common stock will trade at any time.**

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### **The Crimson Special Meeting (see page 45)**

The special meeting of Crimson stockholders will be held at Crimson's offices at 717 Texas Avenue, Suite 2900, Houston, Texas 77002, on October 1, 2013, at 9:30 a.m., local time. The special meeting of Crimson stockholders is being held in order to consider and vote on:

a proposal to adopt the merger agreement, the merger and the other transactions contemplated by the merger agreement, which is further described in the sections titled "The Merger" and "The Merger Agreement," beginning on pages 50 and 111, respectively;

an advisory (non-binding) proposal to approve the compensation that may be paid or become payable to Crimson's named executive officers that is based on or otherwise related to the proposed transactions; and

a proposal to approve the adjournment of the Crimson special meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies in the event there are not sufficient votes at the time of the special meeting to approve the foregoing proposal.

Only record holders of shares of Crimson common stock at the close of business on August 20, 2013, the record date for the Crimson special meeting, are entitled to notice of, and to vote at, the Crimson special meeting or any adjournment or postponement thereof. At the close of business on the record date, the only outstanding voting securities of Crimson were common stock, and 44,764,423 shares of Crimson common stock were issued and outstanding and entitled to vote at the Crimson special meeting, approximately 2.95% of which were owned and entitled to be voted by Crimson directors and executive officers. The Crimson directors and executive officers are currently expected to vote their shares in favor of each of the Crimson proposals listed above.

OCM GW Holdings, LLC, a Delaware limited liability company, and OCM Crimson Holdings, LLC, a Delaware limited liability company (collectively, "Oaktree") and each executive officer of Crimson have entered into an agreement with Contango and Merger Sub whereby, subject to the terms and conditions of that agreement, such stockholder has agreed to vote all of the Crimson shares held by such stockholder in favor of the adoption of the merger. As of the date of this joint proxy statement/prospectus, Oaktree holds and is entitled to vote, in the aggregate, approximately 34.71% of the issued and outstanding shares of Crimson common stock entitled to vote at the Crimson special meeting and the executive officers of Crimson hold and are entitled to vote, in the aggregate, approximately 2.54% of the issued and outstanding shares of Crimson common stock entitled to vote at the Crimson special meeting.

With respect to each Crimson proposal listed above, Crimson stockholders may cast one vote for each share of Crimson common stock that they own as of the Crimson record date. The proposal to adopt the merger agreement requires the affirmative vote of a majority of the issued and outstanding shares of Crimson common stock that are entitled to vote thereon. No business may be transacted at the Crimson special meeting unless a quorum is present. If a quorum is not present, or if fewer shares are voted in favor of the proposal to adopt the merger agreement than is required, to allow additional time for obtaining additional proxies, the special meeting may be adjourned if the requisite stockholder approval to adjourn the meeting is obtained. No notice of an adjourned meeting need be given unless the adjournment is for more than 30 days or, if after the adjournment, a new record date is fixed for the adjourned meeting, in which case a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

### **Reasons for the Merger; Recommendation of the Board of Directors of Crimson (see page 76)**

After careful consideration, the Crimson board of directors unanimously adopted the merger agreement, determined that the merger agreement and the transactions contemplated thereby, including the merger, are advisable and in the best interests of Crimson's stockholders, and recommended that the merger agreement, the merger and the other transactions contemplated by the merger agreement be adopted by Crimson's stockholders. For more information regarding the factors considered by the Crimson board of directors in reaching its decision to recommend the approval of the merger agreement, see the section entitled "The Merger - Crimson's Reasons

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for the Merger; Recommendation of the Crimson Board of Directors. **The Crimson board of directors unanimously recommends that Crimson stockholders vote FOR the proposal to adopt the merger agreement, the merger and the other transactions contemplated by the merger agreement at the Crimson special meeting, FOR the proposal to approve on an advisory (non-binding) basis, the compensation that may be paid or become payable to Crimson's named executive officers that is based on or otherwise related to the proposed transactions and FOR the proposal to approve the adjournment of the Crimson special meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies in the event there are not sufficient votes at the time of the special meeting to approve and adopt the merger agreement.**

**Opinion of Crimson's Financial Advisor (see page 79)**

In connection with the merger, Crimson's board of directors received a written opinion, dated April 29, 2013, from Barclays Capital Inc. (referred to in this joint proxy statement/prospectus as Barclays) as to the fairness, as of the date of the opinion, from a financial point of view, to holders of Crimson common stock of the exchange ratio provided for in the merger agreement. The full text of Barclays' written opinion, which is attached to this joint proxy statement/prospectus as Annex C, sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken. **Barclays' opinion was provided for the information of Crimson's board of directors (in its capacity as such) in connection with its evaluation of the exchange ratio from a financial point of view and did not address any other aspects or implications of the merger. Barclays expressed no view as to, and its opinion does not address, the underlying business decision of Crimson to effect the merger, the relative merits of the merger as compared to any alternative business strategies that might exist for Crimson or the effect of any other transaction in which Crimson might engage. Barclays' opinion is not intended to be and does not constitute a recommendation to any stockholder as to how such stockholder should vote or act on any matters relating to the proposed merger or otherwise.**

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### **The Merger**

*A copy of the merger agreement is attached as Annex A to this joint proxy statement/prospectus. Contango and Crimson encourage you to read the entire merger agreement carefully because it is the principal document governing the merger. For more information on the merger agreement, see the section entitled *The Merger Agreement* beginning on page 111.*

#### **Form of the Merger (see page 111)**

Subject to the terms and conditions of the merger agreement, at the effective time of the merger, Merger Sub, a wholly owned subsidiary of Contango formed for the sole purpose of effecting the merger, will be merged with and into Crimson. Crimson will survive the merger as a wholly owned subsidiary of Contango.

#### **Merger Consideration (see page 111)**

Crimson stockholders will have the right to receive 0.08288 shares of Contango common stock for each share of Crimson common stock they hold at the effective time of the merger (the exchange ratio) and, in lieu of any fractional shares, cash (without interest) in an amount equal to the product of (i) such fractional part of a share of Contango common stock multiplied by (ii) the closing price for a share of Contango common stock as reported on the NYSE MKT on the first trading day following the effective date of the merger. The exchange ratio is fixed and will not be adjusted for changes in the market value of the common stock of Crimson or Contango. As a result, the implied value of the consideration to Crimson stockholders will fluctuate between the date of this joint proxy statement/prospectus and the effective date of the merger. Based on the closing price of Contango common stock on the NYSE MKT on April 29, 2013, the last trading day before public announcement of the merger, the exchange ratio represented approximately \$3.19 in value for each share of Crimson common stock. Based on the closing price of Contango common stock on the NYSE MKT on August 21, 2013, the latest practicable trading day before the date of this joint proxy statement/prospectus, the exchange ratio represented approximately \$3.07 in value for each share of Crimson common stock.

#### **Treatment of Crimson Stock Options and Other Equity-Based Awards (see page 122)**

*Stock Options.* Upon completion of the merger, each outstanding option to acquire Crimson common stock will be converted into a fully vested and immediately exercisable option to purchase shares of Contango common stock. The number of shares of Contango common stock that will be subject to such Contango stock options will be the number of shares of Crimson common stock subject to each such Crimson stock option multiplied by 0.08288, rounded down to the nearest whole share of Contango common stock. The exercise price per share of Contango common stock for such Contango stock option will equal the exercise price per share of Crimson common stock for such Crimson stock option divided by 0.08288, rounded up to the nearest whole cent.

*Restricted Stock.* Effective simultaneously with the effective time of the merger, each outstanding share of Crimson restricted stock will vest and be converted into an unrestricted share of Crimson common stock with the right to receive 0.08288 fully vested shares of Contango common stock.

#### **Expected Timing of the Merger**

Contango and Crimson currently expect the closing of the merger to occur in September or October of 2013. However, the merger is subject to the satisfaction or waiver of conditions as described in the merger agreement, and it is possible that factors outside the control of Contango and Crimson could result in the merger being completed at an earlier time, a later time or not at all.

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### **Conditions to Completion of the Merger (see page 123)**

The obligations of Contango, Crimson and Merger Sub to complete the merger are subject to the satisfaction or waiver of the following conditions on or prior to the closing date:

adoption of the merger agreement by the affirmative vote of holders of a majority of the outstanding shares of Crimson common stock;

approval of the issuance of shares of Contango common stock to Crimson stockholders in connection with the merger by the affirmative vote of holders of a majority of the shares present in person or represented by proxy and entitled to vote at the Contango special meeting;

absence of any laws, temporary restraining orders, preliminary or permanent injunctions or other orders that have the effect of making the merger illegal or otherwise prohibiting consummation of the merger;

the receipt of any approvals required to be obtained for the consummation of the merger and the other transactions contemplated by the merger agreement under any applicable United States federal or state laws, except where the failure to obtain such approvals would not have a material adverse effect on Contango or Crimson;

authorization for the listing on the NYSE MKT of the shares of Contango common stock to be issued, and such other shares to be reserved for issuance, in connection with the merger, subject to official notice of issuance; and

effectiveness of the registration statement on Form S-4 of which this joint proxy statement/prospectus forms a part and the absence of a stop order or proceedings pending before by the SEC for that purpose.

In addition, each of Contango's and Crimson's obligations to effect the merger is subject to the satisfaction or waiver of the following additional conditions:

the representations and warranties of the other party, other than the representations related to the shares of capital stock authorized, issued and outstanding or reserved for issuance and the shares subject to any rights to purchase or receive common stock, (i) if qualified by material adverse effect, will be true and correct in all respects as of the date of the merger agreement and as of the closing date, and (ii) if not qualified by material adverse effect, will be true and correct as of the date of the merger agreement and as of the closing date except where the failure to be true and correct, has not had, or would not reasonably be expected to have, individually or in the aggregate, a material adverse effect (other than, in each case, those representations and warranties that were made only as of an earlier date, which need only be true and correct as of such earlier date subject to the materiality exceptions noted above);

the representations and warranties of Contango relating to the shares of capital stock authorized, issued and outstanding or reserved for issuance and the shares subject to any rights to purchase or receive common stock will be true and correct other than in de minimis respects as of the date of the merger agreement and as of the closing date (except to the extent such representations or warranties were made only as of a specified date, in which case, as of such specified date);

the representations and warranties of Crimson relating to the shares of capital stock authorized, issued and outstanding or reserved for issuance and the shares subject to any rights to purchase or receive common stock will be true and correct in all respects as of the date of the merger agreement and as of the closing date (except to the extent such representations or warranties were made only as of an earlier date, in which case, as of such earlier date), except where inaccuracies, would result in payment of \$1,000,000 or less of additional merger consideration, in the aggregate;

the other party having performed or complied with, in all material respects, its material agreements and covenants under the merger agreement required to be performed or complied with on or prior to the closing date;



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receipt of a certificate executed by the other party's chief executive officer or chief financial officer as to the satisfaction of the conditions described in the preceding four bullets;

receipt by each party of a tax opinion from such party's tax counsel as described in the section titled "Material U.S. Federal Income Tax Consequences," including an opinion that the merger will be treated as a "reorganization" within the meaning of Section 368(a) of the Code; and

absence of any event or development that, individually or in the aggregate, has or would reasonably be expected to have a material adverse effect on the other party.

### **No Solicitation of Alternative Proposals (see page 117)**

The merger agreement precludes Contango and Crimson from soliciting or engaging in discussions or negotiations with respect to a proposal regarding an alternative transaction. However, if Contango or Crimson receives an unsolicited acquisition proposal from a third party, and Contango's or Crimson's board of directors, as applicable, among other things, reasonably determines in good faith (after consultation with its outside legal advisors) that such unsolicited proposal is, or is reasonably likely to lead to, a superior proposal to the merger, Contango or Crimson, as applicable, may furnish non-public information to and enter into discussions with, and only with, that third party regarding such acquisition proposal. See the section entitled "The Merger Agreement - No Solicitation of Alternative Proposals" for a discussion of these and other rights of each of Contango and Crimson to terminate the merger agreement.

### **Termination of the Merger Agreement (see page 124)**

Contango and Crimson may mutually agree to terminate the merger agreement at any time, notwithstanding approval of the merger by stockholders. Either company may also terminate the merger agreement if the merger is not consummated by October 31, 2013, subject to certain exceptions. See the section entitled "The Merger Agreement - Termination of the Merger Agreement" for a discussion of these and other rights of each of Contango and Crimson to terminate the merger agreement.

### **Effect of Termination of the Merger Agreement (see page 125)**

If the merger agreement is terminated by either party in accordance with its terms, the merger agreement (except for the confidentiality agreement between Contango and Crimson and certain provisions expressly listed in the merger agreement, which will survive such termination) will become void, and neither of the parties nor their affiliates or representatives will have any liability under the merger agreement or in connection with the transactions contemplated thereby, except: (a) with respect to any applicable termination fees and the reimbursement of certain expenses; (b) for willful and material breach of the merger agreement; (c) for fraud; or (d) for breaches of the confidentiality agreement between Contango and Crimson. In the case of clauses (b) and (c), the aggrieved party will be entitled to all rights and remedies available at law or equity; provided that in the case of clause (b), if such breach is of the stockholder meetings provision or the no solicitation provision and the breaching party pays the applicable termination fee, such party and its affiliates or representatives will have no further liability in connection with the merger agreement or such termination. In the case of clause (d), the aggrieved party shall be entitled to all rights and remedies provided in the confidentiality agreement between Contango and Crimson.

### **Termination Fees and Expenses (see page 125)**

Generally, all fees and expenses incurred in connection with the merger agreement and the transactions contemplated by the merger agreement will be paid by the party incurring those expenses, subject to the specific exceptions discussed in this joint proxy statement/prospectus where Contango may be required to pay a termination fee of \$28 million or an expense reimbursement of \$4.5 million and Crimson may be required to

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pay a termination fee of \$7 million or an expense reimbursement of \$4.5 million. See the section entitled "The Merger Agreement - Termination Fees and Expenses" for a discussion of the circumstances under which such termination fee or expense reimbursement will be required to be paid.

### **Comparison of Stockholder Rights and Corporate Governance Matters (see page 146)**

Crimson stockholders receiving merger consideration will have different rights once they become stockholders of Contango due to differences between the governing corporate documents of Crimson and the governing corporate documents of Contango. These differences are described in detail under the section entitled "Comparison of Rights of Contango Stockholders and Crimson Stockholders."

### **Listing of Shares of Contango Common Stock; De-Listing and Deregistration of Shares of Crimson Common Stock (see page 110)**

It is a condition to the completion of the merger that the shares of Contango common stock to be issued to Crimson stockholders and the shares of Contango common stock reserved for issuance pursuant to the merger (including those shares of Contango common stock to be issued upon conversion of the Crimson restricted stock) be authorized for listing on the NYSE MKT at the effective time of the merger, subject to official notice of issuance. Upon completion of the merger, shares of Crimson common stock currently listed on the NASDAQ will cease to be listed on the NASDAQ and will be subsequently deregistered under the Exchange Act.

### **Interests of Contango Directors and Executive Officers in the Merger (see page 97)**

Certain of Contango's directors and executive officers have financial interests in the merger that may be different from, or in addition to, the interests of Contango stockholders generally. As detailed below under "The Merger Agreement - Stockholder Support Agreements," certain executive officers of Contango along with Brad Juneau and the Estate of Kenneth R. Peak, former Chairman of the Board, have entered into support agreements with Crimson in connection with the execution of the merger agreement.

As detailed below under "The Merger - Board of Directors and Management, following the Merger," Joseph J. Romano will serve as the Chairman of the board of directors of Contango and certain of the members of Contango's board of directors immediately prior to the merger will serve as directors of Contango upon completion of the merger.

As detailed below under "The Merger - Interests of Contango Directors and Executive Officers in the Merger," a significant corporate transaction is one of the annual performance measures for Joseph J. Romano, so it is anticipated that Mr. Romano will be entitled to receive a \$4.0 million bonus payment as a result of the closing of the merger, if Mr. Romano has not already earned the bonus payment through satisfaction of other performance measures.

As of August 20, 2013, the record date for the Contango special meeting, the directors and executive officers of Contango beneficially owned and were entitled to vote 1,705,861 shares of Contango common stock, collectively representing approximately 11.2% of the shares of Contango common stock outstanding and entitled to vote at the Contango special meeting. In order to approve the issuance of shares of Contango common stock to Crimson stockholders in connection with the merger, the affirmative vote of a majority of the shares of Contango common stock, present in person or represented by proxy at the Contango special meeting and entitled to vote on the proposal is required. See "The Contango Special Meeting - Required Vote" below on page 41.

The Contango board of directors was aware of these interests and considered them, among other matters, in evaluating the merger and in making its recommendations to Contango stockholders.

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**Interests of Crimson Directors and Executive Officers in the Merger (see page 99)**

Certain of Crimson's directors and executive officers have financial interests in the merger that may be different from, or in addition to, the interests of Crimson stockholders generally. As detailed below under "The Merger Agreement - Stockholder Support Agreements," each of Allan D. Keel, E. Joseph Grady, A. Carl Isaac, Jay S. Mengle, Thomas H. Atkins and John A. Thomas have entered into support agreements with Contango in connection with the execution of the merger agreement. Moreover, the parties expect that Crimson's existing executive officers will become executive officers of Contango at or shortly after the consummation of the merger.

As detailed below under "The Merger - Board of Directors and Management, following the Merger," Allan D. Keel will serve as President and Chief Executive Officer of the combined company, E. Joseph Grady will serve as Senior Vice President and Chief Financial Officer of the combined company, Thomas H. Atkins will serve as Senior Vice President of Exploration of the combined company, Jay S. Mengle will serve as Senior Vice President of Engineering of the combined company, A. Carl Isaac will serve as Senior Vice President of Operations of the combined company, and certain of the members of Crimson's board of directors immediately prior to the merger will continue to serve as directors of the combined company upon completion of the merger. Messrs. Keel, Grady, Atkins, Mengle and Isaac have entered into employment agreements with Contango as discussed below under "Interests of Crimson Directors and Executive Officers in the Merger."

As of August 20, 2013, the record date for the Crimson special meeting, the directors and executive officers of Crimson beneficially owned and were entitled to vote 1,319,048 shares of Crimson common stock, collectively representing approximately 2.95% of the shares of Crimson common stock outstanding and entitled to vote at the Crimson special meeting. In order to approve the adoption of the merger agreement, the merger and the other transactions contemplated by the merger agreement, the affirmative vote of a majority of the issued and outstanding shares of Crimson common stock that are entitled to vote at the special meeting is required. See "The Crimson Special Meeting - Required Vote" below on page 46.

The Crimson board of directors was aware of these interests and considered them, among other matters, in evaluating the merger and in making its recommendations to Crimson stockholders.

**Regulatory Clearances Required to Complete the Transactions (see page 108)**

Contango and Crimson are not required to file notifications with the Federal Trade Commission and the Antitrust Division of the Department of Justice or observe a mandatory pre-merger waiting period before completing the merger under the U.S. Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (referred to in this joint proxy statement/prospectus as the "HSR Act"). Contango and Crimson cannot assure you, however, that other government agencies or private parties will not initiate actions to challenge the merger before or after it is completed.

**Board of Directors and Executive Management Following the Merger (see page 108)**

Effective as of, and subject to the occurrence of, the effective time of the merger, the following will occur:

the board of directors of the combined company will consist of eight members, including, (i) five directors chosen by the current Contango directors (at least three of whom will be independent for purposes of the rules of the NYSE MKT), and (ii) three directors chosen by the current Crimson directors (at least two of whom will be independent for purposes of the rules of the NYSE MKT);

as of the date of this joint proxy statement/prospectus, it is anticipated that Joseph J. Romano, Brad Juneau, B.A. Berilgen, Charles M. Reimer, Steven L. Schoonover, Allan D. Keel, B. James Ford, and Lon McCain will serve as directors of the combined company;

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Joseph J. Romano will continue to serve as the Chairman of the board of directors of the combined company;

Allan D. Keel will become President and Chief Executive Officer of the combined company;

E. Joseph Grady will become the Senior Vice President and Chief Financial Officer of the combined company;

Thomas H. Atkins will become the Senior Vice President of Exploration of the combined company;

Jay S. Mengle will become the Senior Vice President of Engineering of the combined company;

A. Carl Isaac will become the Senior Vice President of Operations of the combined company; and

the bylaws of Contango will be restated in the form of Exhibit C of Annex A.

### **No Appraisal Rights (see page 110)**

Neither the holders of shares of Contango common stock nor the holders of shares of Crimson common stock are entitled to appraisal rights in connection with the merger in accordance with Delaware law, nor do the certificates of incorporation or bylaws of either company confer such appraisal rights.

### **Exchange of Shares in the Merger (see page 112)**

Prior to the effective time of the merger, Contango will appoint an exchange agent to handle the exchange of shares of Crimson common stock for shares of Contango common stock. At the effective time of the merger, shares of Crimson common stock will be converted into the right to receive 0.08288 shares of Contango common stock without the need for any action by the holders of Crimson common stock.

Promptly after the effective time of the merger, but in no event later than three business days after the closing of the merger, Contango will cause the exchange agent to mail to each holder of a Crimson stock certificate a letter of transmittal specifying, among other things, that delivery will be effected, and risk of loss and title to any certificates representing Crimson common stock shall pass, only upon proper delivery of such certificates to the exchange agent. The letter will also include instructions explaining the procedure for surrendering Crimson stock certificates in exchange for shares of Contango common stock. Crimson stockholders should not return Crimson stock certificates with the enclosed proxy card. Holders of uncertificated shares of Crimson common stock in book-entry form will automatically receive the merger consideration and will not be required to deliver a certificate or an executed letter of transmittal to the exchange agent.

After the effective time of the merger, shares of Crimson common stock will no longer be outstanding, will be automatically canceled and will cease to exist and each certificate, if any, that previously represented shares of Crimson common stock will represent only the right to receive the merger consideration as described above. With respect to such shares of Contango common stock deliverable upon the surrender of Crimson stock certificates, until holders of such Crimson stock certificates have surrendered such stock certificates to the exchange agent for exchange, those holders will not receive dividends or distributions with respect to such shares of Contango common stock with a record date after the effective time of the merger.

Crimson stockholders will not receive any fractional shares of Contango common stock pursuant to the merger. Instead of any fractional shares, Crimson stockholders will be paid an amount in cash for such fraction of a share calculated by multiplying the fractional share interest to which such holder would otherwise be entitled by the closing price for a share of Contango common stock as reported on the NYSE MKT on the first trading day following the effective date of the merger.

Contango stockholders need not take any action with respect to their stock certificates.



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### **Anticipated Accounting Treatment (see page 135)**

Under generally accepted accounting principles, the merger will be accounted for using the acquisition method of accounting with Contango being considered the acquirer of Crimson for accounting purposes. This means that Contango will allocate the purchase price to the fair value of Crimson's tangible and intangible assets and liabilities as of the acquisition date, with the excess purchase price being recorded as goodwill.

### **Material U.S. Federal Income Tax Consequences (see page 132)**

The merger is intended to be treated for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code. Assuming the merger qualifies as a reorganization, a U.S. holder of Crimson common stock will not recognize any gain or loss for U.S. federal income tax purposes upon the exchange of the holder's shares of Crimson common stock for shares of Contango common stock pursuant to the merger, except with respect to cash received in lieu of fractional shares of Contango common stock.

As a condition to the completion of the merger, Crimson and Contango will each have received an opinion, dated as of the closing date of the merger, that the merger will be treated for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code. An opinion of counsel represents such counsel's best legal judgment but is not binding on the Internal Revenue Service (the IRS) or any court, so there can be no certainty that the IRS will not challenge the conclusions reflected in the opinion or that a court would not sustain such a challenge.

The tax opinions regarding the merger will not address any state, local or foreign tax consequences of the merger. The opinions will be based on certain assumptions and representations as to factual matters from Contango and Crimson, as well as certain covenants and undertakings by Contango and Crimson. If any of the assumptions, representations, covenants or undertakings is incorrect, incomplete, inaccurate or violated in any material respect, the validity of the conclusions reached by counsel in their opinions would be jeopardized and the tax consequences of the merger could differ from those described in this joint proxy statement/prospectus. Neither Contango nor Crimson is currently aware of any facts or circumstances that would cause the assumptions, representations, covenants and undertakings to be incorrect, incomplete, inaccurate or violated in any material respect.

You are urged to consult your own tax advisor regarding the particular consequences to you of the merger.

### **Risk Factors (see page 32)**

In evaluating the merger, in addition to the other information contained in this joint proxy statement/prospectus, you should carefully consider the risk factors relating to the merger and each of Contango and Crimson beginning on page 32.

**Table of Contents****Summary Selected Consolidated Financial Data****Summary Selected Consolidated Historical Financial Data of Contango**

The following selected statement of income data for the years ended June 30, 2012, 2011 and 2010 and selected balance sheet data as of June 30, 2012 and 2011 have been derived from the audited consolidated financial statements of Contango contained in its Annual Report on Form 10-K for the fiscal year ended June 30, 2012, which is incorporated into this joint proxy statement/prospectus by reference. The selected statement of income data for the years ended June 30, 2009 and 2008 and selected balance sheet data as of June 30, 2010, 2009 and 2008 have been derived from Contango's audited consolidated financial statements for such years, which have not been incorporated into this joint proxy statement/prospectus by reference.

The selected statement of income data for the nine months ended March 31, 2013 and 2012, and selected balance sheet data as of March 31, 2013 have been derived from Contango's unaudited interim consolidated financial statements contained in its Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2013, which is incorporated into this joint proxy statement/prospectus by reference. The selected balance sheet data as of March 31, 2012 has been derived from Contango's unaudited interim consolidated financial statements contained in its Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012, which has not been incorporated into this joint proxy statement/prospectus by reference. These financial statements are unaudited, but, in the opinion of Contango's management, contain all adjustments necessary to fairly state Contango's financial position and results of operations for the periods indicated.

You should read this summary financial data together with the financial statements that are incorporated by reference into this joint proxy statement/prospectus and their accompanying notes and management's discussion and analysis of financial condition and results of operations of Contango contained in such reports. See "Where You Can Find More Information" beginning on page 160.

	Nine Months Ended		Years Ended				
	March 31,		June 30,				
	2013	2012	2012	2011	2010	2009	2008 (a)
(In thousands)							
<b>Income Statement Data</b>							
Total revenues	96,493	139,449	179,272	201,721	159,010	190,656	116,498
Income (loss) from continuing operations (b)	(21,076)	49,875	59,213	64,459	50,166	55,861	83,221
Discontinued operations, net of income taxes		(821)	(824)	574	(480)		173,685
Net income (loss)	(21,076)	49,054	58,389	65,033	49,686	55,861	256,906
Preferred stock dividends							1,548
Net income (loss) attributable to common stock	(21,076)	49,054	58,389	65,033	49,686	55,861	255,358
Net income (loss) per common share:							
Basic	(1.38)	3.18	3.79	4.15	3.14	3.41	15.78
Diluted	(1.38)	3.18	3.79	4.14	3.08	3.35	14.88
Weighted average shares outstanding							
Basic	15,229	15,453	15,423	15,665	15,831	16,363	16,185
Diluted	15,229	15,456	15,425	15,713	16,157	16,690	17,263
Cash dividends per common share (c)	2.00						
Capital expenditures (d)	73,249	18,734	20,847	69,993	97,703	45,742	119,929

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	As of March 31,		2012	As of June 30,			
	2013	2012		2011	2010	2009	2008 (a)
(In thousands)							
<b>Balance Sheet Data</b>							
Current assets	136,859	203,397	175,213	204,878	119,873	96,475	158,749
Total assets	572,939	621,456	624,654	636,930	592,266	517,042	599,974
Current liabilities	37,967	34,437	34,312	78,224	78,488	53,244	128,836
Noncurrent liabilities (excluding long-term debt)	127,174	128,596	126,003	132,083	136,448	114,434	114,140
Long-term debt							15,000
Stockholders' equity	407,798	458,423	464,339	426,623	377,330	349,364	341,998
Total proved reserves (MMcfe) (e)(f)	215,495	251,140	256,567	296,729	314,027	355,046	369,076
Standardized measure of discounted future net cash flows (g)			513,932	717,135	712,094	638,091	2,233,918

- (a) During the year ended June 30, 2008 Contango sold its Arkansas Fayetteville Shale properties and other properties for \$328.3 million. Results of operations for these properties are included in discontinued operations.
- (b) During the nine months ended March 31, 2013, Contango drilled two dry holes resulting in exploration expenses of approximately \$50.0 million, including leasehold costs. Additionally, Contango revised estimated proved reserves at Ship Shoal 263, resulting in non-cash impairment expenses of approximately \$12.0 million. During the year ended June 30, 2010 Contango incurred \$20.2 million exploration expenses related to two dry holes in the Gulf of Mexico.
- (c) On November 29, 2012, the Board of Contango declared a one-time special dividend of \$2.00 per share of common stock which was paid on December 17, 2012.
- (d) Included in capital expenditures for the nine months ended March 31, 2013 and the year ended June 30, 2010 are exploration expenditures of \$42.7 million and \$20.2 million, respectively, related to drilling of wells which were dry holes and are expensed in Contango's statements of operations.
- (e) Million cubic feet equivalent, determined using the ratio of six Mcf of natural gas to one barrel Bbl of crude oil, condensate or natural gas liquids.
- (f) The total proved reserves as of March 31, 2013 include 19.6 Bcfe of proved developed reserves attributable to Contango's investment in Exaro.
- (g) No standardized measure of discounted future net cash flows information as of March 31, 2013 or March 31, 2012 is available.

**Summary Selected Consolidated Historical Financial Data of Crimson**

The following selected income statement data for the years ended December 31, 2012, 2011 and 2010 and selected balance sheet data as of December 31, 2012 and 2011 have been derived from the audited consolidated financial statements of Crimson contained in its Annual Report on Form 10-K for the fiscal year ended December 31, 2012, which is incorporated into this joint proxy statement/prospectus by reference. The selected income statement data for the years ended December 31, 2009 and 2008 and selected balance sheet data as of December 31, 2010, 2009 and 2008 have been derived from Crimson's audited consolidated financial statements for such years, which have not been incorporated into this joint proxy statement/prospectus by reference.

The selected income statement data for the six months ended June 30, 2013 and 2012, and selected balance sheet data as of June 30, 2013 have been derived from Crimson's unaudited interim consolidated financial statements contained in its Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013, which is incorporated into this joint proxy statement/prospectus by reference. The selected balance sheet data as of June 30, 2012 has been derived from Crimson's unaudited interim consolidated financial statements contained in its Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2012, which has not been incorporated into this joint proxy statement/prospectus by reference. These financial statements are unaudited, but, in the opinion of Crimson's management, contain all adjustments necessary to fairly state Crimson's financial position and results of operations for the periods indicated.



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You should read this summary selected financial data together with the financial statements that are incorporated by reference into this joint proxy statement/prospectus and their accompanying notes and management's discussion and analysis of financial condition and results of operations of Crimson contained in such reports. See [Where You Can Find More Information](#) beginning on page 160.

	Six Months Ended June 30,		Years Ended December 31,				
	2013	2012	2012	2011	2010	2009	2008
(In thousands)							
<b>Income Statement Data</b>							
Operating revenues	60,893	57,211	115,904	113,636	95,932	111,803	185,680
Income (loss) from operations (a)(b)	5,731	9,792	(98,451)	2,339	(14,346)	(458)	45,835
Net income (loss) (a)(b)(c)	(4,193)	(488)	(91,991)	(15,845)	(30,845)	(34,070)	46,203
Preferred stock dividends						(4,523)	(4,234)
Net income (loss) available to common stockholders	(4,193)	(488)	(91,991)	(15,845)	(30,845)	(38,593)	41,969
Net income (loss) per share:							
Basic	(0.09)	(0.01)	(2.08)	(0.35)	(0.78)	(4.91)	7.81
Diluted	(0.09)	(0.01)	(2.08)	(0.35)	(0.78)	(4.91)	4.46
Weighted average shares outstanding							
Basic	44,536	44,056	44,148	44,789	39,397	7,861	5,371
Diluted	44,536	44,485	44,148	44,789	39,397	7,861	10,360
Cash dividends per common share							
Capital expenditures (d)	30,449	60,288	79,334	87,511	54,746	21,893	141,795

	As of June 30,		As of December 31,				
	2013	2012	2012	2011	2010	2009	2008
(In thousands)							
<b>Balance Sheet Data</b>							
Current assets	27,607	21,127	24,824	21,072	27,562	24,711	46,348
Total assets	371,198	467,246	368,620	436,326	412,687	424,804	511,546
Current liabilities	54,198	59,024	38,685	67,086	47,370	33,486	84,040
Noncurrent liabilities (excluding long-term debt)	10,303	10,480	10,724	9,692	9,773	15,837	29,243
Long-term Debt	229,926	227,694	239,369	190,042	172,013	192,750	276,640
Stockholders' equity	76,771	170,048	79,842	169,506	183,531	182,731	121,623
Total proved reserves (MMcfe) (e)(f)	117,067		117,049	200,369	166,498	97,488	131,947
Standardized measure of discounted future net cash flows (g)			296,440	255,332	226,515	176,423	260,902

- (a) Includes non-cash equity-based compensation charges of \$1.4 million, \$1.2 million, \$2.5 million, \$1.9 million, \$1.8 million, \$2.4 million and \$5.4 million for the six months ended June 30, 2013 and 2012 and for the years ended December 31, 2012, 2011, 2010, 2009 and 2008, respectively.
- (b) Includes non-cash impairment and abandonment charges of \$1.6 million, \$1.5 million, \$117.5 million, \$15.0 million, \$22.3 million, \$6.7 million and \$43.3 million respectively, related to proved and unproved properties for the six months ended June 30, 2013 and 2012 and for the years ended December 31, 2012, 2011, 2010, 2009 and 2008, respectively.
- (c) Non-cash charges of \$0.8 million, \$2.5 million, \$(2.3) million, \$0.5 million, \$(6.5) million, \$(23.9) million and \$49.4 million related to unrealized gains/(losses) on derivative instruments for the six months ended June 30, 2013 and 2012 and the years ended December 31, 2012, 2011, 2010, 2009 and 2008, respectively.
- (d) Excludes acquisitions of oil and gas properties.
- (e) Million cubic feet equivalent, determined using the ratio of six Mcf of natural gas to one Bbl of crude oil, condensate or natural gas liquids. Information as of June 30, 2013 is based on a reserve report prepared internally by Crimson management and was not reviewed by its independent reserve engineers.
- (f) No reserve information as of June 30, 2012 is available.
- (g) No standardized measure of discounted future net cash flows information as of June 30, 2013 or June 30, 2012 is available.



**Table of Contents****Summary Selected Unaudited Pro Forma Condensed Combined Financial Information**

The following table presents selected unaudited pro forma combined financial information including Contango's consolidated balance sheet and statements of income, after giving effect to the merger with Crimson. The information under Pro Forma Income Statement Data in the table below gives effect to the merger as if it had been consummated on July 1, 2011. The information under Pro Forma Balance Sheet Data in the table below assumes the merger had been consummated on March 31, 2013. This unaudited pro forma combined financial information was prepared assuming the merger will be accounted for using the acquisition method of accounting with Contango considered the acquirer of Crimson. See Accounting Treatment on page 135.

The unaudited pro forma combined financial information represents a current estimate based on currently available information and includes adjustments that are preliminary and will likely be revised. The unaudited pro forma balance sheet data includes adjustments to record the assets and liabilities of Crimson at their estimated fair values and is subject to further adjustment as additional information becomes available and as additional analyses are performed. There can be no assurance that such revisions will not result in material changes. The unaudited pro forma combined financial information is presented for illustrative purposes only and does not indicate the financial results of the combined company.

The information presented below should be read in conjunction with the historical consolidated financial statements of Contango and Crimson, including the related notes, filed by each of them with the SEC, and with the pro forma condensed combined financial statements of Contango and Crimson, including the related notes, appearing elsewhere in this joint proxy statement/prospectus. See Where You Can Find More Information beginning on page 160 and Unaudited Pro Forma Condensed Combined Financial Information beginning on page 136. The unaudited pro forma financial information, while helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect the impact of possible revenue enhancements, expense efficiencies and asset dispositions, among other factors that may result as a consequence of the merger and, accordingly, does not attempt to predict or suggest future results. The unaudited pro forma condensed combined financial data are not necessarily indicative of results that actually would have occurred or that may occur in the future had the merger been completed on the dates indicated.

	<b>Nine Months Ended</b>	<b>Year Ended</b>
	<b>March 31,</b>	<b>June 30, 2012</b>
	<b>2013</b>	<b>June 30, 2012</b>
	<b>(In thousands, except per share data)</b>	
<b>Pro Forma Statement of Operations Data:</b>		
Oil, natural gas and natural gas liquids sales	\$ 179,281	\$ 293,229
Net income (loss) available to common stockholders	(88,857)	91,997
Net income (loss) per share of common stock		
Basic	(4.65)	4.77
Diluted	(4.65)	4.73
<b>Pro Forma Balance Sheet Data:</b>		
Total assets	956,373	
Long-term debt	175,000	
Total stockholders' equity	549,985	

**Table of Contents****Summary Pro Forma Combined Oil and Natural Gas Reserve and Production Data**

The following table presents selected unaudited pro forma information regarding Contango's proved reserves as of March 31, 2013, giving effect to the acquisition of Crimson's proved reserves as if they were acquired on March 31, 2013. Contango's reserve disclosures are based on a reserve report prepared by Contango's independent reserve engineer as of March 31, 2013, in accordance with the guidelines established by the SEC. Crimson's reserve information as of March 31, 2013 is based on the internal reserve report as of March 31, 2013 and was not reviewed by any independent reserve engineer.

There are numerous uncertainties inherent in estimating quantities and values of proved reserves and in projecting future rates of production and the amount and timing of development expenditures, including many factors beyond the property owner's control. The following reserve data represents estimates only and should not be construed as being precise. The assumptions used in preparing these estimates may not be realized, causing the quantities of oil and gas that are ultimately recovered, the timing of the recovery of oil and gas reserves, the production and operating costs incurred and the amount and timing of future development expenditures to vary from the estimates presented herein. Actual production, revenues and expenditures with respect to reserves will vary from estimates and the variances may be material.

These estimates were calculated using the twelve-month average of the first-day-of-the-month reference prices as adjusted for location and quality differentials. Any significant price changes will have a material effect on the quantity and present value of the reserves shown below. These estimates depend on a number of variable factors and assumptions, including historical production from the area compared with production from other comparable producing areas, the assumed effects of regulations by governmental agencies, assumptions concerning future oil and gas prices, and assumptions concerning future operating costs, transportation costs, severance and excise taxes, development costs and workover and remedial costs.

	Estimated Quantities of Reserves as of		
	March 31, 2013		
	Contango Historical	Crimson Historical	Contango Pro Forma Combined
<b>Estimated Proved Reserves (a):</b>			
Oil (MBbl)	2,426	6,010	8,436
NGL (MBbl)	4,723	3,078	7,801
Natural Gas (MMcf)	172,601	61,686	234,287
Total (MMcfe) (b)	215,495	116,214	331,709
<b>Estimated Proved Developed Reserves (a):</b>			
Oil (MBbl)	2,417	2,566	4,983
NGL (MBbl)	4,719	1,798	6,517
Natural Gas (MMcf)	172,461	39,411	211,872
Total (MMcfe) (b)	215,277	65,596	280,873
<b>Estimated Proved Undeveloped Reserves:</b>			
Oil (MBbl)	9	3,444	3,453
NGL (MBbl)	4	1,280	1,284
Natural Gas (MMcf)	140	22,275	22,415
Total (MMcfe) (b)	218	50,618	50,836

- (a) The total proved and proved developed reserves of Contango as of March 31, 2013 include 19.6 Bcfe of proved developed reserves attributable to Contango's investment in Exaro.
- (b) Million cubic feet equivalent, determined using the ratio of six Mcf of natural gas to one Bbl of crude oil, condensate or natural gas liquids.

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The following table sets forth summary pro forma information with respect to Contango's and Crimson's combined oil and natural gas production for the year ended June 30, 2012 and nine months ended March 31, 2013. This pro forma information gives effect to the merger as if it occurred on July 1, 2011.

The Contango production data presented below was derived from its Annual Report on Form 10-K for the year ended June 30, 2012 and its quarterly report on Form 10-Q for the nine months ended March 31, 2013, which are incorporated by reference in this joint proxy/prospectus.

The Crimson production data for the twelve months ended June 30, 2012 and nine months ended March 31, 2013 was recalculated based on information derived from its Annual Report on Form 10-K for the year ended December 31, 2012, its quarterly report on Form 10-Q for the three months ended March 31, 2013, both incorporated by reference in this registration statement; and quarterly report on Form 10-Q for the three months ended March 31, 2012, not incorporated by reference in this joint proxy/prospectus.

	<b>Production for the Year Ended</b>		
	<b>June 30, 2012</b>		
	<b>Contango Historical</b>	<b>Crimson Historical</b>	<b>Contango Pro Forma Combined</b>
Oil (MBbl)	615	568	1,183
NGL (MBbl)	662	341	1,003
Natural Gas (MMcf)	23,617	9,554	33,171
Total (MMcfe) (a)	31,279	15,010	46,289

	<b>Production for the Nine Months Ended</b>		
	<b>March 31, 2013</b>		
	<b>Contango Historical</b>	<b>Crimson Historical</b>	<b>Contango Pro Forma Combined</b>
Oil (MBbl)	290	551	841
NGL (MBbl)	468	237	705
Natural Gas (MMcf)	14,230	5,459	19,689
Total (MMcfe) (a)	18,778	10,188	28,966

(a) Million cubic feet equivalent, determined using the ratio of six Mcf of natural gas to one Bbl of crude oil, condensate or natural gas liquids.

**Unaudited Comparative Per Share Data**

The following table sets forth certain historical net income (loss) per share of Contango and Crimson and per share book value information on an unaudited pro forma combined basis after giving effect to the merger.

Historical per share data of Contango for the nine months ended March 31, 2013 and the year ended June 30, 2012 was derived from Contango's historical financial statements for the respective periods. Historical per share data of Crimson for the nine months ended March 31, 2013 and the twelve months ended June 30, 2012 was calculated based on historical financial information included in its financial statements. This information should be read together with the consolidated financial statements and related notes of Contango and Crimson that are incorporated by reference into this joint proxy statement/prospectus. See "Where You Can Find More Information" beginning on page 160.

Unaudited pro forma combined per share data for the nine months ended March 31, 2013 and the twelve months ended June 30, 2012 was derived and should be read in conjunction with the unaudited pro forma combined financial data included under "Unaudited Pro Forma Condensed Combined Financial Information"



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beginning on page 136. The pro forma information is presented for illustrative purposes only and is not necessarily indicative of the operating results or financial position that would have occurred if the merger had been completed as of the beginning of the period.

	Nine Months Ended March 31, 2013	Twelve Months Ended June 30, 2012
<b>Contango Historical</b>		
Net income (loss) per share from continuing operations:		
Basic	\$ (1.38)	\$ 3.84
Diluted	(1.38)	3.84
Book value per share of common stock	26.84	30.36
Cash dividends	2.00	

	Nine Months Ended March 31, 2013	Twelve Months Ended June 30, 2012
<b>Crimson Historical</b>		
Net income (loss) per share from continuing operations:		
Basic	(2.17)	(0.11)
Diluted	(2.17)	(0.11)
Book value per share of common stock	1.62	3.69
Cash Dividends		

	Nine Months Ended March 31, 2013	Twelve Months Ended June 30, 2012
<b>Contango Unaudited Pro Forma Combined Amounts</b>		
Net income (loss) per share from continuing operations:		
Basic	(4.65)	4.77
Diluted	(4.65)	4.73
Book value per share of common stock	29.20	32.01
Cash dividends		

	Nine Months Ended March 31, 2013	Twelve Months Ended June 30, 2012
<b>Crimson Unaudited Pro Forma Combined Amounts (1)</b>		
Net income (loss) per share from continuing operations:		
Basic	(0.39)	0.40
Diluted	(0.39)	0.39
Book value per share of common stock	2.42	2.65
Cash dividends		

- (1) The Crimson unaudited pro forma equivalent per share financial information is computed by multiplying the Contango unaudited pro forma combined amounts by the exchange ratio (0.08288 shares of Contango common stock for each share of Crimson common stock) so that the per share amounts are equated to the respective values for one share of Crimson common stock.

**Table of Contents****Comparative Market Prices**

The following table shows the closing sale prices of Contango common stock as reported on the NYSE MKT and Crimson common stock as reported on the NASDAQ as of April 29, 2013, the last trading day before public announcement of the merger, and as of August 21, 2013, the last trading day before the date of this joint proxy statement/prospectus.

	<b>Contango Common Stock</b>	<b>Crimson Common Stock</b>	<b>Implied Value for Each Share of Crimson Common Stock</b>
April 29, 2013	\$ 38.50	\$ 2.96	\$ 3.19
August 21, 2013	\$ 37.07	\$ 3.06	\$ 3.07

*The market price of Contango and Crimson common stock will fluctuate prior to the merger. Contango stockholders and Crimson stockholders are urged to obtain current market quotations for the shares prior to making any decision with respect to the merger.*



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**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This joint proxy statement/prospectus and the documents incorporated by reference into this joint proxy statement/prospectus contain forward-looking statements within the meaning of the federal securities laws that are not limited to historical facts, but reflect Contango's and/or Crimson's current beliefs, expectations or intentions regarding future events. Words such as may, will, could, should, expect, plan, project, intend, anticipate, believe, estimate, predict, potential, pursue, target, continue, and similar expressions are intended to identify forward-looking statements. These forward-looking statements include, without limitation, Contango's and Crimson's expectations with respect to the synergies, costs and other anticipated financial impacts of the proposed transaction; future financial and operating results of the combined company; the combined company's plans, objectives, expectations and intentions with respect to future operations and services; approval of the proposed transaction by stockholders; the satisfaction of the closing conditions to the proposed transaction; and the timing of the completion of the proposed transaction.

Although Contango and Crimson believe the expectations reflected in such forward-looking statements are reasonable, such expectations may not occur. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the combined company to be materially different from actual future results expressed or implied by the forward-looking statements. These risks and uncertainties also include those set forth under Risk Factors, beginning on page 32, as well as, among others, risks and uncertainties relating to:

Low and/or declining prices for natural gas and oil;

Natural gas and oil price volatility;

Operational constraints, start-up delays and production shut-ins at both operated and non-operated production platforms, pipelines and gas processing facilities;

The risks associated with acting as the operator in drilling deep high pressure and temperature wells in the Gulf of Mexico, including well blowouts and explosions;

The risks associated with exploration, including cost overruns and the drilling of non-economic wells or dry holes, especially in prospects in which the combined company has made a large capital commitment relative to the size of the combined company's capitalization structure;

The timing and successful drilling and completion of natural gas and oil wells;

Availability of capital and the ability to repay indebtedness when due;

Availability of rigs and other operating equipment;

Ability to receive Bureau of Safety and Environmental Enforcement permits on a time schedule that permits the combined company to operate efficiently;

Amounts, timing and types of capital expenditures and operating expenses;

Ability to raise capital to fund capital expenditures;

Timely and full receipt of sale proceeds from the sale of our production;

The ability to find, acquire, market, develop and produce new natural gas and oil properties;

Interest rate volatility;

Results of borrowing base redeterminations under the revolving credit facility after the merger;

Compliance with covenants under the revolving credit facility after the merger;

Zero or near-zero interest rates;

Uncertainties in the estimation of proved reserves and the net present values of these reserves, and in the projection of future rates of production and timing of development expenditures;

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Operating hazards attendant to the natural gas and oil business;

Downhole drilling and completion risks that are generally not recoverable from third parties or insurance;

Expansion and development trends of the oil and gas industry;

Potential mechanical failure or under-performance of significant wells, production facilities, processing plants or pipeline mishaps;

Weather;

Availability and cost of material and equipment;

Delays in anticipated start-up dates;

Actions or inactions of third-party operators of the combined company's properties;

Actions or inactions of third-party operators of pipelines or processing facilities;

The ability to find and retain skilled personnel;

Strength and financial resources of competitors;

Federal and state regulatory developments and approvals;

Environmental risks;

Worldwide economic conditions;

The ability to construct and operate offshore infrastructure, including pipeline and production facilities;

The continued compliance by the combined company with various pipeline and gas processing plant specifications for the gas and condensate produced by the combined company;

Drilling and operating costs, production rates and ultimate reserve recoveries;

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Restrictions on permitting activities;

Expanded rigorous monitoring and testing requirements;

Legislation that may regulate drilling activities and increase or remove liability caps for claims of damages from oil spills;

Ability to obtain insurance coverage on commercially reasonable terms;

Accidental spills, blowouts and pipeline ruptures;

Impact of new and potential legislative and regulatory changes on operating and safety standards for the domestic oil and gas exploration and production industry;

The proposed merger, including the ability to complete the merger in the anticipated timeframe or at all, the diversion of management in connection with the merger and the combined company's ability to realize fully or at all the anticipated benefits of the merger; and

Other financial, operational and legal risks and uncertainties detailed from time to time in either Contango's or Crimson's SEC filings. Contango and Crimson caution that the foregoing list of factors is not exclusive. Additional information concerning these and other risk factors is contained in Contango's and Crimson's most recently filed Annual Reports on Form 10-K, subsequent Quarterly Reports on Form 10-Q, recent Current Reports on Form 8-K and other SEC filings. The forward-looking statements speak only as of the date made and, other than as required by law, neither Contango nor Crimson undertake any obligation to update publicly or revise any of these forward-looking statements, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements concerning Contango, Crimson, the proposed transaction or other matters and attributable to Contango or Crimson or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements above.

**Table of Contents****RISK FACTORS**

*In addition to the other information included and incorporated by reference into this joint proxy statement/prospectus, including the matters addressed in the section entitled **Special Note Regarding Forward-Looking Statements**, you should carefully consider the following risks before deciding whether to vote for the proposal to approve the issuance of shares of Contango common stock to Crimson stockholders in connection with the merger, in the case of Contango stockholders, or for the proposal to adopt the merger agreement, the merger and the other transaction contemplated by the merger agreement in the case of Crimson stockholders. In addition, you should read and consider the risks associated with each of the businesses of Contango and Crimson because these risks will also affect the combined company following the merger. These risks can be found in the Annual Reports on Form 10-K for the fiscal year ended June 30, 2012, in the case of Contango stockholders, and for the fiscal year ended December 31, 2012, in the case of Crimson stockholders, as such risks may be updated or supplemented in each company's subsequently filed Quarterly Reports on Form 10-Q or Current Reports on Form 8-K, to the extent incorporated by reference into this joint proxy statement/prospectus. You should also read and consider the other information in this joint proxy statement/prospectus and the other documents incorporated by reference into this joint proxy statement/prospectus. See the section entitled **Where You Can Find More Information** beginning on page 160.*

**Risk Factors Relating to Contango and Crimson**

Contango's and Crimson's businesses are and will be subject to the risks described in Contango's and Crimson's Annual Reports on Form 10-K for the fiscal years ended June 30, 2012 and December 31, 2012, respectively, as such risks may be updated or supplemented in each company's subsequently filed Quarterly Reports on Form 10-Q or Current Reports on Form 8-K, to the extent incorporated by reference into this joint proxy statement/prospectus. See **Where You Can Find More Information** beginning on page 160.

**Risk Factors Relating to the Merger**

*The exchange ratio is fixed and will not be adjusted in the event of any change in either Contango's or Crimson's stock price.*

Upon closing of the merger, each share of Crimson common stock will be converted into the right to receive 0.08288 shares of Contango common stock. This exchange ratio will not be adjusted for changes in the market price of either Contango common stock or Crimson common stock between the date of signing the merger agreement and completion of the merger. Changes in the price of Contango common stock prior to the merger will affect the value of Contango common stock that Crimson common stockholders will receive on the date of the merger. The exchange ratio will be adjusted proportionally to reflect the effect of any reclassification, recapitalization, stock split, split-up, combination or exchange of shares or stock dividend or dividend payable in any other securities, with respect to Contango common stock or Crimson common stock between the date of signing the merger agreement and completion of the merger.

The prices of Contango common stock and Crimson common stock at the closing of the merger may vary from their prices on the date the merger agreement was executed, on the date of this joint proxy statement/prospectus and on the date of each stockholders meeting. As a result, the value represented by the exchange ratio will also vary, and you will not know or be able to calculate the market value of the merger consideration you will receive upon completion of the merger. For example, based on the range of closing prices of Contango common stock during the period from April 29, 2013, the last trading day before public announcement of the merger, through August 21, 2013, the latest practicable trading date before the date of this joint proxy statement/prospectus, the exchange ratio represented a value ranging from a high of \$3.30 to a low of \$2.78 for each share of Crimson common stock.

In addition, the merger might not be completed until a significant period of time has passed after the respective special stockholder meetings. Because the exchange ratio will not be adjusted to reflect any changes in

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the market value of Contango common stock or Crimson common stock, the market value of the Contango common stock issued in connection with the merger and the Crimson common stock surrendered in connection with the merger may be higher or lower than the values of those shares on earlier dates. Stock price changes may result from, among other things, changes in the business, operations or prospects of Contango or Crimson prior to or following the merger, litigation or regulatory considerations, general business, market, industry or economic conditions and other factors both within and beyond the control of Contango and Crimson. Neither Contango nor Crimson is permitted to terminate the merger agreement solely because of changes in the market price of either company's common stock.

***Current Contango and Crimson stockholders will have a reduced ownership and voting interest in the combined company after the merger.***

Based on the estimated number of shares of Crimson common stock and Crimson equity awards that will be outstanding immediately prior to the closing of the merger, we estimate that Contango will issue or reserve for issuance approximately 4,001,245 shares of Contango common stock to Crimson stockholders in the merger (including shares of Contango common stock to be issued in connection with outstanding Crimson equity awards). As a result of these issuances, current Contango and Crimson stockholders are expected to hold approximately 79.7% and 20.3%, respectively, of the combined company's outstanding common stock immediately following completion of the merger.

Contango and Crimson stockholders currently have the right to vote for their respective directors and on other matters affecting the applicable company. When the merger occurs, each Crimson stockholder that receives shares of Contango common stock will become a stockholder of Contango with a percentage ownership of the combined company that will be smaller than the stockholder's percentage ownership of Crimson. Correspondingly, each Contango stockholder will remain a stockholder of Contango with a percentage ownership of the combined company that will be smaller than the stockholder's percentage of Contango prior to the merger. As a result of these reduced ownership percentages, Contango stockholders will have less voting power in the combined company than they now have with respect to Contango, and Crimson stockholders will have less voting power in the combined company than they now have with respect to Crimson.

***Uncertainties associated with the merger may cause a loss of management personnel and other key employees, which could adversely affect the future business and operations of the combined company.***

Contango and Crimson are dependent on the experience and industry knowledge of their officers and other key employees to execute their business plans. Each company's success until the merger and the combined company's success after the merger will depend in part upon the ability of Contango and Crimson to retain key management personnel and other key employees. Current and prospective employees of Contango and Crimson may experience uncertainty about their roles within the combined company following the merger, which may have an adverse effect on the ability of each of Contango and Crimson to attract or retain key management and other key personnel. Accordingly, no assurance can be given that the combined company will be able to attract or retain key management personnel and other key employees of Contango and Crimson to the same extent that Contango and Crimson have previously been able to attract or retain their own employees.

***The transactions are subject to conditions, including certain conditions that may not be satisfied, or completed on a timely basis, if at all.***

The merger is subject to a number of other conditions beyond Contango's and Crimson's control that may prevent, delay or otherwise materially adversely affect its completion. We cannot predict whether and when these other conditions will be satisfied. Any delay in completing the merger could cause the combined company not to realize some or all of the synergies that we expect to achieve if the merger is successfully completed within its expected time frame. See "The Merger Agreement - Conditions to Completion of the Merger" beginning on page 123.

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***Failure to complete the merger could negatively impact the future business and financial results of Contango and Crimson.***

Neither Contango nor Crimson can make any assurances that it will be able to satisfy all of the conditions to the merger or succeed in any litigation brought in connection with the merger. If the merger is not completed, the financial results of Contango and/or Crimson may be adversely affected and Contango and/or Crimson will be subject to several risks, including but not limited to:

being required to pay a termination fee of \$28 million, in the case of Contango, or \$7 million, in the case of Crimson, or an expense reimbursement of \$4.5 million, under certain circumstances provided in the merger agreement;

payment of costs relating to the merger, such as legal, accounting, financial advisor and printing fees, whether or not the merger is completed;

having had the focus of each company's management on the merger instead of on pursuing other opportunities that could have been beneficial to each company; and

being subject to litigation related to any failure to complete the merger. See *The Merger – Litigation Relating to the Merger* on page 110. If the merger is not completed, Crimson and Contango cannot assure their stockholders that these risks will not materialize and will not materially and adversely affect the business, financial results and stock prices of Crimson or Contango.

***Several lawsuits have been filed against Contango, Crimson and other interested parties challenging the merger, and an adverse ruling may prevent the merger from being completed.***

Several class action lawsuits have been brought by Crimson stockholders in Delaware Chancery Court challenging the proposed merger and seeking, among other things, injunctive relief to enjoin the defendants from completing the merger on the agreed-upon terms, compensatory damages, and costs and disbursements relating to the lawsuits. Various combinations of Crimson, Contango, Merger Sub, members of Crimson's board of directors, members of Crimson management and Oaktree Capital Management L.P. have been named as defendants in these lawsuits.

These lawsuits have been consolidated into a single action for all purposes referred to as *In Re: Crimson Exploration Inc. Stockholder Litigation*; C.A. 8541-VCP (the *Consolidated Action*).

Additionally, on July 13, 2013, a separate and similar complaint was filed in the District Court of Harris County Texas, in the matter of *Fischella Family Trust v. Crimson Exploration Inc. et al.* (the *Texas Action*). It is possible that additional, similar lawsuits may be filed.

The known plaintiffs in the *Consolidated Action* and the *Texas Action* appear, based on the most current information of Crimson, to collectively own a very small percentage of the total outstanding shares of Crimson common stock. The lawsuits allege, among other things, that Crimson's board of directors failed to take steps to obtain a fair price, failed to properly value Crimson, failed to protect against alleged conflicts of interest, failed to conduct a reasonably informed evaluation of whether the transaction was in the best interests of stockholders, failed to fully disclose all material information to stockholders, acted in bad faith and for improper motives, engaged in self-dealing, discouraged other strategic alternatives, took steps to avoid competitive bidding, and agreed to allegedly unreasonable deal protection mechanisms, including the no-shop and fiduciary-out provisions and termination fee. The lawsuits seek damages and injunctive relief.

One of the conditions to the closing of the merger is that no order or injunction shall be in effect that prohibits consummation of the merger. Consequently, if a settlement or other resolution is not reached in the lawsuits referenced above and the plaintiffs secure injunctive or other relief prohibiting, delaying or otherwise adversely affecting the defendants' ability to complete the merger, then such injunctive or other relief may prevent the merger from becoming effective within the expected timeframe or at all. See *The Merger – Litigation Relating to the Merger* beginning on page 110.

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*The merger agreement contains provisions that limit each party's ability to pursue alternatives to the merger, could discourage a potential competing acquiror of either Contango or Crimson from making a favorable alternative transaction proposal and, in specified circumstances, could require either party to pay a termination fee to the other party.*

The merger agreement contains no shop provisions that, subject to limited exceptions, restrict each of Contango's and Crimson's ability to solicit, initiate, or knowingly encourage or knowingly facilitate, directly or indirectly, any inquiry or proposal in respect of a competing third-party proposal for the acquisition of either Contango's or Crimson's stock or assets. In addition, the parties are generally required to negotiate in good faith to modify the terms of the merger in response to any competing acquisition proposals before the board of directors of the company that has received a third-party proposal may withdraw or qualify its recommendation with respect to the merger. In some circumstances, upon termination of the merger agreement, a termination fee or an expense reimbursement of \$4.5 million will be required to be paid from one party to the other. If Contango is required to pay a termination fee, such fee would be \$28 million; if Crimson is required to pay a termination fee, such fee would be \$7 million. See *The Merger Agreement - No Solicitation of Alternative Proposals* beginning on page 117, *The Merger Agreement - Termination of the Merger Agreement* beginning on page 124 and *The Merger Agreement - Termination Fees and Expenses* beginning on page 125.

These provisions could discourage a potential third-party acquiror that might have an interest in acquiring all or a significant portion of Contango or Crimson from considering or proposing that acquisition, even if it were prepared to pay consideration with a higher per share cash or market value than the market value proposed to be received or realized in the merger or might result in a potential third-party acquiror proposing to pay a lower price to the stockholders than it might otherwise have proposed to pay because of the added expense of the termination fee that may become payable in certain circumstances.

If the merger agreement is terminated and either Contango or Crimson determines to seek another business combination, it may not be able to negotiate a transaction with another party on terms comparable to, or better than, the terms of the merger.

*Contango's and Crimson's executive officers and directors have interests in the merger that may be different from, or in addition to, the interests of Contango and Crimson stockholders generally.*

Contango's and Crimson's executive officers and directors have interests in the merger that may be different from, or in addition to, the interests of Contango and Crimson stockholders generally. These interests include, among others, continued service as a director or an executive officer of the combined company, specific employment arrangements for the incoming president and chief executive officer and the incoming chief financial officer, as well as other incoming executive officers, of the combined company and arrangements that provide for severance benefits if the employment of certain executive officers is terminated under certain circumstances following the completion of the merger.

In addition, certain of Crimson's compensation and benefit plans and arrangements provide for payment or accelerated vesting or distribution of certain rights or benefits upon completion of the merger. Executive officers and directors of Crimson will also have rights to indemnification and the benefit of a six-year tail insurance policy covering directors' and officers' liability. It is also anticipated that Joseph J. Romano will be entitled to receive a \$4.0 million bonus payment as a result of the closing of the merger in accordance with the compensation plan authorized by Contango's board of directors.

Upon completion of the merger, Joseph J. Romano will serve as Chairman of the board of directors of the combined company, Allan D. Keel will serve as the President and Chief Executive Officer of the combined company, and E. Joseph Grady will serve as the Senior Vice President and Chief Financial Officer of the combined company, Thomas H. Atkins will serve as Senior Vice President of Exploration of the combined company, Jay S. Mengle will serve as Senior Vice President of Engineering of the combined company, and A. Carl Isaac will serve as Senior Vice President of Operations of the combined company. Immediately following the effective time of the



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merger, the board of directors of the combined company will consist of eight members, including Joseph J. Romano, Brad Juneau, B.A. Berilgen, Charles M. Reimer, Steven L. Schoonover, who are current directors of Contango, and Allan D. Keel, B. James Ford and Lon McCain, who are current directors of Crimson.

Certain executive officers of Contango, along with Brad Juneau and the Estate of Kenneth R. Peak, former Chairman of the Board, have entered into support agreements with Crimson in connection with the execution of the merger agreement. Additionally, certain of Crimson's executive officers, including each of Allan D. Keel, E. Joseph Grady, A. Carl Isaac, Jay S. Mengle, Thomas H. Atkins and John A. Thomas, have entered into support agreements with Contango in connection with the execution of the merger agreement. For more information, see below under "The Merger Agreement" and "Stockholder Support Agreements."

The Contango and Crimson boards of directors were aware of these interests at the time each approved the merger and the transactions contemplated by the merger agreement. These interests may cause Contango's and Crimson's directors and executive officers to view the merger proposal differently and more favorably than you may view it. See "The Merger" and "Interests of Contango Directors and Executive Officers in the Merger" and "The Merger" and "Interests of Crimson Directors and Executive Officers in the Merger" beginning on pages 97 and 99, respectively, for more information.

***If the merger does not qualify as a reorganization under Section 368(a) of the Code, the stockholders of Crimson may be required to pay substantial U.S. federal income taxes.***

As a condition to the completion of the merger, each of Morgan, Lewis & Bockius LLP, counsel to Contango, and Vinson & Elkins LLP, counsel to Crimson, will have delivered the tax opinion described in the section titled "The Merger Agreement" and "Conditions to Completion of the Merger," dated as of the closing date of the merger, including an opinion that the merger will be treated for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code. These opinions will be based on certain assumptions and representations as to factual matters from Contango and Crimson, as well as certain covenants and undertakings by Contango and Crimson. If any of the assumptions, representations, covenants or undertakings is incorrect, incomplete, inaccurate or violated in any material respect, the validity of the conclusions reached by counsel in their opinions would be jeopardized. In addition, an opinion of counsel represents counsel's best legal judgment but is not binding on the IRS or any court, so there can be no certainty that the IRS will not challenge the conclusions reflected in the opinions or that a court will not sustain such a challenge. If the IRS or a court determines that the merger should not be treated as a reorganization, a holder of Crimson common stock would recognize taxable gain or loss upon the exchange of Crimson common stock for Contango common stock pursuant to the merger. See "Material U.S. Federal Income Tax Consequences" beginning on page 132.

***Completion of the transactions may trigger change in control or other provisions in certain agreements to which Crimson is a party.***

The completion of the transactions may trigger change in control or other provisions in certain agreements to which Crimson is a party. If Contango and Crimson are unable to negotiate waivers of those provisions, the counterparties may exercise their rights and remedies under the agreements, potentially terminating the agreements or seeking monetary damages. Even if Contango and Crimson are able to negotiate waivers, the counterparties may require a fee for such waivers or seek to renegotiate the agreements on terms less favorable to Crimson or the combined company.

### **Risk Factors Relating to the Combined Company Following the Merger**

***The combined company's debt may limit its financial flexibility.***

Contango currently has no amounts outstanding under its credit facility and traditionally has carried minimal balances of long-term debt. Following the merger, it is expected that the combined company will have significantly more long-term debt. In addition, the combined company may incur additional debt from time to time in connection

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with the financing of operations, acquisitions, recapitalizations and refinancings. The level of the combined company's debt could have several important effects on future operations, including, among others:

a significant portion of the combined company's income from operations may be applied to the payment of principal and interest on the debt and will not be available for other purposes;

covenants contained in the combined company's existing and future debt arrangements may require the combined company to meet financial tests that may affect its flexibility in planning for and reacting to changes in its business, including possible acquisition opportunities;

the combined company's ability to obtain additional financing for capital expenditures, acquisitions, general corporate and other purposes may be limited or burdened by increased costs or more restrictive covenants;

the combined company may not be able to refinance or extend the term of the existing debt on favorable terms or at all which would have a material effect on its ability to continue operations;

the combined company may be at a competitive disadvantage to similar companies that have less debt;

the combined company's vulnerability to adverse economic and industry conditions may increase; and

the combined company may face limitations on its flexibility to plan for and react to changes in its business and the industries in which it operates.

***The failure to integrate successfully the businesses of Contango and Crimson in the expected timeframe would adversely affect the combined company's future results following the merger.***

The merger involves the integration of two companies that currently operate independently. The success of the merger will depend, in large part, on the ability of the combined company to realize the anticipated benefits, including synergies, cost savings, innovation and operational efficiencies, from combining the businesses of Contango and Crimson. To realize these anticipated benefits, the businesses of Contango and Crimson must be successfully integrated. This integration will be complex and time-consuming. The failure to integrate successfully and to manage successfully the challenges presented by the integration process may result in the combined company not achieving the anticipated benefits of the merger.

Potential difficulties that may be encountered in the integration process include the following:

the inability to successfully integrate the businesses of Contango and Crimson in a manner that permits the combined company to achieve the full benefit of synergies, cost savings and operational efficiencies that are anticipated to result from the merger;

complexities associated with managing the larger, more complex combined business;

complexities associated with integrating the workforces of the two companies;

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potential unknown liabilities and unforeseen expenses, delays or regulatory conditions associated with the merger, including one-time cash costs to integrate the two companies that may exceed the anticipated range of such one-time cash costs that Contango and Crimson estimated as of the date of execution of the merger agreement;

difficulty or inability to refinance the debt of the combined company or comply with the covenants thereof;

performance shortfalls at one or both of the companies as a result of the diversion of management's attention caused by completing the merger and integrating the companies' operations; and

the disruption of, or the loss of momentum in, each company's ongoing business or inconsistencies in standards, controls, procedures and policies.

Any of these difficulties in successfully integrating the businesses of Contango and Crimson, or any delays in the integration process, could adversely affect the combined company's ability to achieve the anticipated benefits of the merger and could adversely affect the combined company's business, financial results, financial condition and stock price. Even if the combined company is able to integrate the business operations of Contango and Crimson successfully, there can be no assurance that this integration will result in the realization of the full

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benefits of synergies, cost savings, innovation and operational efficiencies that Contango and Crimson currently expect from this integration or that these benefits will be achieved within the anticipated time frame.

***The future results of the combined company will suffer if the combined company does not effectively manage its expanded operations following the merger.***

Following the merger, the size of the business of the combined company will increase significantly beyond the current size of either Contango's or Crimson's business. The combined company's future success depends, in part, upon its ability to manage this expanded business, which will pose substantial challenges for management, including challenges related to the management and monitoring of new operations and associated increased costs and complexity. There can be no assurances that the combined company will be successful or that it will realize the expected operating efficiencies, cost savings, revenue enhancements and other benefits currently anticipated from the merger.

***The combined company is expected to incur substantial expenses related to the merger and the integration of Contango and Crimson.***

The combined company is expected to incur substantial expenses in connection with the merger and the integration of Contango and Crimson. There are a large number of processes, policies, procedures, operations, technologies and systems that must be integrated, including purchasing, accounting and finance, sales, billing, payroll, pricing, revenue management, maintenance, marketing and benefits. While Contango and Crimson have assumed that a certain level of expenses will be incurred, there are many factors beyond their control that could affect the total amount or the timing of the integration expenses. Moreover, many of the expenses that will be incurred are, by their nature, difficult to estimate accurately. These expenses could, particularly in the near term, exceed the savings that the combined company expects to achieve from the elimination of duplicative expenses and the realization of economies of scale and cost savings. These integration expenses likely will result in the combined company taking significant charges against earnings following the completion of the merger, and the amount and timing of such charges are uncertain at present.

***The pro forma financial information included in this document is presented for illustrative purposes only and may not be an indication of the combined company's financial condition or results of operations following the merger.***

The pro forma financial information contained in this document are presented for illustrative purposes only, are based on various adjustments, assumptions and preliminary estimates and may not be an indication of the combined company's financial condition or results of operations following the merger for several reasons. See Unaudited Pro Forma Condensed Combined Financial Information beginning on page 136. The actual financial condition and results of operations of the combined company following the merger may not be consistent with, or evident from, this pro forma financial information. In addition, the assumptions used in preparing the pro forma financial information may not prove to be accurate, and other factors may affect the combined company's financial condition or results of operations following the merger. Any potential decline in the combined company's financial condition or results of operations may cause significant variations in the stock price of the combined company.

***Uncertainty about the merger and diversion of management could harm the combined company following the merger.***

The combined company's success will be dependent upon the experience and industry knowledge of its officers and other key employees. The merger could result in current and prospective employees experiencing uncertainty about their future with the combined company following the merger. These uncertainties may impair the ability of the combined company to retain, recruit or motivate key personnel. In addition, completion of the merger and integrating the companies' operations will require a significant amount of time and attention from management of the two companies. The diversion of management's attention away from ongoing operations could adversely affect business relationships of the combined company following the merger.

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**THE COMPANIES**

**Contango Oil & Gas Company**

Contango is a Houston, TX-based, independent natural gas and oil company. Contango's core business is to explore, develop, produce and acquire natural gas and oil properties offshore in the Gulf of Mexico in water-depths of less than 300 feet. Contango has twelve operating wells and three production platforms in the Gulf of Mexico. Contango has additional onshore investments in (i) Alta Resources Investments, LLC, whose primary area of focus is the liquids-rich Kaybob Duvernay in Alberta, Canada; (ii) Exaro Energy III LLC ( Exaro ), which is primarily focused on the development of proved natural gas reserves in the Jonah Field in Wyoming; and (iii) the Tuscaloosa Marine Shale, where Contango leases approximately 24,000 net acres. As of March 31, 2013, Contango had estimated proved natural gas reserves of 215.5 Bcfe including 19.6 Bcfe of proved developed reserves attributable to its investment in Exaro. Contango has an active exploration program, and plans to drill two new exploratory wells in the central Gulf of Mexico in 2013. As of March 31, 2013, Contango had no debt and approximately \$100 million of working capital. For the quarter ended March 31, 2013, Contango's average production was approximately 64.6 Mmcfed.

Contango's common stock is traded on the NYSE MKT under the symbol MCF.

The principal executive offices of Contango are located at 3700 Buffalo Speedway, Houston, Texas 77098, and Contango's telephone number is (713) 960-1901. Additional information about Contango and its subsidiaries is included in documents incorporated by reference into this joint proxy statement/prospectus. See [Where You Can Find More Information](#) on page 160.

**Crimson Exploration Inc.**

Crimson is a Houston, TX-based independent energy company engaged in the exploitation, exploration, development and acquisition of crude oil and natural gas, primarily in the onshore Gulf Coast regions of the United States. Crimson currently owns approximately 95,000 net acres onshore in Texas, Louisiana, Colorado and Mississippi. Crimson refers to its four corporate areas as (i) Southeast Texas, focusing on the Woodbine, Eagle Ford and Georgetown formations, (ii) South Texas, focusing on the Eagle Ford and Buda formations, (iii) East Texas, focusing on the Haynesville, Mid-Bossier and James Lime formations, and (iv) Rockies and Other, focusing on the Niobrara and D&J Sand formations. Crimson's strategy is to continue to increase crude oil and liquids-rich reserves and production from an extensive inventory of drilling prospects, de-risk unproved prospects in core operating areas, and opportunistically grow reserves through acquisitions complementary to its existing asset base.

As of June 30, 2013, Crimson had estimated proved reserves of 117.1 Bcfe of natural gas equivalents, based on SEC reporting guidelines on June 30, 2013. For the quarter ended March 31, 2013, Crimson's average production was approximately 44.2 Mmcfed.

Crimson's common stock is traded on the NASDAQ under the symbol CXPO.

The principal executive offices of Crimson are located at 717 Texas Ave., Suite 2900, Houston, Texas 77002, and Crimson's telephone number is (713) 236-7400. Additional information about Crimson and its subsidiaries is included in documents incorporated by reference into this joint proxy statement/prospectus. See [Where You Can Find More Information](#) on page 160.

**Contango Acquisition, Inc.**

Contango Acquisition, Inc., a wholly owned subsidiary of Contango Oil & Gas Company, is a Delaware corporation that was formed on March 14, 2013 for the sole purpose of effecting the merger. In the merger, Contango Acquisition, Inc. will be merged with and into Crimson, with Crimson surviving as a wholly owned subsidiary of Contango.

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### THE CONTANGO SPECIAL MEETING

*This joint proxy statement/prospectus is being provided to the Contango stockholders as part of a solicitation of proxies by the Contango board of directors for use at the Contango special meeting to be held at the time and place specified below and at any properly convened meeting following an adjournment or postponement thereof. This joint proxy statement/prospectus provides Contango stockholders with information they need to know to be able to vote or instruct their vote to be cast at the Contango special meeting.*

#### **Date, Time and Place**

The special meeting of Contango stockholders will be held at 3700 Buffalo Speedway, Second Floor, Houston, Texas 77098, on October 1, 2013, at 9:30 a.m., local time.

#### **Purpose of the Contango Special Meeting**

At the Contango special meeting, Contango stockholders will be asked to consider and vote on the following:

a proposal to approve the issuance of shares of Contango common stock to Crimson stockholders in connection with the merger;

an advisory (non-binding) proposal to approve the compensation that may be paid or become payable to Contango's named executive officers that is based on or otherwise related to the proposed transactions; and

a proposal to approve the adjournment of the Contango special meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies in the event there are not sufficient votes at the time of the special meeting to approve the first proposal listed above. Completion of the merger is conditioned on approval of the issuance of shares of Contango common stock to Crimson stockholders in connection with the merger.

#### **Recommendation of the Contango Board of Directors**

At a special meeting held on April 29, 2013, the Contango board of directors determined that the merger and the other transactions contemplated by the merger agreement, including the issuance of shares of Contango common stock to Crimson stockholders in connection with the merger, are in the best interests of Contango and its stockholders. **Accordingly, the Contango board of directors unanimously recommends that Contango stockholders vote FOR the proposal to approve the issuance of shares of Contango common stock to Crimson stockholders in connection with the merger, FOR the approval, on an advisory (non-binding) basis, of the compensation that may be paid or become payable to Contango's named executive officers that is based on or otherwise relates to the proposed transactions and FOR the proposal to approve the adjournment of the Contango special meeting, if necessary or appropriate, to permit further solicitation of proxies.**

Contango stockholders should carefully read this joint proxy statement/prospectus, including any documents incorporated by reference, and the Annexes in their entirety for more detailed information concerning the merger and the transactions contemplated by the merger agreement.

#### **Contango Record Date; Stockholders Entitled to Vote**

The record date for the Contango special meeting is August 20, 2013. Only record holders of shares of Contango common stock at the close of business on such date are entitled to notice of, and to vote at, the Contango special meeting or any adjournment or postponement thereof. At the close of business on the record date, the only outstanding voting securities of Contango were common stock, and 15,194,952 shares of Contango common stock were issued and outstanding. A list of the Contango stockholders of record who are entitled to vote at the Contango special meeting will be available for inspection by any Contango stockholder for any

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purpose germane to the special meeting during ordinary business hours for the ten days preceding the Contango special meeting at Contango's executive offices at 3700 Buffalo Speedway, Houston, Texas 77098 and will also be available at the Contango special meeting for examination by any stockholder present at such meeting.

Each share of Contango common stock outstanding on the record date of the Contango special meeting is entitled to one vote on each proposal and any other matter coming before the Contango special meeting.

### **Voting by Contango's Directors and Executive Officers**

At the close of business on the record date of the Contango special meeting, Contango directors and executive officers were entitled to vote 1,705,861 shares of Contango common stock or approximately 11.2% of the shares of Contango common stock outstanding on that date. The Contango directors, executive officers, and the Estate of Kenneth R. Peak are currently expected to vote their shares in favor of all Contango proposals.

The Estate of Kenneth R. Peak, Brad Juneau and certain of the executive officers of Contango have each entered into an agreement with Crimson under which, subject to the terms and conditions of the agreement, each has agreed to vote all of the Contango shares it holds in favor of the issuance of shares of Contango common stock to Crimson stockholders in connection with the merger. As of the date of this joint proxy statement/prospectus, such parties hold in the aggregate approximately 10.6% of the outstanding shares of Contango common stock.

### **Quorum**

No business may be transacted at the Contango special meeting unless a quorum is present. Stockholders who hold shares representing at least a majority of the voting power of all outstanding shares of capital stock entitled to vote at the Contango special meeting must be present in person or represented by proxy to constitute a quorum. If a quorum is not present, or if fewer shares are voted in favor of the proposal to approve the issuance of shares of Contango common stock to Crimson stockholders in connection with the merger than is required, to allow additional time for obtaining additional proxies, the special meeting may be adjourned if the requisite stockholder approval to adjourn the meeting is obtained. No notice of an adjourned meeting need be given unless the adjournment is for more than 30 days or, if after the adjournment, a new record date is fixed for the adjourned meeting, in which case a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. At any adjourned meeting, all proxies will be voted in the same manner as they would have been voted at the original convening of the special meeting, except for any proxies that have been effectively revoked or withdrawn prior to the adjourned meeting.

All shares of Contango common stock represented at the Contango special meeting, including shares that are represented but that vote to abstain, will be treated as present for purposes of determining the presence or absence of a quorum. Broker non-votes will have no effect on determining the presence or absence of a quorum at the Contango special meeting.

### **Required Vote**

The required votes to approve the Contango proposals are as follows:

The issuance of shares of Contango common stock to Crimson stockholders in connection with the merger requires the affirmative vote of a majority of the shares of Contango common stock, present in person or represented by proxy at the Contango special meeting and entitled to vote on the proposal, assuming a quorum. Each share of Contango common stock outstanding on the record date of the Contango special meeting is entitled to one vote on this proposal. Failures to vote and broker non-votes will have no effect on the vote for this proposal; however, abstentions will have the same effect as a vote AGAINST the approval of such proposal.

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The approval, on an advisory (non-binding) basis, of the compensation that may be paid or become payable to Contango's named executive officers that is based on or otherwise related to the proposed transactions requires the affirmative vote of a majority of the shares of Contango common stock, present in person or represented by proxy at the Contango special meeting and entitled to vote on the proposal, assuming a quorum. Each share of Contango common stock outstanding on the record date of the Contango special meeting is entitled to one vote on this proposal. Failures to vote and broker non-votes will have no effect on the vote for this proposal; however, abstentions will have the same effect as a vote AGAINST the approval of such proposal.

The adjournment of the Contango special meeting, if necessary or appropriate, to solicit additional proxies requires the affirmative vote of a majority of the shares of Contango common stock, present in person or represented by proxy at the Contango special meeting and entitled to vote on the proposal, regardless of whether there is a quorum. Each share of Contango common stock outstanding on the record date of the Contango special meeting is entitled to one vote on this proposal. Failures to vote and broker non-votes will have no effect on the vote for this proposal; however, abstentions will have the same effect as a vote AGAINST the approval of such proposal.

### **Voting of Proxies by Holders of Record**

If you were a record holder of Contango stock at the close of business on the record date of the Contango special meeting, a proxy card is enclosed for your use. Contango requests that you vote your shares as promptly as possible by (i) accessing the internet site listed on the Contango proxy card, (ii) calling the toll-free number listed on the Contango proxy card or (iii) submitting your Contango proxy card by mail by using the provided self-addressed, stamped envelope. Information and applicable deadlines for voting through the internet or by telephone are set forth on the enclosed proxy card. When the accompanying proxy is returned properly executed, the shares of Contango common stock represented by it will be voted at the Contango special meeting or any adjournment or postponement thereof in accordance with the instructions contained in the proxy card. Your internet or telephone vote authorizes the named proxies to vote your shares in the same manner as if you had marked, signed and returned a proxy card.

If a proxy is returned without an indication as to how the shares of Contango common stock represented are to be voted with regard to a particular proposal, the Contango common stock represented by the proxy will be voted in accordance with the recommendation of the Contango board of directors and, therefore, FOR the proposal to approve the issuance of shares of Contango common stock to Crimson stockholders in connection with the merger, FOR the proposal to approve, on an advisory (non-binding) basis, the compensation that may be paid or become payable to Contango's named executive officers that is based on or otherwise related to the proposed transactions and FOR the proposal to adjourn the Contango special meeting, if necessary or appropriate, to permit further solicitation of proxies.

At the date hereof, the Contango board of directors has no knowledge of any business that will be presented for consideration at the Contango special meeting and that would be required to be set forth in this joint proxy statement/prospectus or the related proxy card other than the matters set forth in Contango's Notice of Special Meeting of Stockholders. If any other matter is properly presented at the Contango special meeting for consideration, it is intended that the persons named in the enclosed form of proxy and acting thereunder will vote in accordance with their best judgment on such matter.

**Your vote is important. Accordingly, if you were a record holder of Contango common stock on the record date of the Contango special meeting, please sign and return the enclosed proxy card or vote via the internet or telephone whether or not you plan to attend the Contango special meeting in person. Proxies submitted through the specified internet website or by phone must be received by 1:00 a.m., eastern time, on October 1, 2013.**



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### **Shares Held in Street Name**

If you hold shares of Contango common stock through a broker, bank or other nominee, you are considered the beneficial holder of the shares held for you in what is known as street name. The record holder of such shares is your broker, bank or other nominee, and not you, and you must provide the record holder of your shares with instructions on how to vote your shares. Please follow the voting instructions provided by your broker, bank or other nominee. Please note that you may not vote shares held in street name by returning a proxy card directly to Contango or by voting in person at the Contango special meeting unless you have a legal proxy, which you must obtain from your broker, bank or other nominee. Furthermore, brokers, banks or other nominees who hold shares of Contango common stock on behalf of their customers may not give a proxy to Contango to vote those shares without specific instructions from their customers.

If you are a Contango stockholder and you do not instruct your broker, bank or other nominee on how to vote your shares, your broker, bank or other nominee may not vote your shares on any of the Contango proposals.

### **Voting in Person**

If you plan to attend the Contango special meeting and wish to vote in person, you will be given a ballot at the special meeting. If you are a registered stockholder, please be prepared to provide proper identification, such as a driver's license, at the Contango special meeting. If your shares are held in street name, you must bring to the special meeting a proxy executed in your favor from the record holder (your broker, bank or other nominee) of the shares authorizing you to vote at the special meeting.

### **Revocation of Proxies**

If you are the record holder of Contango common stock, you can change your vote or revoke your proxy at any time before your proxy is voted at the special meeting. You can do this by:

timely delivering a signed written notice of revocation;

timely delivering a new, valid proxy bearing a later date (including by telephone or through the internet); or

attending the Contango special meeting and voting in person, which will automatically cancel any proxy previously given, or revoking your proxy in person. Simply attending the Contango special meeting without voting will not revoke any proxy that you have previously given or change your vote.

A registered stockholder may revoke a proxy by any of these methods, regardless of the method used to deliver the stockholder's previous proxy. Written notices of revocation and other communications with respect to the revocation of proxies should be addressed as follows:

Contango Oil & Gas Company

3700 Buffalo Speedway

Houston, Texas 77098

(713) 960-1901

If your shares are held in street name through a broker, bank or other nominee, you may change your vote by submitting new voting instructions to your broker, bank or nominee in accordance with its established procedures. If your shares are held in the name of a broker, bank or other nominee and you decide to change your vote by attending the special meeting and voting in person, your vote in person at the special meeting will not be effective unless you have obtained and present an executed proxy issued in your name from the record holder (your broker, bank or nominee).



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### **Tabulation of Votes**

Contango has appointed Computershare, Inc. ( Computershare ) to serve as the Inspector of Election for the Contango special meeting. Computershare will independently tabulate affirmative and negative votes and abstentions.

### **Solicitation of Proxies**

Contango is soliciting proxies for the Contango special meeting from its stockholders. In accordance with the merger agreement, Contango will pay its own cost of soliciting proxies, including the cost of mailing this joint proxy statement/prospectus, from its stockholders. In addition to solicitation of proxies by mail, proxies may be solicited by Contango s officers, directors and regular employees, without additional remuneration, by personal interview, telephone or other means of communication.

Contango will make arrangements with brokerage houses, custodians, nominees and fiduciaries to forward proxy solicitation materials to beneficial owners of Contango common stock. Contango may reimburse these brokerage houses, custodians, nominees and fiduciaries for their reasonable expenses incurred in forwarding the proxy materials.

To help assure the presence in person or by proxy of the largest number of stockholders possible, Contango has engaged Georgeson Inc., a proxy solicitation firm ( Georgeson ), to solicit proxies on Contango s behalf. Contango has agreed to pay Georgeson a proxy solicitation fee not to exceed \$15,000. Contango will also reimburse Georgeson for its reasonable out-of-pocket costs and expenses.

### **Adjournments**

Any adjournment of the Contango special meeting may be made from time to time by the affirmative vote of a majority of the shares of Contango common stock, present in person or by proxy at the Contango special meeting and entitled to vote thereon, regardless of whether there is a quorum, without further notice other than by an announcement made at the special meeting (unless the adjournment is for more than 30 days or if a new record date is fixed). If a quorum is not present at the special meeting, or if a quorum is present at the special meeting but there are not sufficient votes at the time of the special meeting to approve the proposal to issue shares of Contango common stock in connection with the merger, then Contango stockholders may be asked to vote on a proposal to adjourn the Contango special meeting so as to permit the further solicitation of proxies.

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### THE CRIMSON SPECIAL MEETING

*This joint proxy statement/prospectus is being provided to the Crimson stockholders as part of a solicitation of proxies by the Crimson board of directors for use at the Crimson special meeting to be held at the time and place specified below and at any properly convened meeting following an adjournment or postponement thereof. This joint proxy statement/prospectus provides Crimson stockholders with information they need to know to be able to vote or instruct their vote to be cast at the Crimson special meeting.*

#### **Date, Time and Place**

The special meeting of Crimson stockholders will be held at Crimson's offices at 717 Texas Avenue, Suite 2900, Houston, Texas 77002, on October 1, 2013, at 9:30 a.m., local time.

#### **Purpose of the Crimson Special Meeting**

At the Crimson special meeting, Crimson stockholders will be asked to consider and vote on the following:

a proposal to adopt the merger agreement, the merger and the other transactions contemplated by the merger agreement, which is further described in the sections titled "The Merger" and "The Merger Agreement," beginning on pages 50 and 111, respectively;

an advisory (non-binding) proposal to approve the compensation that may be paid or become payable to Crimson's named executive officers that is based on or otherwise related to the proposed transactions; and

a proposal to approve the adjournment of the Crimson special meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies in the event there are not sufficient votes at the time of the special meeting to approve the first proposal listed above. Completion of the merger is conditioned on the adoption of the merger agreement, the merger and the other transactions contemplated by the merger agreement.

#### **Recommendation of the Crimson Board of Directors**

At a special meeting held on April 29, 2013, the Crimson board of directors adopted the merger agreement and determined that the merger and the other transactions contemplated by the merger agreement are in the best interests of Crimson and its stockholders. **Accordingly, the Crimson board of directors unanimously recommends that Crimson stockholders vote FOR the proposal to adopt the merger agreement, the merger and the transactions contemplated by the merger agreement, FOR the approval, on an advisory (non-binding) basis, of the compensation that may be paid or become payable to Crimson's named executive officers that is based on or otherwise relates to the proposed transactions and FOR the proposal to approve the adjournment of the Crimson special meeting, if necessary or appropriate, to permit further solicitation of proxies.**

Crimson stockholders should carefully read this joint proxy statement/prospectus, including any documents incorporated by reference, and the Annexes in their entirety for more detailed information concerning the merger and the transactions contemplated by the merger agreement.

#### **Crimson Record Date; Stockholders Entitled to Vote**

The record date for the Crimson special meeting is August 20, 2013. Only record holders of shares of Crimson common stock at the close of business on such date are entitled to notice of, and to vote at, the Crimson special meeting or any adjournment or postponement thereof. At the close of business on the record date, the only outstanding voting securities of Crimson were common stock, and 44,764,423 shares of Crimson common stock were issued and outstanding and entitled to vote at the Crimson special meeting. A list of the Crimson stockholders of record who are entitled to vote at the Crimson special meeting will be available for inspection by any Crimson stockholder for any purpose germane to the special meeting during ordinary business hours for the ten days preceding the Crimson special meeting at Crimson's executive offices at 717 Texas Avenue, Suite 2900,



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Houston, Texas 77002 and will also be available at the Crimson special meeting for examination by any stockholder present at such meeting.

Each share of Crimson common stock outstanding on the record date of the Crimson special meeting is entitled to one vote on each proposal and any other matter coming before the Crimson special meeting.

### **Voting by Crimson s Directors and Executive Officers**

At the close of business on the record date of the Crimson special meeting, Crimson directors and executive officers were entitled to vote 1,319,048 shares of Crimson common stock or approximately 2.95% of the shares of Crimson common stock issued and outstanding and entitled to vote at the Crimson special meeting. The Crimson directors and executive officers are currently expected to vote their shares in favor of all Crimson proposals.

Oaktree and each executive officer of Crimson has entered into an agreement with Contango and Merger Sub whereby, subject to the terms and conditions of that agreement, such stockholder has agreed to vote all of the Crimson shares held by such stockholder in favor of the merger. As of the date of this joint proxy statement/prospectus, Oaktree holds and is entitled to vote, in the aggregate, approximately 34.71% of the issued and outstanding shares of Crimson common stock entitled to vote at the Crimson special meeting and the executive officers of Crimson hold and are entitled to vote, in the aggregate, approximately 2.54% of the issued and outstanding shares of Crimson common stock entitled to vote at the Crimson special meeting.

### **Quorum**

No business may be transacted at the Crimson special meeting unless a quorum is present. Stockholders who hold shares representing at least a majority of the voting power of all outstanding shares of capital stock entitled to vote at the Crimson special meeting must be present in person or represented by proxy to constitute a quorum. If a quorum is not present, or if fewer shares are voted in favor of the proposal to adopt the merger agreement, the merger and the other transactions contemplated by the merger agreement than is required, to allow additional time for obtaining additional proxies, the special meeting may be adjourned if the requisite stockholder approval to adjourn the meeting is obtained. No notice of an adjourned meeting need be given unless the date, time and place of the resumption of the meeting are not announced at the adjourned meeting, the adjournment is for more than 30 days, or, if after the adjournment, a new record date is fixed for the adjourned meeting, in which cases a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. At any adjourned meeting, all proxies will be voted in the same manner as they would have been voted at the original convening of the special meeting, except for any proxies that have been effectively revoked or withdrawn prior to the adjourned meeting.

All shares of Crimson common stock represented at the Crimson special meeting, including shares that are represented but that vote to abstain, will be treated as present for purposes of determining the presence or absence of a quorum. Broker non-votes will have no effect on determining the presence or absence of a quorum at the Crimson special meeting.

### **Required Vote**

The required votes to approve the Crimson proposals are as follows:

The adoption of the merger agreement, the merger and the other transactions contemplated by the merger agreement requires the affirmative vote of a majority of the issued and outstanding shares of Crimson common stock that are entitled to vote at the special meeting. Each share of Crimson common stock outstanding on the record date of the Crimson special meeting is entitled to one vote on this proposal. Failures to vote, broker non-votes and abstentions will have the same effect as a vote AGAINST the approval of such proposal.

The approval, on an advisory (non-binding) basis, of the compensation that may be paid or become payable to Crimson s named executive officers that is based on or otherwise related to the proposed transactions requires the approval of a majority of the votes cast at the Crimson special meeting, assuming a quorum.

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Each share of Crimson common stock outstanding on the record date for of the Crimson special meeting is entitled to one vote on this proposal. Failures to vote and broker non-votes will have no effect on the vote for this proposal; however, abstentions will have the same effect as a vote AGAINST the approval of such proposal.

The adjournment of the Crimson special meeting, if necessary or appropriate, to solicit additional proxies requires the approval of a majority of the votes cast at the Crimson special meeting, regardless of whether there is a quorum. Each share of Crimson common stock outstanding on the record date for of the Crimson special meeting is entitled to one vote on this proposal. Failures to vote and broker non-votes will have no effect on the vote for this proposal; however, abstentions will have the same effect as a vote AGAINST the approval of such proposal.

### **Voting of Proxies by Holders of Record**

If you were a record holder of Crimson stock at the close of business on the record date of the Crimson special meeting, a proxy card is enclosed for your use. Crimson requests that you vote your shares as promptly as possible by (i) accessing the internet site listed on the Crimson proxy card, (ii) calling the toll-free number listed on the Crimson proxy card or (iii) submitting your Crimson proxy card by mail by using the provided self-addressed, stamped envelope. Information and applicable deadlines for voting through the internet or by telephone are set forth on the enclosed proxy card. When the accompanying proxy is returned properly executed, the shares of Crimson common stock represented by it will be voted at the Crimson special meeting or any adjournment or postponement thereof in accordance with the instructions contained in the proxy card. Your internet or telephone vote authorizes the named proxies to vote your shares in the same manner as if you had marked, signed and returned a proxy card.

If a proxy is returned without an indication as to how the shares of Crimson common stock represented are to be voted with regard to a particular proposal, the Crimson common stock represented by the proxy will be voted in accordance with the recommendation of the Crimson board of directors and, therefore, FOR the proposal to approve and adopt the merger agreement, FOR the proposal to approve, on an advisory (non-binding) basis, the compensation that may be paid or become payable to Crimson's named executive officers that is based on or otherwise related to the proposed transactions and FOR the proposal to adjourn the Crimson special meeting, if necessary or appropriate, to permit further solicitation of proxies.

At the date hereof, the Crimson board of directors has no knowledge of any business that will be presented for consideration at the Crimson special meeting and that would be required to be set forth in this joint proxy statement/prospectus or the related proxy card other than the matters set forth in Crimson's Notice of Special Meeting of Stockholders. If any other matter is properly presented at the Crimson special meeting for consideration, it is intended that the persons named in the enclosed form of proxy and acting thereunder will vote in accordance with their best judgment on such matter.

**Your vote is important. Accordingly, if you were a record holder of Crimson common stock on the record date of the Crimson special meeting, please sign and return the enclosed proxy card or vote via the internet or telephone whether or not you plan to attend the Crimson special meeting in person. Proxies submitted through the specified internet website or by phone must be received by 11:59 p.m., eastern time, on September 30, 2013.**

### **Shares Held in Street Name**

If you hold shares of Crimson common stock through a broker, bank or other nominee, you are considered the beneficial holder of the shares held for you in what is known as street name. The record holder of such shares is your broker, bank or other nominee, and not you, and you must provide the record holder of your shares with instructions on how to vote your shares. Please follow the voting instructions provided by your broker, bank or other nominee. Please note that you may not vote shares held in street name by returning a proxy card directly

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to Crimson or by voting in person at the Crimson special meeting unless you have a legal proxy, which you must obtain from your broker, bank or other nominee. Furthermore, brokers, banks or other nominees who hold shares of Crimson common stock on behalf of their customers may not give a proxy to Crimson to vote those shares without specific instructions from their customers.

If you are a Crimson stockholder and you do not instruct your broker, bank or other nominee on how to vote your shares, your broker, bank or other nominee may not vote your shares on any of the Crimson proposals.

### **Voting in Person**

If you plan to attend the Crimson special meeting and wish to vote in person, you will be given a ballot at the special meeting. If you are a registered stockholder, please be prepared to provide proper identification, such as a driver's license, at the Crimson special meeting. If your shares are held in street name, you must bring to the special meeting a proxy executed in your favor from the record holder (your broker, bank or other nominee) of the shares authorizing you to vote at the special meeting.

### **Revocation of Proxies**

If you are the record holder of Crimson common stock, you can change your vote or revoke your proxy at any time before your proxy is voted at the special meeting. You can do this by:

timely delivering a signed written notice of revocation;

timely delivering a new, valid proxy bearing a later date (including by telephone or through the internet); or

attending the Crimson special meeting and voting in person, which will automatically cancel any proxy previously given, or revoking your proxy in person. Simply attending the Crimson special meeting without voting will not revoke any proxy that you have previously given or change your vote.

A registered stockholder may revoke a proxy by any of these methods, regardless of the method used to deliver the stockholder's previous proxy. Written notices of revocation and other communications with respect to the revocation of proxies should be addressed as follows:

Crimson Exploration Inc.

717 Texas Ave, Suite 2900

Houston, Texas 77002

(713) 236-7400

Attention: Corporate Secretary

If your shares are held in street name through a broker, bank or other nominee, you may change your vote by submitting new voting instructions to your broker, bank or nominee in accordance with its established procedures. If your shares are held in the name of a broker, bank or other nominee and you decide to change your vote by attending the special meeting and voting in person, your vote in person at the special meeting will not be effective unless you have obtained and present an executed proxy issued in your name from the record holder (your broker, bank or nominee).

### **Tabulation of Votes**

Crimson has appointed Broadridge Financial Services (Broadridge) to serve as the Inspector of Election for the Crimson special meeting. Broadridge will independently tabulate affirmative and negative votes and abstentions.





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### **Solicitation of Proxies**

Crimson is soliciting proxies for the Crimson special meeting from its stockholders. In accordance with the merger agreement, Crimson will pay its own cost of soliciting proxies, including the cost of mailing this joint proxy statement/prospectus, from its stockholders. In addition to solicitation of proxies by mail, proxies may be solicited by Crimson's officers, directors and regular employees, without additional remuneration, by personal interview, telephone or other means of communication.

Crimson will make arrangements with brokerage houses, custodians, nominees and fiduciaries to forward proxy solicitation materials to beneficial owners of Crimson common stock. Crimson may reimburse these brokerage houses, custodians, nominees and fiduciaries for their reasonable expenses incurred in forwarding the proxy materials.

To help assure the presence in person or by proxy of the largest number of stockholders possible, Crimson has engaged Morrow & Co., LLC, a proxy solicitation firm ( Morrow ), to solicit proxies on Crimson's behalf. Crimson has agreed to pay Morrow a proxy solicitation fee not to exceed \$9,000. Crimson will also reimburse Morrow for its reasonable out-of-pocket costs and expenses.

### **Adjournments**

Any adjournment of the Crimson special meeting may be made from time to time if the approval of the holders of a majority of the votes cast at the Crimson special meeting is obtained, regardless of whether there is a quorum, without further notice other than by an announcement made at the special meeting (unless date, time and place of the resumed meeting is not announced at the adjourned meeting, the adjournment is for more than 30 days or if a new record date is fixed). If a quorum is not present at the special meeting, or if a quorum is present at the special meeting but there are not sufficient votes at the time of the special meeting to approve the proposal to adopt the merger agreement, then Crimson stockholders may be asked to vote on a proposal to adjourn the Crimson special meeting so as to permit the further solicitation of proxies.

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**THE MERGER**

**Effects of the Merger**

At the effective time of the merger, Merger Sub, a wholly owned subsidiary of Contango that was formed for the sole purpose of effecting the merger, will merge with and into Crimson. Crimson will survive the merger and become a wholly owned subsidiary of Contango.

In the merger, each outstanding share of Crimson common stock will be converted into the right to receive 0.08288 shares of Contango common stock, with cash paid in lieu of fractional shares. This exchange ratio is fixed and will not be adjusted to reflect stock price changes prior to the closing of the merger. Contango stockholders will continue to hold their existing Contango shares.

**Background of the Merger**

Contango's board of directors from time to time reviews and assesses with Contango's senior management potential industry and strategic alternatives, including possible business combination transactions, in order to enhance stockholder value. During the past two years, Contango has been actively investing in onshore drilling opportunities to supplement its continued exploration activity in the Gulf of Mexico. In furtherance of this initiative to diversify its assets, during such time, Contango made equity investments in Exaro Energy III LLC (referred to in this joint proxy statement/prospectus as Exaro) and Alta Resources Investments, LLC (referred to in this joint proxy statement/prospectus as Alta), as well as a direct investment in the Tuscaloosa Marine Shale. Beginning in December 2012, Brad Juneau, the former acting chief executive officer and a member of Contango's board of directors, and Joseph J. Romano, Contango's current president and chief executive officer, met with a number of onshore and offshore oil and gas companies along with a number of investment and commercial bankers to discuss strategic options, including farm-ins, property acquisitions, potential partnering, and merger and divestiture opportunities. Contango's strong balance sheet with significant cash on hand and low debt levels provided a strong position for Contango's management team to seek such potential opportunities at such time. The results of these meetings were all shared with Mr. Kenneth R. Peak, the founder and former Chairman of the Board of Contango.

Much like Contango, Crimson's board of directors from time to time reviews and assesses with Crimson's senior management potential industry and strategic alternatives, including possible business combination transactions, in order to enhance stockholder value. Between 2007 and 2009, Crimson consummated a number of producing property and major leasehold acquisitions targeting primarily natural gas production and reserve growth. Such acquisitions were primarily debt financed. Difficult industry and world-wide economic conditions between 2008 and 2010 precluded Crimson from raising additional equity capital to reduce debt incurred in pursuing such acquisitions. An extended period of low natural gas prices has continued to put pressure on Crimson's financial profile. In 2011, Crimson began to pursue a strategy of deemphasizing natural gas and increasing its exposure to crude oil and liquids opportunities. Crimson was successful in generating an inventory of oil resource plays that, once de-risked and developed, would provide a long-term source of production and reserve growth. The Crimson board of directors and management determined that Crimson's highly leveraged profile, and lack of success in accessing sources of additional capital or deleveraging transactions on prudent terms because of that profile, would continue to limit Crimson's ability to maximize the ultimate potential value of its asset base for its stockholders. Crimson believes that to realize intrinsic value, drilling on its extensive undrilled resource potential would need to be accelerated to a level sufficient to show meaningful production and reserve growth.

With the support of the Crimson board of directors, in recent years Crimson has engaged in numerous exploratory discussions with several independent exploration and production companies, private equity firms, and entities that invest in the oil and gas industry regarding potential joint ventures or other strategic transactions. Crimson management also has frequent interaction with investment banks about potential transaction opportunities, from both the acquisition and the divestiture perspectives. These discussions did not lead to the consummation of a transaction for a variety of reasons, including gaps in relative valuation expectations, Crimson debt levels, financing difficulties, lack of synergies and the existence of other pending or anticipated transactions. In late fourth quarter of 2012, the Crimson board of directors and management decided to obtain an

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objective view of various strategic alternatives that might be available to Crimson to improve its chance of maximizing value for its stockholders, to evaluate the potential return for stockholders for each strategy and to identify opportunities that might exist with respect to each strategy. Therefore, the Crimson board of directors authorized management to engage a financial adviser to assist Crimson with a review of strategic alternatives. In early January 2013, the company started working with Barclays Capital Inc. (referred to in this joint proxy statement/prospectus as Barclays ) to review possible strategic alternatives.

In early January 2013, a manager-level employee of Crimson met Mr. Juneau at a youth sporting event and the two discussed, in addition to other topics, their respective businesses. During the course of their conversation Mr. Juneau stated that Contango was looking for domestic, onshore drilling opportunities, and the Crimson employee indicated that Crimson might be interested in a joint venture partner for its Woodbine play in Madison and Grimes Counties, Texas. Upon returning to the office the following workday, the Crimson employee mentioned the conversation to E. Joseph Grady, Crimson's Senior Vice President and Chief Financial Officer, who then discussed it with Allan D. Keel, Crimson's President and Chief Executive Officer. Mr. Grady then reviewed Contango's publicly available financial information and considered whether a combination of the companies would be a better fit for both companies as it provided each with more benefits than a joint venture. During this timeframe, Messrs. Romano, Juneau and Peak discussed a possible transaction with Crimson, and for the reasons discussed below, Mr. Peak stated that he was in favor of, and would support, such a transaction.

Once introduced to Crimson, and following review of Crimson's public filings, Contango recognized that Crimson possessed an attractive portfolio of quality drillable prospects along with a seasoned management team experienced in evaluating and drilling both onshore and offshore prospects. Contango's management team also recognized that a merger, as opposed to a possible joint venture, with Crimson could provide for a combined company that would both possess a diverse mix of onshore and offshore drilling prospects along with a capital structure that would allow the combined company to quickly enhance value for stockholders as the inventory of prospects could be drilled on a more accelerated basis. In short, the opportunity to diversify Contango's asset mix, to add a seasoned management team and to potentially enhance stockholder value through utilization of Contango's strong balance sheet, made the possibility of a merger with Crimson decidedly worth pursuing.

On January 9, 2013, Mr. Juneau called Mr. Keel to discuss, at a high level, each party's respective general business objectives and future growth plans to determine if an opportunity existed for the two companies to work together in some mutually advantageous fashion. During the conversation, Mr. Juneau indicated that a key objective for Contango was diversification of its asset base while Mr. Keel indicated that a key objective for Crimson was access to growth capital. Mr. Keel and Mr. Juneau agreed that further discussions between the parties' respective management teams, including introductory overviews of each company based on public information, would be an appropriate next step.

On January 16, 2013, Messrs. Keel, Grady and Thomas H. Atkins, Crimson's Senior Vice President Exploration, met with Mr. Romano to provide him with an overview of Crimson and gauge Contango's potential interest in discussing a joint venture regarding Crimson's Woodbine play in Madison and Grimes Counties, Texas, or a strategic combination of the two companies to provide Crimson with access to much needed growth capital, and to provide Contango with the ability to diversify its profile through access to lower-risk, onshore oil resource plays. Following this meeting, Crimson concluded that a strategic combination rather than a joint venture better aligned with its goals of accessing growth capital and accelerating drilling on its undrilled resource potential. Also on this date, Mr. Atkins also met with Mr. Juneau to provide him with a high-level overview of Crimson's oil and gas properties.

On January 17, 2013, Mr. Romano advised Morgan, Lewis & Bockius LLP (referred to in this joint proxy statement/prospectus as Morgan Lewis ), its primary outside counsel, of a potential strategic transaction with Crimson and engaged Morgan Lewis to serve as its legal counsel on the transaction.

With the parties each having interest in conducting more in-depth discussions regarding a possible transaction, representatives of Contango and Crimson negotiated the terms of a mutual confidentiality agreement

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to permit the exchange of information on a confidential basis and to ensure that discussions would remain confidential, and on January 21, 2013, the parties executed the confidentiality agreement. Contango engaged W. D. Von Gonten & Co. ( Von Gonten ) on January 21, 2013 as engineering consultant to assist in Contango's review of Crimson's properties.

On January 23, 2013, members of the Crimson management team met with Mr. Juneau and representatives from Von Gonten to provide them with a detailed technical overview of Crimson's oil and gas properties.

On January 29, 2013, Messrs. Keel and Grady met with representatives of Barclays to discuss Barclays' progress on its review of Crimson's potential strategic alternatives including the following: (i) refinancing Crimson's current high-cost second lien credit facility, including increasing the size of such debt instrument to provide additional debt capital; (ii) undertaking a private placement of a small amount of equity capital, followed by a refinancing of Crimson's second lien credit facility; (iii) undertaking a major recapitalization through the sale of a significant interest in Crimson to a private equity firm, using a portion of the proceeds to pay down debt and a portion as growth capital; (iv) pursuing a transformational acquisition that could be used as a catalyst to access additional capital through the capital markets; (v) raising capital through the sale of certain Crimson asset packages; or (vi) pursuing a merger or sale of the company. Barclays indicated that much work remained to be done in evaluating each of the potential strategic alternatives. Mr. Keel and Mr. Grady then updated Barclays on several potential transactions being considered by Crimson, including preliminary discussions about a potential strategic transaction with Contango.

On January 30, 2013, Messrs. Keel and Grady met with Mr. Romano to discuss the parties' respective level of interest in continuing discussions regarding potential transactions. Mr. Romano agreed to set up a technical presentation regarding Contango's oil and gas properties for Crimson's management team. Following the meeting, Mr. Romano began to prepare a net asset valuation analysis of Crimson using publicly available information.

On January 31, 2013, Mr. Grady shared with Contango Crimson's standard net asset valuation template for determining implied potential ranges of total company and per share value, independent of this or any other potential transaction. The companies agreed, however, to begin sharing with each other information necessary to independently undertake reciprocal net asset valuations and relative contribution analyses.

On January 31, 2013, Mr. Grady also had a follow-up meeting with representatives of Barclays regarding the status of their broad-based review of strategic alternatives available to Crimson.

On February 4, 2013, Mr. Romano called a representative of Petrie Partners Securities, LLC (referred to in this joint proxy statement/prospectus as Petrie ) to discuss the potential transactions being considered by Contango and to arrange an overview meeting in Contango's offices in Houston.

On February 5, 2013 Mr. Grady and Mr. Romano discussed by telephone various issues associated with reviewing a possible transaction. Mr. Romano also discussed with Mr. Keel a preliminary equity ownership split between Crimson and Contango, with the existing stockholders of Crimson receiving 20% of the equity in the combined company and the existing stockholders of Contango owning the remaining 80% of the combined company. Mr. Keel and Mr. Romano agreed that the 80/20 split was a good starting point based on the preliminary net asset value ( NAV ) analyses performed by each company, which were based primarily on public information, as well as the then current market values of each company (which based on the relative market capitalizations of each company at the time supported a 81.3%/18.7% equity split). Both Mr. Keel and Mr. Romano acknowledged that final splits would be subject to both companies' due diligence. Specific factors considered in the NAV analyses included risked values for proved reserves and unproved resource potential, working capital positions and contingencies.

On February 6, 2013, Mr. Grady had a telephone conversation with representatives of Oaktree Capital Management, L.P. (referred to in this joint proxy statement/prospectus as Oaktree Management ), an affiliate of Crimson's largest stockholder, regarding Crimson's potential strategic combination. Two members of Crimson's board of directors B. James Ford and Adam C. Pierce are employees of Oaktree Management. Oaktree Management was supportive of maintaining an active dialogue with Contango regarding a possible combination.

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On February 7, 2013, Contango received a preliminary report from Von Gonten on Crimson's oil and gas properties in the Woodbine play. On February 7, 2013, Contango's board of directors held a meeting to discuss strategic options, including a potential merger with Crimson. At that meeting, Messrs. Romano and Juneau presented various materials to the board relevant to a potential merger with Crimson, including information on Crimson's reserves.

On February 8, 2013, Contango's board of directors held another meeting regarding the potential merger. Mr. Romano discussed valuation, management, integration and board composition of a combined company. Mr. Juneau provided further information regarding Crimson's reserves and drilling prospects to Contango's board. Contango's board of directors also approved the engagement of Petrie as Contango's financial advisor for the transaction.

On February 8, 2013, Mr. Keel informed Mr. Romano that Crimson had spoken with representatives of Oaktree Management regarding Crimson's discussions with Contango about a potential combination and had had a constructive conversation with Oaktree Management.

On February 11, 2013, Contango filed its Quarterly Report on Form 10-Q, which included financial results for the quarter ended December 31, 2012.

On February 12, 2013, Mr. Grady and John A. Thomas, Crimson's General Counsel, contacted Vinson & Elkins LLP (referred to in this joint proxy statement/prospectus as "Vinson & Elkins"), its primary outside counsel on corporate matters, to advise it of a potential strategic transaction with Contango and engaged Vinson & Elkins to serve as its legal counsel on this matter. Also on February 12, 2013, Messrs. Romano and Keel met to discuss various matters related to a potential merger, including specifics regarding Crimson's outstanding debt and whether Oaktree Management would consider conversion of its second lien debt into equity.

On February 13, 2013, members of the Contango and Crimson management teams met along with members of Petrie and representatives of William M. Cobb & Associates, Inc. (referred to in this joint proxy statement/prospectus as "Cobb & Associates"), Contango's reserve engineering consultant, to review Contango's Dutch and Mary Rose properties as well as its offshore prospect inventory, interests in its Exaro and Alta joint ventures and its Tuscaloosa Marine Shale properties. Prior to and following this meeting, Messrs. Romano and Juneau provided Petrie with an updated briefing regarding a strategic transaction with Crimson. Contango also officially retained Petrie as its financial advisor.

On February 14, 2013, Mr. Atkins met with Mr. Juneau to gain an understanding of material land contracts and Contango's minority interest investments in various joint ventures.

On February 15, 2013, Messrs. Keel and Grady met with Mr. Romano to discuss the status of the parties' respective valuation diligence; the parties concluded that their respective valuations appeared consistent and that, on a preliminary basis, an 80/20 equity ownership split appeared appropriate, subject however to both parties' completion of due diligence. The parties also discussed various social issues regarding the merger, including employment matters and also toured Crimson's office space. Also on this date, Mr. Grady contacted representatives from Barclays to discuss their possible role as financial advisor for the merger and it was noted that Barclays had commenced preliminary analysis of the merger by virtue of their strategic alternative analysis. Members of Crimson's management team had previously discussed various investment banking firms with Houston offices that had the necessary industry experience to serve as the Crimson's financial advisor in connection with a proposed strategic combination. For various reasons, including Barclays' experience with upstream oil and gas transactions and familiarity with Crimson, it was decided that Crimson management would recommend to its board of directors the retention of Barclays to fill that role.

On February 16, 2013, Crimson released its 2012 year-end reserves and production update.

Beginning on or about February 17, 2013, Contango and Crimson provided due diligence documents to each other and discussed the scope of due diligence information that would be appropriate to share for purposes of evaluating a possible strategic business combination. Between mid-February 2013 and April 29, 2013, both

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companies and their respective advisors and consultants conducted due diligence by reviewing documents, participating in meetings and teleconferences and visiting facilities. Representatives of Crimson conducted environmental and regulatory due diligence with respect to Contango's assets and operations. Representatives of Vinson & Elkins reviewed diligence materials at Contango's offices on various dates in March and April. Representatives of Morgan Lewis reviewed diligence materials on various dates during the same time period. During that period, Crimson also retained Opportune LLP (referred to in this joint proxy statement/prospectus as "Opportune") to perform financial due diligence on Contango, Deloitte LLP (referred to in this joint proxy statement/prospectus as "Deloitte") to perform tax advisory services and Tri Energy Asset Management (referred to in this joint proxy statement/prospectus as "TEAM") to assist with review of title to Contango's oil and gas properties and material oil and gas contracts. During this time, Contango retained Conestoga-Rovers & Associates (referred to in this joint proxy statement/prospectus as "CRA") to assist in environmental and regulatory due diligence, Frasier Oil Properties (referred to in this joint proxy statement/prospectus as "FOP") to assist in title review of Crimson's oil and gas properties and material oil and gas contracts and Duff & Phelps Corp. (referred to in this joint proxy statement/prospectus as "Duff & Phelps") to assist in its financial due diligence on Crimson.

On February 19, 2013, Messrs. Keel and Grady met with representatives of Petrie regarding Crimson's corporate organization and history, key producing and undeveloped assets, and a detailed estimated 2013 budget by major development area. On February 20, 2013, Messrs. Atkins and Isaac met with Mr. Juneau regarding Contango's operations and Crimson's James Lime play acreage. Also on this date Mr. Romano, Mr. Juneau, Mr. Mengle, representatives of Netherland, Sewell & Associates, Inc., Crimson's reserve engineering consultant (referred to in this joint proxy statement/prospectus as "NSAI"), a representative of Petrie and representatives of Cobb & Associates met in NSAI's offices in Houston to review Crimson's reserve estimates.

On February 20, 2013, Messrs. Atkins and Isaac met with Mr. Juneau regarding Contango's operations and Crimson's James Lime play acreage. Also on this date, Mr. Mengle, Mr. Juneau, representatives of NSAI and representatives of Cobb & Associates met in NSAI's offices in Houston to review Crimson's reserve estimates.

On February 21, 2013, Messrs. Atkins and Mengle, representatives from NSAI and representatives from Cobb & Associates met in Cobb & Associates' offices in Dallas, Texas to discuss certain of Contango's oil and gas properties and reserve estimates relating thereto.

On February 25, 2013, Petrie shared with Crimson prospective financial information of Contango on a standalone basis for the years 2013 through 2017 prepared based on the then current Cobb & Associates proved reserve report and discussions with Contango's management team.

On February 26, 2013, the Crimson board of directors held a special telephonic meeting during which management made various presentations regarding the merger including (1) an overview of the background for the strategic business combination, possible structure for the strategic business combination and profile of Contango, (2) apprising the board of the status of Crimson's due diligence efforts to date, (3) a review of potential financial advisors, (4) a preliminary net asset value comparison, (5) discussion of a possible timeline for a transaction and (6) a brief discussion of the fiduciary duties of directors in transactions such as this. At this meeting, Crimson's board expressed support for continuing negotiations with Contango and authorized management to officially engage Barclays as Crimson's financial advisor for the possible transaction.

On various dates between late February and late April 2013 members of Crimson's management team, primarily Messrs. Keel and Grady, had numerous informal conversations with members of Crimson's board of directors, as well as representatives of Oaktree Management and America Capital Energy Corporation, regarding the status of discussions with Contango regarding the merger, the status of Crimson's due diligence review and the results therefrom, open issues in the merger agreement, the expected timing for the transaction, and other relevant matters. During this time, Mr. Romano also had numerous informal conversations with members of Contango's board of directors regarding the status of discussions with Crimson regarding the merger, the status of Contango's due diligence review and the results therefrom, open issues in the merger agreement, the expected timing for the transaction, and other relevant matters.

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On February 28, 2013, Messrs. Atkins, Mengle and Isaac met with Mr. Juneau and Kyle Johns of Juneau Exploration L.P. ( Juneau Exploration ) regarding Contango s Tuscaloosa Marine Shale position and sidetrack opportunities in Contango s Dutch / Mary Rose field.

On March 1, 2013, Morgan Lewis sent an initial draft of a merger agreement and form of support agreement to Vinson & Elkins.

On March 4, 2013, representatives from Morgan Lewis and Contango s land consultant, FOP, met with representatives of Crimson at Crimson s offices to commence their due diligence review of title to Crimson s oil and gas properties and material contracts relating thereto. This review continued for several weeks following this meeting.

On March 5, 2013, Messrs. Keel, Grady and Thomas met with representatives of Vinson & Elkins to discuss the typical process and issues associated with public-company strategic business combinations such as the transaction contemplated by Contango and Crimson as well as the fiduciary duties of the members of Crimson s board of directors in connection therewith.

Also on March 5, 2013, Petrie shared with Crimson and Barclays updated prospective financial information of Contango on a standalone basis for the years 2013 through 2017 prepared based on the then current Cobb & Associates proved reserve report and discussions with Contango s management team. The analysis also included a preliminary analysis of pro forma financial information of the combined company.

On March 6, 2013, Messrs. Atkins, Mengle, Isaac and Grady met with Messrs. Romano and Juneau regarding Contango s interest in the Exaro and Alta joint ventures. At this meeting, Mr. Juneau also provided an update on the status of Contango s ongoing workover of its Vermilion 170 well.

On March 7, 2013, Mr. Thomas and attorneys from Vinson & Elkins and Morgan Lewis met at Vinson & Elkins offices in Houston, Texas, regarding the structuring of the potential transaction, potential timeline, diligence matters and governance. Also on this date, Messrs. Keel and Grady met with representatives of Barclays to continue discussing the proposed strategic business combination with Contango and the timeline associated therewith. During those discussions, Crimson formally engaged Barclays as its financial advisor for the merger.

On March 8, 2013, Mr. Romano met with Jim Ford, a representative of Oaktree Management, and a member of Crimson s board of directors, in Los Angeles, California, to get acquainted. Mr. Ford expressed his support of the senior management of Crimson, his enthusiasm for a potential combination but shared with Mr. Romano his inability to exchange Crimson s second lien debt held by an affiliate of Oaktree Management for equity in the combined company based on structural limitations within the various Oaktree funds.

On March 11, 2013, Messrs. Keel and Grady met with Mr. Romano regarding the status of due diligence for each party. Each party s preliminary conclusion was that nothing material was uncovered in diligence conducted to date that would alter the range of preliminary pro forma equity ownership previously discussed.

On March 12, 2013, the Crimson board of directors held a regularly-scheduled quarterly meeting. At this meeting, a representative of Vinson & Elkins provided a detailed presentation to the Crimson board of directors on the duties of the directors in connection with strategic business combinations and other legal considerations relating to the proposed transaction, including the likelihood of litigation challenging the transaction. Members of management made presentations to the Crimson board of directors providing their view of the rationale for the proposed strategic combination with Contango, an overview of Contango s oil and gas properties, reserves and facilities and an overview of Contango s current financial condition and the economics associated with the proposed merger. Representatives of Barclays also attended the meeting and made presentations to the Crimson board of directors regarding the previously-requested review of various possible strategic alternatives for



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Crimson, which, as noted above, included (i) refinancing Crimson's current second lien credit facility; (ii) undertaking a private placement of equity capital, followed by a refinancing of Crimson's second lien credit facility; (iii) undertaking a major recapitalization; (iv) pursuing a transformational acquisition; (v) raising capital through the sale of assets or (vi) pursuing a merger or sale of the company. Barclays also presented to the Crimson board of directors their preliminary assessment of the possible merger with Contango as one of those alternatives, including discussion of the rationale for the transaction as the alternative that best met Crimson's strategic objectives, a pro forma view of the combined company and its capitalization, and the relative valuations for each of Crimson and Contango. Barclays advised the Crimson board of directors of its view that Crimson needed significant capital to take advantage of its drilling inventory and accelerate development of its assets, which could be challenging given Crimson's leverage and size. Barclays recommended that Crimson consider a merger with a better capitalized company, a sale of the company or a recapitalization of the company. Barclays noted preliminarily that the proposed merger with Contango would provide increased scale, asset diversification, capital to accelerate Crimson's capital program, and a strong pro forma balance sheet. A representative of Vinson & Elkins then provided the Crimson board of directors with an overview of the key terms of the initial draft of the merger agreement and noted provisions thereof which concerned management and Vinson & Elkins.

The Crimson board of directors and management then discussed the strategic alternatives exercise and the proposed Contango merger, and the comments made by Crimson's advisors regarding the same. The Crimson board of directors was also aware of the various acquisition, divestiture, financing and strategic combination discussions management had participated in with third parties in recent years. The Crimson board of directors concluded that a merger of Crimson was an attractive scenario compared to other possible strategic alternatives, and that the proposed Contango merger, on the general preliminary terms previously discussed, would be an excellent outcome for Crimson's stockholders.

The key factors behind Crimson management's recommendation for the proposed merger were: (i) the combined company would be very strong financially and would have access to the capital necessary to realize the intrinsic value of Crimson's asset base, (ii) the merger structure would provide the mechanism for Crimson's existing stockholders to participate in the realization of the value to be derived from the company's asset base, plus participate in the upside of Contango's potentially high impact Gulf of Mexico prospects and (iii) the combination would create a larger organization, with an expanded stockholder base and trading volume, that could contribute to a higher market valuation multiple than either Contango or Crimson might command individually, each of which would enhance stockholder value.

On March 13, 2013, Crimson released its results for the fourth quarter and full year ended December 31, 2012. Also on this date, Messrs. Isaac and Thomas participated in a conference call with representatives from Morgan Lewis to provide Morgan Lewis with an overview of the handling of environmental matters at Crimson.

On March 13, 2013, Contango engaged Longnecker and Associates (referred to in this joint proxy statement/prospectus as Longnecker), as consultant in connection with compensation issues relating to the merger and the combined company.

On March 14, 2013, representatives of Crimson and TEAM met with representatives of Contango at Contango's offices to begin a diligence review of title to Contango's oil and gas properties and material contracts relating thereto. This review continued for several weeks following this initial meeting. Also on this date, Mr. Isaac and Mr. Mike Autin, Contango's Vice President - Production, toured several of Contango's platforms located in the Gulf of Mexico.

On March 15, 2013, Mr. Grady met with representatives of the lead bank of its existing bank group to initiate discussions on potential financing alternatives, including the likelihood of an expanded senior borrowing base for the combined company.

On March 16, 2013, Vinson & Elkins distributed a revised draft merger agreement to Morgan Lewis. Among other things, the revised merger agreement (i) required that certain Contango stockholders enter into

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support agreements, (ii) enhanced the scope of the parties' representations and warranties, (iii) made several substantive changes to the deal protection provisions including adding more flexibility to the exceptions to the no-solicitation covenant, adding an ability of the boards of directors to change their recommendation for reasons other than a superior proposal and shortening the matching periods, (iv) changed the post-closing governance provisions to provide the combined company more flexibility, (v) changed the termination provisions, including proposing a termination fee of 2.5% of the respective parties' equity values for superior proposals and 4% of the respective parties' equity values for reasons other than a superior proposal and (vi) added an event-specific material adverse effect provision based on lost reserves or production due to a casualty event.

On March 18, 2013, Mr. Mengle met with representatives from Barclays to discuss reserve information being used by Barclays for its evaluation.

Also on March 18, 2013, Contango's board of directors held a meeting at Contango offices. At the request of Contango's board, representatives from Morgan Lewis and Petrie were also in attendance. In advance of the meeting, on March 15, 2013, the board received materials regarding Crimson as well as information regarding director fiduciary duties, drafts of the merger agreement and support agreement and various analyst reports. At this meeting, Petrie presented a preliminary analysis of the possible transaction, including a discussion of the energy market environment, a profile of Crimson, a summary of illustrative deal terms as of that date, a preliminary reference value analysis summary, and a preliminary pro forma analysis. Mr. Juneau also reported on his review of Crimson's oil and gas reserves. Representatives from Morgan Lewis then presented information regarding the directors' fiduciary duties in considering a possible transaction, as well as the timetable for the possible transaction and the diligence efforts in progress to understand possible obligations, liabilities or contingent liabilities of a combined company. Mr. B.A. Berilgen, a member of the Contango board of directors, recommended that Contango engage an environmental consultant to review potential environmental issues and plugging and abandonment responsibilities of Crimson. After discussion, the Contango board of directors agreed that management should continue to examine Crimson and pursue discussions regarding a possible transaction.

On March 19, 2013, Messrs. Keel and Grady met with Mr. Romano to discuss staffing of the combined company, possible timing for signing of definitive agreements and certain open key business terms in the merger agreement, including the no-shop provision, the material adverse effect closing condition, post-closing management structure, executive compensation, use of an investment committee and certain deal protection provisions.

On March 20, 2013, Mr. Atkins met with Mr. John Miller of Juneau Exploration to review Contango's offshore prospect inventory.

On March 21, 2013, Mr. Grady and Mr. Romano spoke via telephone regarding bonus and equity award plans and bifurcation of 2013 calendar year bonuses into pre-closing and post-closing periods. On this date, Messrs. Grady and Thomas also participated in a conference call with Mr. Romano, representatives from Morgan Lewis and representatives from Longnecker regarding Longnecker's review of compensation issues relating to the merger and the combined company.

On March 22, 2013, Messrs. Atkins, Mengle and Isaac met with Messrs. Romano, Juneau and Johns of Juneau Exploration regarding Contango's Tuscaloosa Marine Shale position. On this date, Mr. Grady and Mr. Romano also discussed compensation issues and executive employment agreements. Mr. Grady also met with representatives of Deloitte on this date to discuss tax issues associated with the proposed business combination.

On March 25, 2013, Mr. Grady met with Yaroslava Makalskaya, Contango's Vice President, Controller and Chief Accounting Officer, to discuss the transaction timeline and upcoming financial reporting obligations of the parties. On this date, Mr. Grady also met with representatives of Barclays to discuss the status of the valuation analysis being undertaken by Barclays. Mr. Grady and other Crimson representatives also met on this date with

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representatives of Opportune regarding diligence matters. On this date, Mr. Isaac, Mr. Thomas, other representatives of Crimson, representatives of Contango and representatives of CRA, met in Crimson's offices to discuss the scope and timing of Contango's environmental due diligence on Crimson's oil and gas properties.

Morgan Lewis provided a further revised draft merger agreement to Crimson and Vinson & Elkins on March 25, 2013. The revised merger agreement, among other things, (i) limited exceptions to the no-solicitation covenant, (ii) lengthened the matching rights periods, (iii) changed the post-closing governance provisions to make them more open, (iv) changed the termination provisions, including proposing a termination fee of 3% of each party's enterprise value and (v) eliminated the casualty event material adverse effect provision proposed by Crimson.

On March 26, 2013, Messrs. Keel, Grady, Atkins, Isaac and Mengle met with various members of the Contango board of directors (including Messrs. Romano, Juneau, Reimer, Berilgen and Schoonover) to become acquainted. Topics discussed included investment philosophies relating to capital spending decisions. On this date, Mr. Grady also met with Mr. Romano regarding bonus plans, equity incentive plans and treatment of existing Crimson equity-based incentive compensation grants in the merger. The Contango board of directors then held a meeting to discuss the status of the merger. At the request of the Contango board, representatives from Morgan Lewis also attended telephonically. The Contango board members expressed favorable viewpoints on the senior officers they had met. Mr. Romano and other members of Contango's operational staff then provided the Contango board with an update on CRA's environmental inspection of Crimson's most valuable well properties. Representatives of Morgan Lewis then reported on the status of due diligence process, including a discussion on title to Crimson's most valuable wells and related oil and gas agreements, pending litigation, employment arrangements and environmental matters. Morgan Lewis also described the draft merger agreement and the key business issues likely to arise under the agreement. Mr. Romano also described the discussions regarding employment for senior executives of Crimson, including arrangements to be approved by the Contango directors at the same time the merger agreement might be approved.

On March 27, 2013, Messrs. Grady and Thomas participated in a conference call with representatives of Morgan Lewis to discuss Crimson's pending litigation. On this date, Mr. Grady also met with Ms. Makalskaya to discuss Contango's retention of Duff & Phelps, LLC, to assist with accounting and tax due diligence and preliminary purchase price allocation for accounting purposes.

From March 27, 2013 through April 3, 2013, members of Crimson's senior management and representatives from Vinson & Elkins and Oaktree Management engaged in numerous discussions regarding the revised draft merger agreement. Vinson & Elkins and Morgan Lewis continued to negotiate the transaction documents, with particular emphasis on which stockholders would execute support agreements, whether either party could terminate absent a superior proposal, the size of termination fees and when those fees would be payable, post-closing governance matters and the casualty event material adverse effect provision.

Between March 28 and April 2, 2013, representatives of Crimson, Vinson & Elkins and Oaktree Management spoke by telephone on multiple occasions to discuss in general terms various provisions of the proposed merger agreement, including, but not limited to, termination fees, material adverse effect provisions, conditions to closing, acceptable limits on pre-closing operating activity, representations and warranties of the parties and post-closing governance of the combined company. The desire for, and the acceptable form of, support agreements for specific stockholders was also discussed.

On March 28, 2013, Messrs. Keel and Grady met with Mr. Romano and representatives from Longnecker regarding executive compensation trends for purposes of finalizing post-closing compensation structure for the combined company's officers. On this date, Mr. Grady also had a conference call with Jon Hughes, a representative of Petrie, regarding the number and characteristic of stock options previously granted to Crimson employees. Mr. Grady and other representatives of Crimson also participated in a conference call with representatives of Duff & Phelps to discuss their review of Crimson. Vinson & Elkins and Morgan Lewis

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participated in a conference call regarding outstanding issues with the merger agreement and other transaction documents.

On various dates between March 28 and April 9, 2013, a representative of Crimson guided a representative of Contango and/or one or more representatives of CRA on visits to a variety of well locations operated by Crimson.

On April 2, 2013, Messrs. Keel and Grady met with Mr. Romano to discuss various outstanding business issues on the merger agreement, including deal protection issues such as the appropriate amounts for termination fees and the range of circumstances when such fees should be payable, social issues such as the composition of the board of the combined company, composition and authority of the investment committee, etc. On this date, a representative of Crimson and a representative of CRA also met to facilitate Contango's continuing review of Crimson's environmental records.

On April 3, 2013, Mr. Grady, Mr. Romano and representatives of Petrie and Barclays met to discuss presentation of the combined company's pro forma financial and operational results and prospects, key terms of the transaction and timing of the transaction. Also on this day, Mr. Grady met with representatives of Opportune regarding on-going due diligence efforts.

On April 3, 2013, Vinson & Elkins distributed a revised draft merger agreement and form of support agreement to Morgan Lewis. Changes to the merger agreement included (i) permitting Contango to terminate for a superior proposal, (ii) a termination fee of \$10 million for Crimson and \$40 million for Contango (which amounts represented approximately 3% of the enterprise value of Crimson and 8% of the enterprise value of Contango, respectively, as of such date), (iii) payment of a termination fee if, in certain instances, a party enters into an alternative transaction within 12 months of termination, including certain buy-side transactions, (iv) requiring the combined company to adopt a bylaw amendment that would require, for one year, a two-thirds majority of the combined company board and at least one Crimson appointee to the combined company board to make certain changes to the agreed-upon post-closing governance and (v) deleting the requirement of a per se casualty event material adverse effect but eliminating a natural disaster exception from the definition of material adverse effect. The form of support agreements provided that Oaktree, Allan D. Keel, Kenneth R. Peak and Brad Juneau would execute support agreements.

On April 4, 2013, members of the management teams of each of Crimson and Contango, as well as representatives from Duff & Phelps and Deloitte participated in a conference call to provide Duff & Phelps with an opportunity to perform a diligence review of Crimson's tax characteristics. On this date Mr. Grady and Mr. Romano also spoke by telephone to discuss staffing needs for the combined company.

On April 8, 2013, Mr. Grady and Mr. Romano met to discuss open issues on the employment agreements for Messrs. Keel and Grady (including tax gross-up language in their existing agreements and possible future clawback policies resulting from recent federal legislation) as well as other compensation and staffing issues.

On April 9, 2013, Morgan Lewis provided a further revised draft merger agreement and form of support agreement to Crimson and Vinson & Elkins. Among other things, this draft of the merger agreement (i) provided detail regarding the post-closing salaries and benefits of Contango employees, (ii) changed the termination fee to \$10 million for Crimson and \$20 million for Contango (which amounts represented approximately 3% of the enterprise value of Crimson and 4% of the enterprise value of Contango, respectively, as of such date) and (iii) reinserted the natural disaster exception to the definition of material adverse effect. Contango proposed that Oaktree and all officers and directors of both parties execute support agreements.

On April 8 and 9, 2013, Mr. Isaac met with Contango's regulatory consultants to perform regulatory due diligence.

On April 9, 2013, Mr. Grady and Mr. Romano spoke by telephone to discuss open employment agreement issues, compensation matters, the potential timeline for execution of the merger agreement and preparation of a

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joint press release and investor presentation for use in announcing the merger. Also on this date, Messrs. Mengle and Isaac met with Mr. Juneau to review updated production information for Contango's Eugene Island 10 field received from Cobb & Associates as well as the status of operations on Contango's Vermillion 170 well.

On April 10 and 11, 2013, Crimson and Contango and their respective legal counsels spoke by telephone multiple times to discuss the merger agreement and the support agreements.

On April 11, 2013, the Crimson board of directors met telephonically with certain members of Crimson's senior management team, as well as with representatives from Vinson & Elkins and Barclays to discuss the status of the transaction, including outstanding issues under the merger agreement and support agreements and the Crimson's preliminary review of the most recent production and pressure test data from certain of Contango's wells, possible implications thereof and the appropriate follow-up. Later in the day on April 11, 2013, Vinson & Elkins sent revised drafts of the merger agreement and form of support agreement to Contango and Morgan Lewis. Among other things, this draft of the merger agreement (i) provided detail regarding the post-closing salaries and benefits of Contango employees, (ii) changed the termination fee to \$7 million for Crimson and \$28 million for Contango (which amounts represented approximately 2% of the enterprise value of Crimson and 6% of the enterprise value of Contango, respectively, as of such date) and (iii) eliminated the natural disaster exception from the definition of material adverse effect. Vinson & Elkins and Morgan Lewis continued to negotiate the merger agreement and ancillary agreements.

On April 11, 2013, Mr. Grady and Mr. Romano spoke by telephone to discuss open business points in the merger agreement, including the amount of each party's termination fee, scope of the tail period to which a termination fee would apply, the definition of material adverse effect, board composition of the combined company, and representations and warranties relating to Contango's joint ventures. On this day, Messrs. Keel and Grady also met with Messrs. Romano and Juneau to discuss Contango's reserves in light of recent production data. Messrs. Keel and Grady also met with Mr. Romano on this day to discuss outstanding issues on the employment agreements.

On April 12, 2013, the Contango board of directors held a meeting at Contango's offices to receive an update on due diligence studies performed by various third parties. At the request of the Contango board, representatives from Morgan Lewis and Petrie were also in attendance. Mr. Romano and Mr. Juneau first provided to the directors recent analysis of Contango's reserves at its Dutch Mary Rose property. The Board discussed the analysis and the reserve report provided by Cobb & Associates. The Board heard presentations regarding potential environmental liabilities of Crimson's exploration and production business, accounting and tax assessments of Crimson and the possible combined company, Crimson's outstanding litigation, updated preliminary reference value ranges for Contango and Crimson, the current energy market environment and employment matters relating to the combined company. Morgan Lewis also provided an update to the board on the draft merger agreement, support agreements and amendments to Contango's bylaws to the board.

On April 12, 2013, Vinson & Elkins sent a draft of the support agreement to be executed by Contango's officers to Contango and Morgan Lewis. The draft support agreement was substantially similar to the support agreement to be executed by Crimson's officers, except that such support agreements could not be terminated upon a decrease in merger consideration or a change in the form of merger consideration. Vinson & Elkins, Morgan Lewis and Oaktree Management continued to negotiate the support agreements.

On April 12, 2013, Oaktree Management retained Kirkland & Ellis LLP (referred to in this joint proxy statement/prospectus as Kirkland) to negotiate a registration rights agreement with Contango with respect to Oaktree's ownership of Contango common stock and other registerable securities upon closing of the potential merger. Kirkland distributed an initial draft of the registration rights agreement on April 13, 2013. From then until April 25, 2013, Crimson, Contango, Oaktree Management and their legal counsel negotiated the terms of the registration rights agreement.

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On April 12, 2013, Crimson received diligence memos from Opportune and Deloitte which did not identify any material issues relating to the proposed merger with Contango. In addition, Mr. Mengle met with a representative of Cobb & Associates in Dallas to discuss recent well data from Contango's Eugene Island 10 field.

On April 13, 2013, Mr. Grady and Mr. Romano spoke by telephone several times to discuss the status of Contango's internal review of its reserves following recent production information as well as open issues on the employment agreements for Messrs. Keel and Grady.

On April 15, 2013 Messrs. Grady, Atkins, Mengle and Isaac and Messrs. Romano, Juneau and Deacon Merrick of Cobb & Associates met to discuss recent production data from Contango's Eugene Island 10 field and the potential impact thereof on Cobb & Associates' reserve calculations. On this date, Mr. Grady and Mr. Romano also met to discuss status and open issues on the merger agreement and employment agreements.

On April 16, 2013, Contango provided Crimson with the revised estimates of its offshore proved reserves as of December 31, 2012. Based upon an analysis of additional pressure data performed by Cobb & Associates, Contango's estimates of gross original gas in place, implied gross recoverable reserves and net proved reserves were adjusted downward.

On April 16, 2013, Morgan Lewis distributed a revised draft of the merger agreement and ancillary agreements to Crimson and Vinson & Elkins. On April 17, 2013, Crimson management, Vinson & Elkins and Morgan Lewis discussed Morgan Lewis' revisions to the merger agreement by telephone.

On April 19, 2013, Mr. Grady and Mr. Romano met to discuss the adjustments to Contango's reserves resulting from recent production information and any potential changes to the relative value of both companies. Mr. Romano and Mr. Grady agreed that each party's financial advisors should update their work to reflect the adjustments to Contango's reserves, new commodity prices and other additional information. Following the meeting Mr. Grady asked Barclays to update its analysis to include recent reserve adjustments as well as more recent commodity prices and other newly provided valuation information.

On April 20, 2013, Kenneth R. Peak, Contango's founder and Chairman, passed away and the parties temporarily suspended negotiations.

On April 22, 2013, Mr. Grady and Mr. Romano met to discuss outstanding issues that could possibly impact the equity split, including changes in oil and natural gas prices, further due diligence on changes in certain working capital items (including proceeds from a key man life insurance policy), reevaluation of exposure risk on certain contingencies and recent operational activity (including the revised estimates of offshore proved reserves) that impacted previous assumptions and outstanding issues on the merger agreement including, but not limited to, termination fees, material adverse effect provisions, conditions to closing and acceptable limits on pre-closing activity. Mr. Romano indicated that Contango and its advisors were of the opinion that the preliminary 80/20 equity ownership split continued to be appropriate, subject to the completion of final due diligence, as some of the issues raised by Mr. Grady were subjective in nature. In addition, Mr. Romano indicated Contango's confidence that its investments in Alta and Exaro could be worth more than the invested capital reflected on its balance sheet based on discussions with its equity partners, which had not previously been considered in the determination of the equity ownership split. Each party agreed to provide the other with additional supporting documentation following the meeting.

On April 23, 2013, Messrs. Keel and Grady met with Mr. Romano to discuss the equity split, the status of open issues on the merger agreement, employment agreements for Messrs. Keel and Grady and the registration rights agreement between Contango and affiliates of Oaktree Management.

On April 24, 2013, the Contango board of directors held a meeting at Contango's offices. At the request of the Contango board, representatives from Morgan Lewis and Petrie also attended the meeting. The directors

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discussed Crimson's drilling program and Contango's updated production results. The directors also received an update on the due diligence process and key remaining issues in the merger documentation.

Also on April 24, 2013, Vinson & Elkins circulated a revised draft of the merger agreement to Contango and Morgan Lewis. Morgan Lewis distributed a further revised draft of the merger agreement and the various ancillary agreements on April 25, 2013.

On April 25, 2013, Mr. Keel met with Mr. Romano to continue their discussion regarding the equity split, and they agreed upon a 79.7/20.3% equity split taking into account a number of factors and information raised by both Crimson and Contango related to due diligence results and recent events, including changes in oil and natural gas prices, further due diligence on changes in certain working capital items (including proceeds from a key man life insurance policy), reevaluation of exposure risk on certain contingencies (including the revised estimates of offshore proved reserves) and recent information on operational activity that impacted previous assumptions (including the revised estimates of offshore proved reserves) and information regarding Contango's investments in Exaro and Alta.

On April 25, 2013, Mr. Romano obtained an order appointing him as the temporary administrator of the Estate of Mr. Peak from a probate court in Harris County, Texas, granting Mr. Romano the authority to execute a support agreement on behalf of the Estate of Mr. Peak.

In the morning of April 27, 2013, representatives of both parties and counsel met telephonically to discuss final issues on the merger agreement and ancillary agreements. Additionally, the parties finalized the ancillary agreements and discussed the remaining steps to be completed prior to signing the merger agreement.

In the afternoon of April 27, 2013, the Crimson board of directors met telephonically with certain members of Crimson's senior management team, as well as with representatives from Vinson & Elkins and Barclays. Management provided members of the board with an update on (1) the status of the transaction including remaining open items including diligence associated with recently identified material contracts, (2) prior discussions regarding recent production and pressure test data from certain of Contango's wells and the implications thereof, (3) Contango's efforts to work-over its Vermillion 170 well and (4) recent discussions between the parties regarding the equity split for the transaction. A representative from Vinson & Elkins then provided members of the board with a reminder regarding their fiduciary duties in connection with the proposed transaction. Representatives of Barclays provided an updated report regarding the proposed merger wherein they reviewed the rationale for the transaction, the benefits to each party's stockholders, an analysis of the proposed exchange ratio and the premium associated therewith, and the various valuation analyses undertaken by Barclays. A representative from Vinson & Elkins also reviewed with the board the terms of the near-final merger agreement, including changes to which the parties had agreed since the board's March 12th meeting. Following these discussions, the Crimson board authorized members of Crimson's senior management to finalize the remaining open items and indicated that, assuming the remaining items could be satisfactorily resolved, they were prepared to approve the transaction.

During the afternoon of April 29, 2013, the Contango board of directors met with certain representatives from Morgan Lewis and Petrie. Mr. Romano provided the board with a status update on the merger agreement and ancillary documents related thereto and indicated that all issues with Crimson had been resolved. In connection with consideration by the Contango board of directors of the proposed strategic combination with Crimson, Petrie delivered its oral opinion that, as of that date, the exchange ratio set forth in the merger agreement was fair, from a financial point of view, to Contango (as more fully described under "Opinion of Contango's Financial Advisors"), Petrie later delivered to Contango its written opinion dated April 29, 2013. Following these discussions, the Contango board of directors determined that the merger agreement and the transactions contemplated thereby were fair to, and in the best interests of, Contango and its stockholders and authorized Contango management to execute the merger agreement and ancillary documents on behalf of Contango. In connection with the merger, Contango's board also authorized the registration rights agreement,

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support agreements, employment agreements with Messrs. Keel and Grady and amendments to Contango's bylaws as contemplated in the merger agreement.

Also during the afternoon on April 29, 2013, the Crimson board of directors met telephonically with certain members of Crimson's senior management team and representatives from Barclays. Management provided the board with a status update on merger agreement, ancillary documents relating thereto and indicated that all material issues had been resolved. In connection with consideration by the Crimson board of directors of the proposed strategic combination with Contango, Barclays delivered its oral opinion that, as of that date, the exchange ratio set forth in the merger agreement was fair, from a financial point of view, to the holders of shares of Crimson common stock (as more fully described under "Opinion of Crimson's Financial Advisors"). Following these discussions, the Crimson board adopted the merger agreement and determined that the merger agreement and the transactions contemplated thereby, including the merger, were advisable and in the best interests of Crimson and its stockholders and the members present unanimously voted to approve the merger agreement and the transactions contemplated thereby. Mr. Ni Zhaoxing was not present at such board meeting (although his representative did attend as an approved observer), but subsequently ratified the actions taken by the Crimson board of directors. Barclays later delivered to Crimson its written opinion dated April 29, 2013.

In the evening of April 29, 2013, Contango and Crimson senior management and their respective legal counsel, having resolved the remaining open items, finalized the disclosure schedules, ancillary documents and announcement documents, and made certain final, non-substantive corrections to the merger agreement. Shortly thereafter, members of Crimson senior management and Contango senior management, advised by their respective legal counsels, executed the merger agreement and ancillary agreements.

Early in the morning on April 30, 2013, Contango and Crimson issued a joint press release announcing the merger and hosted a joint conference call for the investment community to explain the specific details of the proposed merger.

### **Contango's Reasons for the Merger; Recommendation of the Contango Board of Directors**

In approving the merger agreement and recommending approval of the issuance of shares of Contango common stock to Crimson stockholders in connection with the merger, the Contango board of directors consulted with members of Contango's management, as well as with Contango's legal, financial and other advisors, and also considered a number of factors that the Contango board of directors viewed as bearing on its decisions. The principal factors that the Contango board of directors viewed as supporting its decisions were:

that Crimson's lower-risk, unconventional development portfolio complements Contango's higher-potential, offshore prospects;

that Contango's liquidity complements Crimson's lower-risk, operated liquids-focused proved drilling portfolio and resource upside;

that the combined company will have over 1 trillion cubic feet equivalents of resource potential in offshore and onshore locations including the Woodbine, Eagle Ford, Buda, James Lime and Niobrara plays;

the opportunity to integrate the well-respected knowledge base, potential transaction flow and execution capabilities of Crimson's management team into that of Contango's, particularly in light of the recent passing of Contango's founder and former Chairman and Chief Executive Officer, Kenneth R. Peak, and the ensuing succession planning undertaken by the Contango board of directors;

that Crimson's sizeable staff and existing internal systems will allow the combined company to quickly and efficiently handle the increased asset base and operational burdens;

that the merger will be strongly accretive to Contango's cash flow and reserves per share;



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that the net operating loss of approximately \$110 million of Crimson may be utilized by the combined company in future years subject to limitations contained in Section 382 of the Code;

the strong to-date drilling results of Crimson and other operators in the Woodbine and Buda formations;

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that the combined company will be significantly larger than Contango is now and as a result should have greater exploration and production strengths, greater liquidity in the market for its securities and better ability to consider future strategic opportunities that might not otherwise be possible;

the expectation that the combined company will be able to accelerate development of additional exploration and development opportunities and achieve exploration and production drilling efficiencies;

the opportunity to double Contango's current oil production and proved oil reserves;

that the combination of Contango and Crimson will preserve significant strategic continuity for both companies and employee continuity for Crimson;

the terms and conditions of the merger agreement, including the commitments by both Contango and Crimson to complete the merger and certain reciprocal provisions that may have the effect of discouraging alternative acquisition proposals involving Crimson or Contango, and the likelihood of completing the merger;

the fact that the merger agreement does not preclude a third party from making an unsolicited proposal for a competing transaction with Contango or Crimson and, that under certain circumstances more fully described in the sections "The Merger Agreement - No Solicitation of Alternative Proposals" beginning on page 117 and "The Merger Agreement - Changes in Board Recommendations" beginning on page 118, Contango or Crimson, as applicable, may furnish non-public information to and enter into discussions with such third party regarding the competing transaction and the Contango or Crimson board, as applicable, may withdraw or modify its recommendations to Contango or Crimson stockholders regarding the merger; and

the opinion of Petrie, dated April 29, 2013, to the Contango board of directors to the effect that, as of that date and based on and subject to various assumptions, qualifications and limitations described in the Petrie opinion included with this joint proxy statement/prospectus as Annex B, the exchange ratio of 0.08288 shares of Contango common stock to be issued by Contango in exchange for each outstanding share of Crimson common stock pursuant to the merger was fair, from a financial point of view, to Contango, as more fully described below under the caption "Opinion of Contango's Financial Advisors - Opinion of Petrie Partners, LLC."

The Contango board of directors weighed the foregoing against a number of potentially negative factors, including:

the restrictions on the conduct of Contango's business during the period between the execution of the merger agreement and the completion of the merger as set forth in the merger agreement;

the costs associated with the completion of the merger, including management's time and energy and potential opportunity cost;

the amount of indebtedness of Crimson and the annual debt service costs of such indebtedness;

the challenges in absorbing the effect of any failure to complete the merger, including potential termination fees and stockholder and market reactions;

the potential earnings dilution to Contango stockholders following the merger;

the challenges inherent in the combination of two businesses of the size and complexity of Contango and Crimson, including the possible diversion of management attention for an extended period of time;

the risk of not being able to realize all of the anticipated cost savings and operational synergies between Contango and Crimson and the risk that other anticipated benefits might not be realized; and

the risks of the type and nature described under Risk Factors, beginning on page 32 and the matters described under Special Note Regarding Forward-Looking Statements beginning on page 30. This discussion of the information and factors considered by Contango's board of directors in reaching its conclusions and recommendation includes the principal factors considered by the board, but is not intended to be

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exhaustive and may not include all of the factors considered by the Contango board of directors. In view of the wide variety of factors considered in connection with its evaluation of the merger and the other transactions contemplated by the merger agreement, and the complexity of these matters, the Contango board of directors did not find it useful and did not attempt to quantify, rank or assign any relative or specific weights to the various factors that it considered in reaching its determination to approve the merger and the other transactions contemplated by the merger agreement, and to make its recommendation to Contango stockholders. Rather, the Contango board of directors viewed its decisions as being based on the totality of the information presented to it and the factors it considered, including its discussions with, and questioning of, members of Contango's management and outside legal and financial advisors. In addition, individual members of the Contango board of directors may have assigned different weights to different factors.

Certain of Contango's directors and executive officers may have financial interests in the merger that are different from, or in addition to, those of Contango's stockholders generally. The Contango board of directors was aware of and considered these potential interests, among other matters, in evaluating the merger and in making its recommendation to Contango stockholders. For a discussion of these interests, see *Interests of Contango Directors and Executive Officers in the Merger*.

**The Contango board of directors unanimously approved the merger and the merger agreement and determined that the merger and the other transactions contemplated by the merger agreement, including the issuance of shares of Contango common stock to Crimson stockholders in connection with the merger, are in the best interests of Contango and its stockholders. Accordingly, the Contango board of directors unanimously recommends that the Contango stockholders vote FOR the proposal to approve the issuance of shares of Contango common stock to Crimson stockholders pursuant to the merger.**

**Opinion of Contango's Financial Advisor**

*Opinion of Petrie Partners Securities, LLC to the Contango Board of Directors*

In connection with the merger, on February 13, 2013, the Contango board of directors retained Petrie to act as financial advisor to the Contango board of directors. On April 29, 2013, at a meeting of the Contango board of directors, Petrie rendered its oral opinion, subsequently confirmed by delivery of a written opinion soon after the meeting, that, as of April 29, 2013 and based upon and subject to the factors, procedures, assumptions, qualifications and limitations set forth in its opinion, the exchange ratio was fair, from a financial point of view, to Contango.

**The full text of the written opinion of Petrie, dated as of April 29, 2013, which sets forth, among other things, the procedures followed, assumptions made, matters considered and qualifications and limitations on the scope of review undertaken in rendering its opinion, is attached as Annex B to this proxy statement/prospectus and is incorporated by reference in its entirety into this proxy statement/prospectus. You are urged to read the opinion carefully and in its entirety. Petrie's opinion was addressed to, and provided for the information and benefit of, the Contango board of directors (in its capacity as such) in connection with its evaluation of whether the exchange ratio was fair, from a financial point of view, to Contango. Petrie's opinion does not address the fairness of the proposed merger, or any consideration received in connection with the proposed merger, to the holders of any securities, creditors or other constituencies of Contango, nor does it address the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of Contango, or any class of such persons, whether relative to the exchange ratio or otherwise. Petrie assumed that any modification to the structure of the merger would not vary in any respect material to its analysis. Petrie's opinion does not address the relative merits of the merger as compared to any other alternative business transaction or strategic alternative that might be available to Contango, nor does it address the underlying business decision of Contango to engage in the merger. Petrie's opinion does not constitute a recommendation to the Contango board of directors or to any other persons in respect of the merger, including as to how any holder of shares of voting common stock of Contango should act or vote in respect of any of the transactions contemplated by the merger**

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**agreement. Finally, Petrie did not express any opinion as to the price at which shares of Contango or Crimson common stock will trade at any time.**

In connection with rendering its opinion and performing its related financial analysis, Petrie, among other things:

reviewed certain publicly available business and financial information relating to Contango and Crimson, including (i) Annual Reports on Form 10-K and related audited financial statements of Contango and Crimson for the fiscal years ended June 30, 2012 and December 31, 2012, respectively, and (ii) the Quarterly Report for Contango on Form 10-Q and related unaudited financial statements for the fiscal quarter ended December 31, 2012;

reviewed certain estimates of Contango's oil and gas reserves, including (i) estimates of offshore proved reserves prepared by Cobb & Associates as of December 31, 2012 and (ii) estimates of the Exaro joint venture proved reserves prepared by Von Gonten as of December 31, 2012 and (iii) estimates of potential resources prepared by the management and staff of Contango as of July 1, 2013;

reviewed certain estimates of Crimson's oil and gas reserves, including (i) estimates of proved reserves prepared by NSAI as of December 31, 2012 and (ii) estimates of probable and possible reserves prepared by the management and staff of Crimson as of December 31, 2012;

reviewed a presentation prepared by representatives of Von Gonten of the potential future well performance and associated reserves for certain Crimson properties located in Crimson's Force area;

analyzed certain historical and projected financial and operating data of Contango and Crimson prepared by the respective managements and staffs of Contango and Crimson;

discussed the current operations and prospects of Contango with the management and staff of Contango, and discussed the current operations and prospects of Crimson with the respective managements and staffs of Contango and Crimson;

reviewed the historical market prices and trading history of Contango common stock and Crimson common stock;

compared recent stock market capitalization indicators for Contango and Crimson with recent stock market capitalization indicators for certain other publicly-traded independent energy companies;

compared the financial terms of the merger with the financial terms of other transactions deemed by Petrie to be relevant;

participated in certain discussions and negotiations among the representatives of Contango, Crimson and their respective financial and legal advisors;

reviewed a draft dated April 29, 2013 of the merger agreement; and

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reviewed such other financial studies and analyses and performed such other investigations and took into account such other matters as Petrie deemed necessary or appropriate.

The estimates of offshore proved reserves prepared by Cobb & Associates were updated on April 16, 2013, based on additional information made available to Cobb & Associates, and for purposes of its financial analysis, Petrie used such estimates as revised on April 16, 2013.

In connection with its analysis and opinion, Petrie assumed and relied upon, without assuming any responsibility or liability for or independently verifying the accuracy and completeness of, all of the information publicly available and all of the information supplied or otherwise made available to Petrie by Contango and Crimson. Petrie further relied upon the assurances of representatives of the respective managements of Contango and Crimson that they are unaware of any facts that would make the information provided to Petrie incomplete or misleading in any material respect. With respect to the projected financial and operating data relating to Contango and Crimson referred to above, Petrie assumed that such data had been reasonably prepared on bases

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reflecting the best currently available estimates and good faith judgments of the managements and staffs of Contango and Crimson relating to the future financial and operational performance of Contango and Crimson, respectively. Petrie expressed no view as to any projected financial data relating to Contango and Crimson or the assumptions on which they were based.

With respect to the estimates of oil and gas reserves and potential resources, Petrie assumed that such data had been reasonably prepared on bases reflecting the best available estimates and good faith judgments of the managements and staffs of Contango and Crimson (and Cobb & Associates, Von Gonten and NSAI, as applicable) relating to the oil and gas properties of Contango and Crimson, respectively. Petrie expressed no view as to any reserve or potential resource data relating to Contango or Crimson or the assumptions on which they were based.

Petrie did not make or assume any responsibility for making any independent valuation or appraisal of the assets or liabilities of Contango or Crimson, nor, except for the estimates of oil and gas reserves, potential resources and prospects referred to above, was Petrie furnished with any such valuations or appraisals, nor did Petrie evaluate the solvency or fair value of Contango or Crimson under any state or federal laws relating to bankruptcy, insolvency or similar matters. Additionally, Petrie did not assume any obligation to conduct, nor did it conduct, any physical inspection of the properties or facilities of Contango or Crimson.

For purposes of rendering its opinion, Petrie assumed, in all respects material to its analysis, that the representations and warranties of each party contained in the merger agreement were true and correct, that each party will perform all of the covenants and agreements required to be performed by it under the merger agreement and that all conditions to the consummation of the merger will be satisfied without material waiver or modification thereof. Petrie further assumed that all governmental, regulatory or other consents, approvals or releases necessary for the consummation of the merger will be obtained without any material delay, limitation, restriction or condition that would have an adverse effect on Contango or Crimson or on the consummation of the merger or would materially reduce the benefits of the merger to Contango.

Petrie's opinion relates solely to the fairness, from a financial point of view, of the exchange ratio to Contango. Petrie did not express any view on, and its opinion did not address, the fairness of the proposed merger to, or any consideration received in connection therewith by, the holders of any securities, creditors or other constituencies of Contango, nor as to the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of Contango, or any class of such persons, whether relative to the exchange ratio or otherwise. Petrie assumed that any modification to the structure of the merger would not vary in any material respect from what was assumed in its analysis. Petrie's advisory services and its opinion were provided for the information and benefit of the Contango board of directors in connection with its consideration of the transactions contemplated by the merger agreement, and its opinion did not constitute a recommendation to any holder of Contango common stock as to how such holder should vote with respect to any of the transactions contemplated by the merger agreement.

Petrie's opinion did not address the relative merits of the merger as compared to any alternative business transaction or strategic alternative that might be available to Contango, nor did it address the underlying business decision of Contango to engage in the merger. Petrie did not solicit, nor was it asked to solicit, proposals from other parties to engage in other transactions with Contango. Petrie was not asked to consider, and its opinion did not address, the tax consequences of the merger to any particular stockholder of Contango, or the prices at which Contango common stock or Crimson common stock will actually trade at any time, including following announcement or consummation of the merger. Petrie did not render any legal, accounting, tax or regulatory advice and understood that Contango relied on other advisors as to legal, accounting, tax and regulatory matters in connection with the merger.

Petrie's opinion was rendered on the basis of conditions in the securities markets and the oil and gas markets as they existed and could be evaluated on April 29, 2013 and the conditions and prospects, financial and otherwise, of Contango and Crimson as they were represented to Petrie as of April 29, 2013 or as they were reflected in the materials and discussions described above. Subsequent developments may affect Petrie's opinion, and Petrie does not have any obligation to update, revise or reaffirm its opinion.

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Set forth below is a summary of the material financial analyses performed and reviewed by Petrie with the Contango board of directors in connection with rendering its oral opinion on April 29, 2013 and the preparation of its written opinion letter dated April 29, 2013. Each analysis was provided to the Contango board of directors. In connection with arriving at its opinion, Petrie considered all of its analyses as a whole, and the order of the analyses described and the results of these analyses do not represent any relative importance or particular weight given to these analyses by Petrie. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data (including the closing prices for the common stock of Contango and Crimson) that existed on April 25, 2013, and is not necessarily indicative of current market conditions.

**The following summary of financial analyses includes information presented in tabular format. These tables must be read together with the text of each summary in order to understand fully the financial analyses performed by Petrie. The tables alone do not constitute a complete description of the financial analyses performed by Petrie. Considering the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Petrie's financial analyses.**

*Reference Value Analyses*

Petrie performed a series of analyses to derive a range of implied exchange ratios by utilizing the following methodologies to arrive at per share equity value reference ranges for Contango and Crimson.

*Discounted Cash Flow Analysis*

Petrie performed a discounted cash flow analysis of Contango's and Crimson's respective projected future cash flows to determine indicative reference values of Contango's and Crimson's respective common stock based on the present value of the future after-tax cash flows expected to be generated from, for Contango, Contango's proved and non-proved reserves based on the Cobb & Associates and Von Gonten reserve reports and Contango's estimates for potential resources and, for Crimson, Crimson's proved reserves based on the NSAI reserve report and Crimson's internal estimates for probable and possible reserves.

Petrie evaluated four scenarios in which the principal variable was oil and gas prices. The four price case scenarios represent long-term potential future benchmark prices per barrel of oil and million British thermal units (MMBtu) of natural gas. Adjustments were made to these prices to reflect location and quality differentials. One scenario was based on New York Mercantile Exchange (NYMEX) 5-year strip pricing as of April 25, 2013 for the calendar years 2013 through 2017, escalated annually at the rate of 3% thereafter. Benchmark prices for the other three scenarios were based on \$80.00, \$90.00, and \$100.00 per barrel of oil, respectively, and \$3.50, \$4.50 and \$5.50 per MMBtu for gas, respectively and were escalated annually starting in 2014 at the rate of 3%. Applying various after-tax discount rates ranging from 8.0% to 40.0%, depending on reserve category and geographic location, to the after-tax cash flows of the proved and non-proved reserve estimates, and adjusting for the present value of future estimated general and administrative expenses, commodity derivative and other assets, long-term debt as of December 31, 2012 and net working capital as of December 31, 2012, as appropriate, Petrie determined the following implied equity value reference ranges per share of Contango and Crimson common stock respectively. Using these implied equity value reference ranges, Petrie calculated a range of implied exchange ratios by dividing the lowest implied per share equity value for Crimson by the highest implied per share equity value for Contango and vice versa.

	NYMEX Strip (April 25, 2013)		\$80.00 Oil & \$3.50 Gas		\$90.00 Oil & \$4.50 Gas		\$100.00 Oil & \$5.50 Gas	
	Low	High	Low	High	Low	High	Low	High
Contango Implied Equity Value \$/Share	\$ 39.37	\$ 43.96	\$ 36.62	\$ 40.95	\$ 41.36	\$ 46.27	\$ 46.60	\$ 52.18
Crimson Implied Equity Value \$/Share	\$ 1.55	\$ 4.00	\$ 1.03	\$ 3.42	\$ 2.18	\$ 4.85	\$ 3.91	\$ 7.03
Implied Exchange Ratio	0.03523	0.10150	0.02515	0.09346	0.04706	0.11720	0.07498	0.15085



**Table of Contents***Comparable Transaction Analysis*

Petrie reviewed selected publicly-available information for 21 oil and gas transactions announced between March 2010 and March 2013 that included assets in the Gulf of Mexico and had a value greater than \$50 million. Petrie reviewed all transactions with publicly-available information that it deemed to have certain characteristics that are similar to those of Contango, although Petrie noted that none of the reviewed transactions or the selected companies that participated in the selected transactions were directly comparable to the merger or Contango.

*Precedent Transactions for Contango*

<b>Date Announced</b>	<b>Buyer</b>	<b>Seller</b>
03/06/13	Undisclosed	EPL Oil & Gas, Inc.
12/13/12	Talos Energy LLC	Helix Energy Solutions Group, Inc.
10/18/12	Northstar Offshore Group, LLC	Undisclosed
09/18/12	W&T Offshore Inc.	Newfield Exploration Company
09/17/12	EPL Oil & Gas, Inc.	Hilcorp Energy Company
12/01/11	Korea National Oil Corporation	Natural Gas Partners
11/18/11	Stone Energy Corporation	BP p.l.c.
10/31/11	North American Energy Partners Inc.	Undisclosed
07/29/11	Dynamic Offshore Resources, LLC	Exxon Mobil Corporation
04/07/11	TRT Energy Holdings, Inc.	TETRA Technologies, Inc.
03/09/11	Undisclosed	Seneca Resources Corp
01/13/11	EPL Oil & Gas, Inc.	Anglo-Suisse Offshore Partners, LLC
12/07/10	BP p.l.c.	Royal Dutch Shell plc
11/21/10	Energy XXI (Bermuda) Limited	Exxon Mobil Corporation
11/04/10	W&T Offshore Inc.	Royal Dutch Shell plc
10/25/10	Marubeni Corporation	BP p.l.c.
09/20/10	McMoRan Exploration Co.	Plains Exploration & Production Company
04/12/10	Apache Corporation	Devon Energy Corporation
04/08/10	W&T Offshore Inc.	Total S.A.
04/08/10	Alta Mesa Holdings, LP	Meridian Resource Company, LLC
03/11/10	BP p.l.c.	Devon Energy Corporation

Based on the multiples implied by these transactions and Petrie's judgment on the comparability of each comparable transaction versus the assets of Contango, Petrie applied relevant transaction multiples to Contango's assets to calculate an implied equity value reference range per share of Contango common stock. With respect to Contango's Gulf of Mexico assets, Petrie applied transaction multiples ranging from \$2.25 to \$3.00 per thousand cubic feet equivalent ( Mcfe ) of proved reserves and \$5,000 to \$7,000 per thousand cubic feet equivalent of production per day ( Mcfepd ). Based on the application of these transaction multiples, the estimated value of other assets and adjusting for net working capital as of December 31, 2012, Petrie determined an implied equity value reference range of \$36.64 to \$47.26 per share of Contango common stock.

Petrie reviewed selected publicly-available information for 66 regional oil and gas transactions announced between June 2007 and April 2013 in the Woodbine, onshore Gulf Coast, South Texas, Eagle Ford Shale and Niobrara plays and that had a value greater than \$15 million. Petrie reviewed all transactions with publicly-available information that it deemed to have certain characteristics that are similar to those of Crimson, although Petrie noted that none of the reviewed transactions or the selected companies that participated in the selected transactions were directly comparable to the merger or Crimson.

**Table of Contents***Precedent Transactions for Crimson*

Date	Buyer	Seller
<b>Announced Woodbine</b>		
09/11/12	Energy & Exploration Partners, Inc.	Chesapeake Energy Corporation
06/05/12	Halcón Resources Corporation	JBL Energy Partners, LLC
06/01/12	Woodbine Acquisition Corporation	PetroMax Operating Company, Inc.
<b>Onshore Gulf Coast</b>		
03/20/13	Memorial Production Partners LP	Undisclosed
12/28/12	QR Energy, LP	Quantum Resources Management, LLC
12/05/12	Argent Energy Trust	Wapiti Energy, LLC
11/05/12	Harbinger Group Inc.	EXCO Resources, Inc.
11/01/12	QR Energy, LP	Undisclosed
10/04/12	Undisclosed	Carrizo Oil & Gas, Inc.
10/01/12	Undisclosed	GMX Resources Inc.
09/26/12	Arena Energy, LLC	McMoRan Exploration Co.
09/18/12	Memorial Production Partners LP	Goodrich Petroleum Corporation
08/07/12	PetroPoint Energy Partners LP	Rosetta Resources Operating LP
05/15/12	EPL Oil & Gas, Inc.	W&T Offshore Inc.
01/12/12	Petro Harvester Oil & Gas, LLC	Denbury Resources Inc.
12/12/11	Korea Development Bank	Apache Corporation
05/14/10	Milagro Oil & Gas, Inc.	Venoco, Inc.
04/16/10	Undisclosed	Venoco, Inc.
12/03/09	Denbury Resources Inc.	Wapiti Energy, LLC
08/03/09	Undisclosed	Chesapeake Energy Corporation
<b>South Texas</b>		
01/03/13	Hilcorp Energy Company	Forest Oil Corporation
03/19/12	Undisclosed	Comstock Resources, Inc.
03/03/11	Legend Natural Gas IV, LP	Smith Production Inc.
01/18/11	Gulf Coast Energy Resources, LLC	Undisclosed
12/10/10	Occidental Petroleum Corporation	Royal Dutch Shell plc
12/15/09	Mariner Energy, Inc	Edge Petroleum Corporation
07/21/09	Vanguard Natural Resources, LLC	Lewis Energy Group
06/29/09	Encore Acquisition Company	EXCO Resources, Inc.
08/28/08	Swift Energy Company	Crimson Energy Partners III, L.L.C.
08/04/08	Undisclosed	Comstock Resources, Inc.
07/21/08	Vanguard Natural Resources, LLC	Lewis Energy
05/01/08	Crimson Exploration Inc.	Undisclosed
04/24/08	Newfield Exploration Company	United Resources, LP
04/15/08	EV Energy Partners, L.P.	Undisclosed
03/03/08	Plains Exploration & Production Company	Samson Lone Star, LLC
11/26/07	Comstock Resources, Inc.	Royal Dutch Shell plc
08/15/07	Baseline Oil & Gas Corporation	DSX Energy Limited, LLP
08/02/07	SM Energy Company	Undisclosed
07/12/07	Eagle Rock Energy Partners, LP	Redman Energy Corporation
06/01/07	Comstock Resources, Inc.	Undisclosed

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Date	Buyer	Seller
<b>Announced</b>		
<b>Eagle Ford</b>		
04/03/13	Penn Virginia Corporation	Magnum Hunter Resources Corporation
03/25/13	Undisclosed	ZaZa Energy Corporation
03/19/13	Sanchez Energy Corp	Hess Corporation
11/10/12	Sabine Oil & Gas LLC	Blue Eagle Energy, LLC
10/24/12	Marathon Oil Corporation	Undisclosed
05/09/12	Marathon Oil Corporation	Paloma Partners II, LLC
06/30/11	Undisclosed	Forest Oil Corporation
06/13/11	Statoil ASA	SM Energy Company
06/01/11	Marathon Oil Corporation	Hilcorp Energy Company
12/31/10	Undisclosed	Escondido Resources II, LLC
12/10/10	Aurora Oil & Gas Limited	Undisclosed
11/29/10	Chesapeake Energy Corporation	Antares Energy Limited
10/10/10	Statoil ASA; Talisman Energy Inc.	Enduring Resources II, LLC
10/05/10	Plains Exploration & Production Company	Dan A. Hughes
03/31/10	Talisman Energy Inc.	Common Resources III, LLC
<b>Niobrara</b>		
10/26/12	Synergy Resources Corporation	Orr Energy, LLC
05/14/12	PDC Energy, Inc.	Merit Energy Company
01/27/12	ConocoPhillips	Colorado State Land Board
07/13/11	Bill Barrett Corporation	Texas American Resources, LLC
04/04/11	Marubeni Corporation	Marathon Oil Corporation
01/31/11	CNOOC Ltd.	Chesapeake Energy Corporation
06/30/10	Rex Energy Corporation	Undisclosed
06/25/10	Chesapeake Energy Corporation	Samson Oil & Gas Ltd.
03/15/10	Fidelity Exploration & Production Company	Undisclosed
02/26/10	Chesapeake Energy Corporation	American Oil & Gas
01/05/10	Noble Energy, Inc.	Suncor Energy, Inc.

Based on the multiples implied by these transactions and Petrie's judgment on the comparability of each comparable transaction versus the assets of Crimson, Petrie applied relevant transaction multiples to Crimson's assets to calculate an implied equity value reference range per share of Crimson common stock. With respect to Crimson's oil and gas assets, Petrie applied transaction multiples ranging from \$2.50 to \$3.25 per Mcfe of proved reserves and \$8,000 to \$10,000 per Mcfe of production. Based on the application of these transaction multiples, the estimated value of other assets and adjusting for long-term debt and net working capital, in each case as of December 31, 2012, Petrie determined an implied equity value reference range of \$2.41 to \$4.80 per share of Crimson common stock. Finally, Petrie divided the lowest Crimson per share implied equity value by the highest Contango per share implied equity value, and vice versa, to determine a range of implied exchange ratios of 0.05106 to 0.13113 shares of Contango common stock per share of Crimson common stock.

Petrie also reviewed selected transactions with publicly-available information for oil and gas corporate transactions announced between April 2004 and February 2013 with a transaction value between \$100 million and \$6 billion in which the acquired or target company was an exploration and production company with oil and gas assets in the United States, although Petrie noted that none of the selected transactions or the selected companies that participated in the selected transactions were directly comparable to the merger or Contango or Crimson.

**Table of Contents***Precedent Transactions Oil & Gas Corporate Transactions*

<b>Date</b>	<b>Acquiring Company</b>	<b>Target Company</b>
<b>Announced</b>		
02/21/13	LinnCo LLC	Berry Petroleum Company
04/25/12	Halcón Resources Corporation	GeoResources, Inc.
02/02/12	SandRidge Energy, Inc.	Dynamic Offshore Resources, LLC
01/17/12	Venoco, Inc.	Tim Marquez
10/17/11	Statoil ASA	Brigham Exploration Company
11/09/10	Chevron Corporation	Atlas Energy, Inc.
04/15/10	Apache Corporation	Mariner Energy, Inc.
04/04/10	SandRidge Energy, Inc.	Arena Resources, Inc.
11/01/09	Denbury Resources Inc.	Encore Acquisition Company
09/15/09	Apollo Management, LP	Parallel Petroleum Corporation
04/30/08	Stone Energy Corporation	Bois d Arc Energy, Inc.
07/17/07	Plains Exploration & Production Company	Pogo Producing Company
01/08/07	Forest Oil Corporation	The Houston Exploration Company
06/23/06	Anadarko Petroleum Corporation	Western Gas Resources, Inc.
04/21/06	Petrohawk Energy Corporation	KCS Energy Inc.
01/23/06	Helix Energy Solutions Group, Inc.	Remington Oil & Gas Corporation
10/13/05	Occidental Petroleum Corporation	Vintage Petroleum Inc.
09/19/05	North Hydro ASA	Spinnaker Exploration Company
09/12/05	Mariner Energy, Inc.	Forest Energy Resources, Inc.
04/04/05	Petrohawk Energy Corporation	Mission Resources Corporation
01/26/05	Cimarex Energy Company	Magnum Hunter Resources Corporation
12/16/04	Noble Energy, Inc.	Patina Oil & Gas Corporation
05/24/04	Forest Oil Corporation	The Wisser Oil Company
05/04/04	Pioneer Natural Resources Company	Evergreen Resources Inc.
04/15/04	EnCana Corporation	Tom Brown Inc.
04/07/04	Kerr-McGee Corporation	Westport Resources Corp.

For each of the precedent corporate transactions, Petrie calculated the following:

Purchase Price/Current Year Discretionary Cash Flow, which is defined as the total purchase price paid by the acquiring company for the equity of the target ( purchase price ), divided by discretionary cash flow for the calendar year in which the transaction occurred ( current year discretionary cash flow );

Purchase Price/Forward Year Discretionary Cash Flow, which is defined as the purchase price, divided by an estimate of discretionary cash flow for the calendar year following the year in which the transaction occurred ( forward year discretionary cash flow );

Total Investment/Current Year EBITDAX, which is defined as the total investment made by the acquiring company including purchase price of common equity, plus the assumption of target company net indebtedness ( total investment ), divided by estimated earnings before interest, taxes, depreciation and amortization, and exploration expense ( EBITDAX ), for the calendar year in which the transaction occurred ( current year EBITDAX );

Total Investment/Forward Year EBITDAX, which is defined as total investment divided by estimated EBITDAX for the calendar year following the year in which the transaction occurred ( forward year EBITDAX );

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Total Investment/Proved Reserves, which is defined as total investment divided by proved reserves as of the latest published reserve report from the date of the transaction ( proved reserves ); and

Total Investment/Current Production, which is defined as total investment divided by the most recent publicly available average daily production figure before the date of the transaction ( current production ).

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Petrie applied the relevant multiples to Contango's and Crimson's respective estimated discretionary cash flow for calendar years 2013 and 2014, estimated EBITDAX for calendar years 2013 and 2014, proved reserves as of December 31, 2012 and the latest current net production publicly disclosed prior to April 25, 2013.

The mean and median transaction multiples implied for each benchmark for the precedent transactions are set forth below.

<b>Measure</b>	<b>Mean Multiples</b>	<b>Median Multiples</b>
Purchase Price/Current Year Discretionary Cash Flow (\$MM)	6.8x	5.6x
Purchase Price/Forward Year Discretionary Cash Flow (\$MM)	6.3x	6.1x
Total Investment/Current Year EBITDAX (\$MM)	7.3x	6.7x
Total Investment/Forward Year EBITDAX (\$MM)	6.4x	6.2x
Total Investment/Proved Reserves (\$/Mcf)	\$ 3.07	\$ 2.59
Total Investment/Current Production (\$/Mcfepd)	\$ 15,227	\$ 10,958

Petrie also evaluated the premiums paid in connection with the above corporate transactions based on the value of the per share consideration received in the transaction relative to the closing stock price of the target company one day, 30 days and 60 days prior to the announcement date of the relevant transaction. The mean and median premiums paid for the precedent transactions are set forth below.

<b>Period</b>	<b>Mean Premiums Paid</b>	<b>Median Premiums Paid</b>
One day prior	23%	21%
30 days prior	29%	25%
60 days prior	35%	34%

Based upon its review of these transactions, Petrie selected purchase price multiple ranges for Contango of 4.5x – 6.0x to estimated current year discretionary cash flow and 4.0x – 5.0x to estimated forward year discretionary cash flow, transaction value multiple ranges of 4.0x – 5.5x to estimated current year EBITDAX, 4.0x – 5.0x to estimated forward year EBITDAX, \$2.50 – \$3.50 per Mcfe of proved reserves and \$8,000

\$10,000 per Mcfepd of current production. Petrie applied relevant premiums ranging from 20% to 35% to the one-day, 30-day and 60-day Contango closing prices prior to April 25, 2013. Based on the application of the above transaction multiples and taking into account the premiums paid analysis, Petrie selected an enterprise value reference range of \$550 million to \$675 million. Petrie then adjusted for net working capital as of December 31, 2012, to determine an implied equity value reference range of \$42.84 to \$51.06 per share of Contango common stock.

For Crimson, Petrie selected purchase price multiple ranges of 4.5x – 6.0x to estimated current year discretionary cash flow and 4.0x – 5.0x to estimated forward year discretionary cash flow, and transaction value multiple ranges of 4.0x – 6.0x to estimated current year EBITDAX, 4.0x – 5.0x to estimated forward year EBITDAX, \$3.00 – \$4.00 per Mcfe of proved reserves and \$8,000 – \$12,500 per Mcfepd of current production. Petrie applied relevant premiums ranging from 25% to 35% to the one-day, 30-day and 60-day Crimson closing prices prior to April 25, 2013. Based on the application of the above transaction multiples and taking into consideration the premiums paid analysis, Petrie selected an enterprise value reference range of \$400 million to \$500 million for Crimson. Petrie then adjusted for long-term debt and net working capital, in each case as of December 31, 2012, to determine an implied equity value reference range of \$3.13 to \$5.10 per share of Crimson common stock. Finally, Petrie divided the lowest Crimson per share implied equity value by the highest Contango per share implied equity value, and vice versa, to determine a range of implied exchange ratios of 0.06122 to 0.11914 shares of Contango common stock per share of Crimson common stock.

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*Capital Market Comparison Analysis*

Petrie performed a capital market comparison analysis of Contango and Crimson by reviewing the market values and trading multiples of the following thirteen publicly-traded companies that Petrie deemed comparable as peer groups for Contango and Crimson, respectively:

<b>Contango Peer Group</b>	<b>Crimson Peer Group</b>
Energy XXI (Bermuda) Limited	Carrizo Oil & Gas, Inc.
W&T Offshore Inc.	PDC Energy, Inc.
EPL Oil & Gas, Inc.	Swift Energy Company
Stone Energy Corporation	Comstock Resources, Inc.
Callon Petroleum Company	Goodrich Petroleum Corporation
	Matador Resources Company
	PetroQuest Energy, Inc.
	Synergy Resources Corporation

Although the peer groups were compared to Contango and Crimson, respectively, for purposes of this analysis, no entity included in the capital market comparison analysis is identical to Contango or Crimson because of differences between the business mixes and other characteristics of the peer groups, on the one hand, and Contango and Crimson, respectively, on the other hand. In evaluating the peer groups, Petrie relied on publicly-available filings and equity research analyst estimates. These estimates are based in part on judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters. Many of these matters are beyond the control of Contango and Crimson, such as the impact of competition on the businesses of Contango and Crimson, as well as on the industry, generally, industry growth and the absence of any adverse material change in the financial condition and prospects of Contango and Crimson or the industry or in the markets generally.

All peer group multiples were calculated using closing stock prices on April 25, 2013. Peer group estimates of discretionary cash flow, EBITDAX and production were based on Factset research analyst consensus estimates as of April 25, 2013. Peer group reserves are as of December 31, 2012 as disclosed in publicly-filed year-end annual reports on Form 10-K. For each of the peer group entities, Petrie calculated the following:

Market Value/2013E Discretionary Cash Flow, which is defined as each company's current common stock share price divided by that company's estimated discretionary cash flow per share for the calendar year 2013 ( 2013E discretionary cash flow );

Market Value/2014E Discretionary Cash Flow, which is defined as each company's current common stock share price divided by that company's estimated discretionary cash flow per share for the calendar year 2014 ( 2014E discretionary cash flow );

Enterprise Value/2013E EBITDAX, which is defined as market value of equity, plus debt and preferred stock, less cash ( enterprise value ), divided by estimated EBITDAX for the calendar year 2013 ( 2013E EBITDAX );

Enterprise Value/2014E EBITDAX, which is defined as enterprise value divided by estimated EBITDAX for the calendar year 2014 ( 2014E EBITDAX );

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Enterprise Value/Proved Reserves, which is defined as enterprise value divided by proved reserves;

Enterprise Value/2013E Production, which is defined as enterprise value divided by projected average daily production for calendar year 2013 ( 2013E production ); and

Enterprise Value/2014E Production, which is defined as enterprise value divided by projected average daily production for calendar year 2014 ( 2014E production ).



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The minimum, median and maximum trading multiples for the Contango peer group are set forth below.

**Contango Peer Group**

Measure	Minimum	Median	Maximum
Market Value/2013E Discretionary Cash Flow	1.7x	2.4x	3.0x
Market Value/2014E Discretionary Cash Flow	1.7x	1.9x	2.5x
Enterprise Value/2013E EBITDAX	2.7x	3.4x	4.2x
Enterprise Value/2014E EBITDAX	2.7x	3.1x	3.6x
Enterprise Value/Proved Reserves (\$/Mcf)	\$ 2.06	\$ 3.00	\$ 4.21
Enterprise Value/2013E Production (\$/Mcfepd)	\$ 6,389	\$ 10,598	\$ 14,379
Enterprise Value/2014E Production (\$/Mcfepd)	\$ 5,943	\$ 8,303	\$ 12,365

Based upon its review of the peer group, Petrie selected market value multiple ranges for Contango of 2.5x – 3.0x to 2013E discretionary cash flow and 2.0x – 2.5x to 2014E discretionary cash flow, enterprise value multiple ranges of 3.0x – 4.0x to 2013E EBITDAX, 3.0x – 3.5x to 2014E EBITDAX, \$2.50 – \$3.50 per Mcf of proved reserves, \$7,500 – \$8,500 per Mcfepd of 2013E production and \$6,000 – \$8,000 per Mcfepd of 2014E production.

The minimum, median and maximum trading multiples for the Crimson peer group are set forth below.

**Crimson Peer Group**

Measure	Minimum	Median	Maximum
Market Value/2013E Discretionary Cash Flow	1.8x	3.6x	7.3x
Market Value/2014E Discretionary Cash Flow	1.6x	2.5x	4.9x
Enterprise Value/2013E EBITDAX	3.3x	5.2x	7.7x
Enterprise Value/2014E EBITDAX	2.3x	4.1x	5.5x
Enterprise Value/Proved Reserves (\$/Mcf)	\$ 1.28	\$ 2.59	\$ 5.94
Enterprise Value/2013E Production (\$/Mcfepd)	\$ 5,021	\$ 10,086	\$ 27,524
Enterprise Value/2014E Production (\$/Mcfepd)	\$ 4,533	\$ 8,516	\$ 15,440

Based upon its review of the peer group, Petrie selected market value multiple ranges for Crimson of 3.0x – 4.0x to estimated 2013 discretionary cash flow and 2.5x – 3.0x to estimated 2014 discretionary cash flow, enterprise value multiple ranges of 4.0x – 6.0x to estimated 2013 EBITDAX, 3.5x – 4.5x to estimated 2014 EBITDAX, \$2.00 – \$3.00 per Mcf of proved reserves, \$8,000 – \$11,000 per Mcfepd of estimated 2013 production and \$6,500 – \$9,000 per Mcfepd of estimated 2014 production.

From the implied enterprise value reference range for each metric, Petrie determined an implied enterprise value reference range of \$400 million to \$500 million for Contango and \$350 million to \$425 million for Crimson. Petrie then adjusted for long-term debt and net working capital, in each case as of December 31, 2012, as appropriate, to determine an implied equity value reference range of \$32.96 to \$39.55 per share of Contango common stock and \$2.07 to \$3.64 per share of Crimson common stock. Finally, Petrie divided the lowest Crimson per share implied equity value by the highest Contango per share implied equity value, and vice versa, to determine an implied exchange ratio of 0.05240 to 0.11041 shares of Contango common stock per share of Crimson common stock.

**Going Concern Analysis**

Petrie analyzed the potential standalone financial performance of Contango and Crimson, without giving effect to the proposed merger, for the fiscal years 2013-2017. These analyses were prepared using estimates of potential future financial, operating performance and future reserve assumptions provided by Contango's and Crimson's respective managements and staffs and certain assumptions based on discussions with the managements of Contango and Crimson regarding Contango's and Crimson's potential future operating and financial performance, respectively. The analysis was performed under four separate oil and gas pricing scenarios: NYMEX 5-year strip pricing and 2013 oil and gas prices of \$3.50, \$4.50 and \$5.50 per MMBtu of gas, respectively, and \$80.00, \$90.00 and \$100.00 per barrel of oil, respectively, escalated at 3% per year beginning



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in 2014. For Contango, Petrie applied terminal discretionary cash flow multiples of 3.5x, 4.5x and 5.5x to estimated 2017 discretionary cash flow and assumed discount rates ranging from 17.5% to 20.0%. From the equity reference values implied by this analysis, Petrie determined a composite equity value reference range of \$40.00 to \$47.50 per share of Contango common stock. For Crimson, Petrie applied terminal discretionary cash flow multiples of 4.0x, 5.0x and 6.0x to estimated 2017 discretionary cash flow and assumed discount rates ranging from 20.0% to 25.0%. From the equity reference values implied by this analysis, Petrie determined a composite equity value reference range of \$3.00 to \$5.25 per share of Crimson common stock. Finally, Petrie divided the lowest Crimson per share implied equity value by the highest Contango per share implied equity value, and vice versa, to determine a range of implied exchange ratios of 0.06316 to 0.13125 shares of Contango common stock per share of Crimson common stock.

*Miscellaneous*

The foregoing summary of certain material financial analyses does not purport to be a complete description of the analyses or data presented by Petrie. In connection with the review of the merger by the Contango board of directors, Petrie performed a variety of financial and comparative analyses for purposes of rendering its opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or of the summary described above, without considering the analyses as a whole, could create an incomplete view of the processes underlying Petrie's opinion. In arriving at its fairness determination, Petrie considered the results of all the analyses and did not draw, in isolation, conclusions from or with regard to any one analysis or factor considered by it for purposes of its opinion. Rather, Petrie made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all the analyses. In addition, Petrie may have given various analyses and factors more or less weight than other analyses and factors and may have deemed various assumptions more or less probable than other assumptions. As a result, the ranges of valuations resulting from any particular analysis or combination of analyses described above should not be taken to be the view of Petrie with respect to the actual value of the common stock of Contango or Crimson. No company or partnership used in the above analyses as a comparison is directly comparable to Contango or Crimson, and no transaction used is directly comparable to the merger. Furthermore, Petrie's analyses involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, public trading or other values of the companies or transactions used, including judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Contango and Crimson and their respective advisors.

Petrie prepared these analyses solely for the purpose of providing an opinion to the Contango board of directors as to the fairness, from a financial point of view, of the exchange ratio. These analyses do not purport to be appraisals or to necessarily reflect the prices at which the business or securities actually may be sold. Any estimates contained in these analyses are not necessarily indicative of actual future results, which may be significantly more or less favorable than those suggested by such estimates. Accordingly, estimates used in, and the results derived from, Petrie's analyses are inherently subject to substantial uncertainty, and Petrie assumes no responsibility if future results are materially different from those forecasted in such estimates.

The issuance of the fairness opinion was approved by Petrie's opinion committee.

The exchange ratio pursuant to the merger agreement was determined through arm's-length negotiations between Contango and Crimson and was approved by the Contango board of directors. Petrie provided advice to the Contango board of directors during these negotiations. Petrie did not, however, recommend any specific exchange ratio to the Contango board of directors or Contango or that any specific exchange ratio constituted the only appropriate consideration for the merger. Petrie's opinion to the Contango board of directors was one of many factors taken into consideration by the Contango board of directors in deciding to approve the merger. Consequently, the analyses as described above should not be viewed as determinative of the opinion of the Contango board of directors with respect to the exchange ratio or of whether the Contango board of directors would have been willing to agree to different consideration.

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Under the terms of Petrie's engagement letter with the Contango board of directors, Petrie provided the Contango board of directors financial advisory services and a fairness opinion in connection with the merger. Pursuant to the terms of its engagement letter, Contango has agreed to pay Petrie customary fees for its services in connection with its engagement, including a success fee of \$2.75 million, which is payable to Petrie if the merger is consummated. Upon execution of its engagement letter, Petrie received a \$100,000 retainer. Petrie also earned a fairness opinion fee of \$1,000,000 upon delivery of its fairness opinion to the Contango board of directors (and would have earned the opinion fee, regardless of the conclusion regarding fairness reached in the opinion). As a result, the total compensation earned by Petrie prior to the date hereof is \$1,100,000, which will be credited against Petrie's success fee. In addition, the Contango board of directors has agreed to reimburse Petrie for its reasonable out-of-pocket expenses (including reasonable legal fees, expenses and disbursements) incurred in connection with its engagement and to indemnify Petrie and its affiliates and their respective directors, officers, employees, agents and controlling persons from and against certain liabilities and expenses arising out of its engagement and any related transaction.

Prior to rendering its fairness opinion, Petrie disclosed to the Contango board of directors that one of Petrie's principals is the beneficial owner of approximately 73,000 shares of Crimson common stock, the beneficial interest in which was acquired in connection with a private placement of equity securities by Crimson in 2005. During 2012 and 2013, certain of Petrie's affiliates provided financial advisory services to Contango ORE, Inc. (CORE), formerly affiliated with Contango, and received fees from CORE in connection with private placements of equity securities by CORE. Otherwise, during the two-year period prior to the date hereof, no material relationship has existed between Petrie and its affiliates, on the one hand, and Contango and Crimson and their respective affiliates, on the other hand, pursuant to which Petrie or any of its affiliates received compensation as a result of such relationship. Additionally, Petrie may provide financial or other services to Contango and Crimson in the future and in connection with any such services Petrie may receive customary compensation for such services.

In the ordinary course of business, Petrie or its affiliates may trade in the debt or equity securities of Contango, as well as securities of Crimson, for its own account and, accordingly, may at any time hold a long or short position in such securities.

The Contango board of directors engaged Petrie to act as a financial advisor based on its qualifications, experience and reputation. Petrie is a nationally recognized investment banking firm and is regularly engaged in the valuation of businesses in connection with mergers and acquisitions, leveraged buyouts, competitive sales processes, private placements and other purposes.

### **Crimson's Reasons for the Merger; Recommendation of the Crimson Board of Directors**

In approving the merger agreement, the merger and the transactions contemplated by the merger agreement and recommending the adoption of the merger agreement, the merger and the transactions contemplated by the merger agreement by Crimson stockholders, the Crimson board of directors consulted with Crimson management, as well as with Crimson's legal and financial advisors, and considered a number of factors. The principal factors that the Crimson board of directors viewed as important are:

Contango's strong track-record of creating stockholder value through the acquisition, divestiture, exploration, development and production of oil and gas properties;

the combination of Crimson and Contango will provide a long-term strategic benefit to Crimson stockholders by creating a more diversified independent oil and gas company, with increased scope and scale;

Contango's cash on hand, low debt level and the cash flow generated from its producing offshore Gulf of Mexico property base should provide the combined company with the financial liquidity required to accelerate the development of, and therefore unlock the yet-to-be realized value in, Crimson's onshore oil and natural gas liquids-focused unconventional resource positions in several prolific plays;

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Crimson stockholders' ownership of 20.3% of the combined company upon the closing of the merger, and continued participation in the potential appreciation in equity value of the combined company associated with the continued development of Crimson's existing asset base, while also participating in the upside potential associated with Contango's inventory of Gulf of Mexico prospects;

the recognition that, on a standalone basis, Crimson's financial position and capital structure severely limited its ability to raise the significant additional debt and/or equity capital necessary to accelerate the development of its asset base to a pace sufficient to demonstrate the growth in production and reserves required to unlock the value in that asset base for its stockholders;

Contango's relatively small number of employees should minimize redundancy between the companies' employee bases and reduce the potential for social issues associated with the merger;

the combined company's enhanced size and scale, modest leverage and more diverse asset base is expected to significantly lower the cost of capital and debt service and provide it with access to segments of the capital markets that would not be available to Crimson on a standalone basis;

the expectation that the combined company will have the ability to implement an estimated \$250 to \$300 million capital program over the two years following the effective date of the merger, funded entirely through internally-generated cash flow, with the expectation that the majority of that capital will be spent on Crimson's resource plays, complemented by spending on exploration prospects from Contango's inventory of Gulf of Mexico prospects;

the expectation that the combined company will have greater financial and operational flexibility to pursue acquisitions and other growth opportunities in Crimson's current areas of focus, and in complementary plays, as compared to Crimson on a standalone basis;

the expectation that the merger will create a combined company that will be more competitive for goods, services and personnel within the upstream oil and gas industry, and on better terms, compared to what Crimson might be able to achieve on a standalone basis;

the expectation that the combined company will deliver predictable, impactful production and reserve growth through its ability to allocate capital across a combined asset portfolio that provides exposure to multiple plays with an increased near-term activity level in several plays;

the recent historical trading prices of Crimson common stock and Contango common stock, including that the exchange ratio represented a 7.8% premium to the closing price of Crimson common stock on April 29, 2013, an 11.6% premium to the average closing price for the five trading days ended April 29, 2013, and a 3.6% premium to the average closing price for the thirty trading days ended April 29, 2013; a result considered far superior to the discount to the current stock price that would have been experienced had Crimson pursued a common equity raise of similar impact that would provide Crimson stockholders the same opportunity to pursue the growth necessary to realize the intrinsic value of its asset base (plus potential value from Contango's unproved opportunities);

the belief that the merger with Contango was a superior opportunity for Crimson's stockholders to ultimately realize the maximum amount of inherent value believed to exist in its asset base, as compared to Crimson pursuing the significant additional development capital needed on a standalone basis;

the benefits of a larger market capitalization, greater trading volume and increased liquidity for holders of shares of common stock of the combined company compared to holders of common stock of Crimson on a standalone basis;

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the opportunity to combine two strong management teams, as described under Board of Directors and Management Following the Merger, with the result that Mr. Keel will serve as president and chief executive officer of the combined company, Mr. Grady will serve as senior vice president and chief financial officer of the combined company, other members of Crimson's management team will serve in similar capacities with the combined company, and the board of directors of the combined company will include three directors from Crimson;

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the potential for operational efficiencies and synergies through conducting Crimson's and Contango's operations as part of a single enterprise;

the fact that the merger will qualify for federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code, which means that the transaction will be a tax-free transaction for Crimson's stockholders; and

the opinion of Barclays, dated April 29, 2013, to the Crimson board of directors as to the fairness, from a financial point of view as of that date, of the exchange ratio set forth in the merger agreement to holders of Crimson common stock. See Opinion of Crimson's Financial Advisors.

In addition to considering the factors above, Crimson's board of directors also considered the following factors:

the strategic alternatives review process recently performed by company management and Barclays, which was initiated prior to the commencement of serious discussions with Contango;

Crimson's limited options for accessing meaningful development capital in recent years has hindered management's ability to pursue various strategies and opportunities designed to accelerate the development of its unproved asset base necessary to unlock the value believed to exist in that asset base;

the recommendation of the merger by Crimson management;

the support of Oaktree Management, an affiliate of Crimson's largest stockholder, for the merger;

its knowledge of Crimson's business, financial condition, results of operations and prospects, as well as Contango's business, financial condition, results of operation and prospects, taking into account the results of Crimson's due diligence review of Contango;

the fact that the exchange ratio is fixed and will not increase or decrease based upon changes in the market price of Crimson or Contango common stock between the date of the merger agreement and the date of completion of the merger;

the review by the Crimson board of directors, in consultation with Crimson's management and advisors, of the structure of the merger and the terms and conditions of the merger agreement;

the fact that the merger agreement contains reciprocal provisions that may have the effect of discouraging alternative proposals involving Crimson or Contango and thus, increases the likelihood that the merger will be completed;

the fact that the merger agreement does not preclude a third party from making an unsolicited proposal for a competing transaction with Crimson or Contango and, that under certain circumstances more fully described in the sections "The Merger Agreement - No Solicitation of Alternative Proposals" beginning on page 117 and "The Merger Agreement - Changes in Board Recommendations" beginning on page 118, Crimson or Contango, as applicable, may furnish non-public information to and enter into discussions with such third parties regarding an alternative transaction and the Crimson or Contango board, as applicable, may withdraw or modify its recommendations to Crimson or Contango stockholders regarding the merger;

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the fact that certain members of the management teams as well as certain other stockholders of both companies were executing support agreements in support of the merger;

the terms and conditions of the employment agreements entered into between Contango and Mr. Keel and Mr. Grady, as more fully described under **Interests of Crimson Directors and Executive Officers in the Merger** **Employment and Severance Agreements** beginning on page 102;

the expectation that the merger will obtain all necessary regulatory approvals without unacceptable conditions; and

the likelihood of completing the merger on the anticipated schedule.



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The Crimson board of directors weighed the foregoing against a number of potentially negative factors, including:

the risks and contingencies relating to the announcement and pendency of the merger (including the likelihood of litigation brought by or on behalf of Crimson or Contango stockholders challenging the transaction) and the risks and costs to Crimson if closing of the merger is not done in a timely manner or if the merger does not close at all, including the diversion of management and employee attention, potential employee attrition, the impact on Crimson's relationships with third parties and the effect termination of the merger agreement may have on the trading price of Crimson's common stock and Crimson's operating results;

certain risks inherent in Contango's business and operations, including the concentration of Contango's offshore Gulf of Mexico properties and the vulnerability of offshore Gulf of Mexico facilities to hurricanes and other weather events;

the challenges inherent in combining the businesses, operations and workforces of an independent onshore natural gas and oil company and an independent offshore natural gas and oil company, including: (i) unforeseen difficulties in integrating operations and systems; and (ii) the possible diversion of management focus and resources from operational matters and other strategic opportunities for an extended period of time;

the risk of not being able to realize all of the anticipated cost savings, operational synergies and other merger benefits, and the potential that Crimson's business could be more profitable to stockholders on a standalone basis going forward than as a combined company if such benefits will not be realized;

the fact that forecasts of future financial and operational results of the combined company are necessarily estimates based on assumptions and may vary significantly from future performance;

the costs to be incurred in connection with the merger, including the costs of integrating the businesses of Crimson and Contango and the transaction expenses associated with the merger;

the potential effect of the merger on Crimson's business relationships with employees, customers, suppliers, regulators and the communities in which it operates;

the terms of the merger agreement, including generally reciprocal covenants relating to the two companies' conduct of their respective businesses during the period between the signing of the merger agreement and the completion of the merger, which might have the result of limiting or restricting Crimson's business activities;

the terms of the merger agreement relating to non-solicitation provisions and termination fees, and the potential that such provisions might deter alternative bidders that might have been willing to submit superior proposals to Crimson;

the fact that the interests of Crimson's executive officers and directors with respect to the merger, apart from their interests as Crimson stockholders, including the Crimson officers who have been named to serve as members of the senior management team of the combined company, may be different from, or in addition to, the interests of Crimson stockholders generally, as more fully described under "Interests of Crimson Directors and Executive Officers in the Merger" beginning on page 99;

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the disproportionate percentage of Contango stockholders committed to voting in favor of the merger through support agreements as compared to the percentage of Crimson stockholders similarly committed; and

the risks of the type and nature described under Risk Factors, beginning on page 32, including risks related to operations, environmental matters and potential litigation, and the matters described under Special Note Regarding Forward-Looking Statements beginning on page 30.

This discussion of the information and factors considered by Crimson's board of directors in reaching its conclusions and recommendation includes the principal factors considered by Crimson's board of directors, but it

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is not intended to be exhaustive. In view of the wide variety of factors considered in connection with its evaluation of the merger and the complexity of these matters, Crimson's board of directors did not find it practicable to quantify, rank or assign any relative or specific weights to the various factors that it considered in reaching its determination to approve the merger agreement, the merger and the other transactions contemplated by the merger agreement and to recommend that Crimson stockholders vote in favor of the proposal to adopt the merger agreement, the merger and the other transactions contemplated by the merger agreement. The Crimson board of directors conducted an overall review of the factors described above, including discussions with Crimson's management and legal and financial advisors regarding certain of the matters described above. In considering the factors described above, individual members of the Crimson board of directors may have given differing weights to different factors.

**The Crimson board of directors unanimously adopted the merger agreement and determined that the merger agreement and the transactions contemplated thereby, including the merger, are in the best interests of Crimson and its stockholders. The Crimson board of directors unanimously recommends that Crimson stockholders vote FOR the proposal to adopt the merger agreement, the merger and the other transactions contemplated by the merger agreement.**

**Opinion of Crimson's Financial Advisor**

*Opinion of Barclays Capital, Inc.*

Crimson engaged Barclays to act as a financial advisor with respect to the merger. On April 29, 2013, Barclays rendered its oral opinion (which was subsequently confirmed in writing) to Crimson's board of directors that, as of such date and based upon and subject to the qualifications, limitations and assumptions stated in its opinion, from a financial point of view, the exchange ratio of 0.08288 shares of Contango common stock for each share of Crimson common stock in the merger was fair to Crimson's stockholders.

**The full text of Barclays' written opinion, dated as of April 29, 2013, is attached as Annex C to this joint proxy statement/prospectus. Barclays' written opinion sets forth, among other things, the assumptions made, procedures followed, factors considered and limitations upon the review undertaken by Barclays in rendering its opinion. You are encouraged to read the opinion carefully in its entirety. The following is a summary of Barclays' opinion and the methodology that Barclays used to render its opinion. This summary is qualified in its entirety by reference to the full text of the opinion.**

Barclays' opinion, the issuance of which was approved by Barclays' Valuation and Fairness Opinion Committee, is addressed to the board of directors of Crimson and addresses only the fairness, from a financial point of view, to Crimson's stockholders of the exchange ratio to be offered to such stockholders in the merger. Barclays was not requested to address, and its opinion does not in any manner address, Crimson's underlying business decision to proceed with or effect the merger or the likelihood of consummation of the merger. Barclays' opinion does not address the relative merits of the merger as compared to any other transaction or business strategy in which Crimson might engage. In addition, Barclays expressed no opinion on, and its opinion does not in any manner address, the fairness of the amount or the nature of any compensation to any officers, directors or employees of any parties to the merger, or any class of such persons, relative to the merger consideration to be offered to the Crimson stockholders in the merger. Barclays' opinion is not intended to be and does not constitute a recommendation to any stockholder of Crimson or Contango as to how such stockholder should vote with respect to the merger.

In arriving at its opinion, Barclays reviewed and analyzed, among other things:

the merger agreement and the specific terms of the merger;

publicly available information concerning Crimson and Contango that Barclays believed to be relevant to its analysis, including, without limitation, the Annual Report of Crimson on Form 10-K for the fiscal year

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ended December 31, 2012, the Annual Report of Contango on Form 10-K for the fiscal year ended June 30, 2012 and the Quarterly Reports of Contango on Form 10-Q for the fiscal quarters ended September 30, 2012 and December 31, 2012;

financial and operating information with respect to the businesses, operations and prospects of Crimson furnished to Barclays by Crimson, including prospective financial information of Crimson prepared by management of Crimson (referred to in this section as the "Crimson Financials");

financial and operating information with respect to the businesses, operations and prospects of Contango furnished to Barclays by Contango or its advisors, including information concerning estimates of potential future financial and operating performance of Contango prepared by Contango's advisors based on discussions with management of Contango (the "Contango Financials");

certain oil and gas reserve reports prepared by Crimson's third-party oil and gas reserves consultants with respect to Crimson's proved oil and gas reserves and certain oil and gas reserve reports prepared by Crimson with respect to Crimson's probable and possible oil and gas reserves (the "Crimson Reserve Reports");

certain oil and gas reserve reports prepared by Contango's third-party oil and gas reserves consultants with respect to Contango's proved oil and gas reserves (the "Contango Reserve Reports");

the trading history of Crimson common stock from April 29, 2011 to April 29, 2013 and the trading history of Contango common stock over the same period and a comparison of each of their trading histories with each other and with those of other companies that Barclays deemed relevant;

a comparison of the historical financial results and present financial condition of Crimson and Contango with each other and with those of other companies that Barclays deemed relevant;

a comparison of the financial terms of the merger with the financial terms of certain other recent transactions that Barclays deemed relevant;

the pro forma impact of the merger on the current and future financial performance of the combined company, including (i) the cost savings and operating synergies expected by the management of Crimson to result from the merger (the "Expected Synergies") and (ii) the strategic benefits expected by the management of Crimson to result from the combination of the assets and prospects of Crimson and Contango;

published estimates by independent research analysts with respect to the future financial performance and price targets of Crimson;

the relative contributions of Crimson and Contango to the historical and future financial performance of the combined company on a pro forma basis taking into consideration respective debt and liquidity levels;

the future capital requirements of the combined company and the combined company's ability to fund such requirements in the future; and

a comparison of Crimson's assets and liabilities with Contango's assets and liabilities on both a standalone and combined basis.

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In addition, Barclays had discussions with the managements of Crimson and Contango concerning their respective businesses, operations, assets, liabilities, financial conditions and prospects and undertook such other studies, analyses and investigations as Barclays deemed appropriate.

In arriving at its opinion, Barclays assumed and relied upon the accuracy and completeness of the financial and other information used by Barclays without any independent verification of such information (and has not assumed responsibility or liability for any independent verification of such information) and has further relied upon the assurances of the managements of Crimson and Contango that they are not aware of any facts or circumstances that would make such information inaccurate or misleading. With respect to the Crimson Financials, based upon discussions with Crimson, Barclays assumed that such prospective financial information was reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of Crimson as to the future financial performance of Crimson and that Crimson would perform

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substantially in accordance with such prospective financial information. With respect to the Contango Financials, based upon discussions with Crimson and Contango, Barclays assumed that such prospective financial information was reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of Contango as to the future financial performance of Contango and that Contango would perform substantially in accordance with such prospective financial information and, based upon discussions with Crimson, Barclays relied on such prospective financial information in performing its analysis. With respect to the Crimson Reserve Reports, based upon discussions with Crimson, Barclays assumed that such data and analyses were reasonably prepared in good faith on a basis reflecting the best currently available estimates and judgments of the management of Crimson and Crimson's third-party oil and gas reserves consultants, as applicable, as to the oil and gas reserves and contingent oil and gas resources of Crimson, and were a reasonable basis on which to evaluate Crimson, and Barclays expressed no opinion with respect to such Crimson Reserve Reports or the assumptions upon which they were based. With respect to the Contango Reserve Reports, based upon discussions with Crimson and Contango, Barclays assumed that such data and analyses were reasonably prepared in good faith on a basis reflecting the best currently available estimates and judgments of the management of Contango and Contango's third-party oil and gas reserves consultants, as applicable, as to the oil and gas reserves and contingent oil and gas resources of Contango, and were a reasonable basis on which to evaluate Contango, and Barclays expressed no opinion with respect to such Contango Reserve Reports or the assumptions upon which they were based. Furthermore, based upon discussions with Crimson and Contango, Barclays assumed that the amounts and timing of the Expected Synergies were reasonable and that the Expected Synergies will be realized in accordance with such estimates. Barclays assumed no responsibility for and expressed no view as to any such prospective financial information or estimates or the assumptions on which they were based. In arriving at its opinion, Barclays did not conduct a physical inspection of the properties and facilities of Crimson or Contango and did not make or obtain any evaluations or appraisals of the assets or liabilities of Crimson or Contango. Furthermore, based upon discussions with Crimson and its legal and accounting advisors, Barclays assumed that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code, and therefore as a tax-free transaction to the stockholders of Crimson. Barclays' opinion necessarily was based upon market, economic and other conditions as they exist on, and could be evaluated as of, the date of its opinion letter. Barclays assumed no responsibility for updating or revising its opinion based on events or circumstances that may occur after the date of its opinion. Barclays expressed no opinion as to the prices at which shares of Crimson common stock would or will trade following the announcement of the merger or shares of Contango common stock would or will trade following the announcement or consummation of the merger. Barclays' opinion should not be viewed as providing any assurance that the market value of the shares of Contango common stock to be held by the stockholders of Crimson after the consummation of the merger will be in excess of the market value of the shares of Crimson common stock owned by such stockholders at any time prior to the announcement or consummation of the merger.

In addition, Barclays assumed the accuracy of the representations and warranties contained in the merger agreement and all agreements related thereto. Barclays also assumed, based upon discussions with Crimson, that all material governmental, regulatory and third party approvals, consents and releases for the merger would be obtained within the constraints contemplated by the merger agreement and that the merger will be consummated in accordance with the terms of the merger agreement without waiver, modification or amendment of any material term, condition or agreement thereof. Barclays did not express any opinion as to any tax or other consequences that might result from the merger, nor did its opinion address any legal, tax, regulatory or accounting matters, as to which Barclays understands that Crimson obtained such advice as it deemed necessary from qualified professionals.

In connection with rendering its opinion, Barclays performed certain financial, comparative and other analyses as summarized below. In arriving at its opinion, Barclays did not ascribe a specific range of values to the shares of Crimson common stock but rather made its determination as to fairness, from a financial point of view, to the exchange ratio to be offered to the stockholders of Crimson in the merger on the basis of various financial and comparative analyses. The preparation of a fairness opinion is a complex process and involves

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various determinations as to the most appropriate and relevant methods of financial and comparative analyses and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to summary description.

In arriving at its opinion, Barclays did not attribute any particular weight to any single analysis or factor considered by it but rather made qualitative judgments as to the significance and relevance of each analysis and factor relative to all other analyses and factors performed and considered by it and in the context of the circumstances of the particular transaction. Accordingly, Barclays believes that its analyses must be considered as a whole, as considering any portion of such analyses and factors, without considering all analyses and factors as a whole, could create a misleading or incomplete view of the process underlying its opinion.

The following is a summary of the material financial, comparative and other analyses used by Barclays in preparing its opinion to Crimson's board of directors. Certain financial, comparative and other analyses summarized below include information presented in tabular format. In order to fully understand the financial, comparative and other analyses used by Barclays, the tables must be read together with the text of each summary, as the tables alone do not constitute a complete description of the financial, comparative and other analyses. In performing its analyses, Barclays made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of Crimson or any other parties to the proposed transaction. None of Crimson, Contango, Barclays or any other person assumes responsibility if future results are materially different from those discussed. Any estimates contained in these analyses are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than as set forth below. In addition, analyses relating to the value of the businesses do not purport to be appraisals or reflect the prices at which the businesses may actually be sold.

***Summary of Analyses***

The following is a summary of the material financial analysis performed by Barclays with respect to Crimson and Contango in preparing Barclays' opinion:

net asset valuation analysis;

comparable company analysis;

comparable transactions analysis;

discounted cash flow analysis; and

in the case of Crimson, equity research target price analysis.

Each of these methodologies (except in the case of Crimson, the equity research target price analysis) was used to generate reference enterprise or equity value ranges for each of Contango and Crimson, respectively. The enterprise value ranges for each company were adjusted for appropriate on-balance sheet and off-balance sheet assets and liabilities to arrive at implied equity value ranges (in aggregate dollars) for each company, including, as applicable without limitation, (i) for Crimson: net debt, litigation expense and net working capital and, solely for the purpose of the net asset valuation analysis, future estimated general and administrative expenses ( Future G&A Expenses ) and (ii) for Contango: net debt, estimates of future costs for the Vermilion 170 well workover to replace downhole tubing, net working capital and, solely for the purpose of the net asset valuation analysis, Future G&A Expenses and investments in affiliates. The implied equity value ranges for each of Contango and Crimson, respectively, were then divided by diluted shares outstanding, comprised of primary shares and incorporating the dilutive effect of outstanding options and restricted stock, as appropriate, in order to derive implied equity value ranges per share for each company. For the net asset valuation analysis, the comparable company analysis, the comparable transactions analysis and the discounted cash flow analysis, the implied equity value ranges per share of Crimson common stock and per share of Contango common stock were used to derive implied exchange ratios which were then compared to the exchange ratio in the merger.





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In addition to analyzing the value of the Crimson common shares and the Contango common shares, Barclays also analyzed and reviewed: (i) the daily historical closing prices of the Crimson common shares and the Contango common shares and the exchange ratios implied by those closing share prices for the period from April 29, 2011 to April 29, 2013; (ii) certain publicly available information related to selected corporate transactions to calculate the amount of premiums paid by the acquirers to the acquired companies' stockholders; (iii) the relative contributions of Crimson and Contango to the current and future financial performance of the combined company; and (iv) the pro forma impact of the merger on the current and future financial performance and credit profile of the combined organization for 2013, 2014, 2015 and 2016 discretionary cash flow ( DCF ) per share for the combined organization based on Crimson Financials, Contango Financials and pro forma combined prospective financial information provided by Crimson.

In particular, in applying the various valuation methodologies to the particular businesses, operations and prospects of Crimson and Contango, and the particular circumstances of the merger, Barclays made qualitative judgments as to the significance and relevance of each analysis. In addition, Barclays made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of Crimson and Contango. Such qualitative judgments and assumptions of Barclays were made following discussions with the management of each of Crimson and Contango. Accordingly, the methodologies and the implied exchange ratio ranges derived therefrom must be considered as a whole and in context of the narrative description of the financial analysis, including the assumptions underlying these analyses. Considering the implied exchange ratios without considering the full narrative description of the financial analysis, including the assumptions underlying these analyses, could create a misleading or incomplete view of the process underlying, and conclusions represented by, Barclays' opinion.

The implied exchange ratios, derived using the various valuation methodologies listed above, supported the conclusion that the exchange ratio of 0.08288 shares of Contango common stock per Crimson share of common stock to be offered to the holders of Crimson common stock was fair, from a financial point of view, to such holders.

### ***Net Asset Valuation Analysis***

Barclays estimated the present value of the future after-tax cash flows expected to be generated from the Crimson Reserve Reports and Contango Reserve Reports, in each case as of December 31, 2012, based on reserve, production and capital cost estimates as of December 31, 2012, provided by Crimson and Contango, respectively. The present value of the future after-tax cash flows was determined using a range of discount rates and assuming a tax rate of 35% for both Crimson and Contango. The net asset valuation analysis was performed under three commodity price scenarios (Low, High and Strip), which are described below.

Certain of the natural gas and oil price forecasts employed by Barclays were based on NYMEX price forecasts (Henry Hub, Louisiana delivery for natural gas and West Texas Intermediate, Cushing, Oklahoma delivery for oil) to which adjustments were made to reflect location and quality differentials. NYMEX gas price quotations stated in dollars per MMBtu heating value equivalents. NYMEX oil price quotations are stated in dollars per Bbl, of crude oil.

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The following table summarizes the natural gas and oil price forecasts Barclays employed to estimate future after-tax cash flows for each of the reserve categories Barclays considered for Crimson and Contango. The Low and High cases were selected based on the current commodity price environment and Barclays' judgment. The Strip case reflects the NYMEX strip as of the close of business on April 29, 2013.

	2013E	2014E	2015E	2016E	2017E
<b>Gas Henry Hub (\$/MMBtu)</b>					
Low	\$ 3.75	\$ 3.75	\$ 3.75	\$ 3.75	\$ 3.75
High	\$ 5.25	\$ 5.25	\$ 5.25	\$ 5.25	\$ 5.25
Strip	\$ 4.49	\$ 4.42	\$ 4.36	\$ 4.38	\$ 4.46
<b>Oil West Texas Intermediate (\$/Bbl)</b>					
Low	\$ 80.00	\$ 80.00	\$ 80.00	\$ 80.00	\$ 80.00
High	\$ 95.00	\$ 95.00	\$ 95.00	\$ 95.00	\$ 95.00
Strip	\$ 94.15	\$ 90.57	\$ 87.39	\$ 85.66	\$ 84.61

The net asset valuation analyses yielded valuations for Crimson and Contango that implied an exchange ratio range of 0.0078 to 0.0415 Contango shares per share of Crimson for the Low case, an exchange ratio of 0.0962 to 0.1401 Contango shares per share of Crimson for the High case and an exchange ratio of 0.0434 to 0.0900 Contango shares per share of Crimson for the Strip case, in each case as compared to the proposed exchange ratio of 0.08288 Contango shares per share of Crimson. Barclays noted that the proposed exchange ratio was above the range of implied exchange ratios in the Low case, below the range of implied exchange ratios in the High case, and in line with the range of implied exchange ratios in the Strip case, in each case as yielded by Barclays' net asset valuation analysis for Crimson and Contango.

**Comparable Company Analysis**

In order to assess how the public market values shares of similar publicly traded companies, Barclays reviewed and compared specific financial and operating data relating to Crimson and Contango with selected companies that Barclays deemed comparable to Crimson and Contango, based on Barclays' experience in the oil and gas exploration and production (referred to in this section as "E&P") industry.

With respect to Crimson, Barclays reviewed the public stock market trading multiples for the following companies:

Abraxas Petroleum Corporation

Gastar Exploration Ltd.

Goodrich Petroleum Corporation

Halcon Resources Corporation

Penn Virginia Corporation

Petroquest Energy, Inc.

Using publicly available information, Barclays calculated and analyzed enterprise value multiples of each comparable company's (i) estimated earnings before interest, taxes, depreciation and amortization and exploration costs (referred to in this section as "EBITDAX") for 2013 and 2014 based on equity analysts' consensus estimates (as per Institutional Brokers' Estimate System "I/B/E/S") as of April 29, 2013, (ii) latest daily production and (iii) proved reserves, and calculated and analyzed equity value multiples of each comparable company's estimated DCF for 2013 and 2014 based on I/B/E/S consensus estimates as of April 29, 2013. The enterprise value of each comparable company was obtained by adding its outstanding debt to the sum of the market value of its common stock, the book value of its preferred stock, the book value of its net working

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capital and the book value of any minority interest minus its cash balance, as appropriate. Barclays calculated the enterprise value multiples for each of the above items (i), (ii) and (iii) by dividing each company's calculated enterprise value by such item. Barclays calculated the equity value multiples by dividing each company's calculated equity value by its estimated DCF for 2013 and 2014.

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The results of the Crimson comparable companies analysis are summarized below:

(\$ in millions)	Multiple Range of Comparable Companies of Crimson:		
	Low	Median	High
<b>Enterprise Value as a Multiple of:</b>			
EBITDAX			
2013E	4.0x	6.2x	7.9x
2014E	3.1x	4.5x	6.1x
Latest Daily Production (\$/Mcf/d)	\$ 5,472	\$ 13,254	\$ 47,764
Proved Reserves (\$/Mcf)	\$ 1.65	\$ 2.38	\$ 8.06
<b>Equity Value as a Multiple of:</b>			
DCF Per Share			
2013E	1.0x	3.6x	5.4x
2014E	0.8x	2.8x	3.8x

Barclays selected the comparable companies listed above because their sizes, asset characteristics, and business and operating profiles were reasonably similar to that of Crimson. However, because of the inherent differences between the business, operations and prospects of Crimson and those of the selected comparable companies, Barclays believed that it was inappropriate to, and therefore did not, rely solely on the quantitative results of the selected comparable company analysis. Accordingly, Barclays also made qualitative judgments concerning differences between the business, financial and operating characteristics and prospects of Crimson and the selected comparable companies that could affect the public trading values of each in order to provide a context in which to consider the results of the quantitative analysis. These qualitative judgments related primarily to the differing sizes, growth prospects, profitability levels and degrees of operational risk between Crimson and the selected companies included in the comparable company analysis.

With respect to Contango, Barclays reviewed the public stock market trading multiples for the following companies:

Energy XXI (Bermuda) Limited

EPL Oil & Gas, Inc.

Stone Energy Corporation

W&T Offshore, Inc.

Using publicly available information, Barclays calculated and analyzed enterprise value multiples of each comparable company's (i) estimated EBITDAX for 2013 and 2014 based on I/B/E/S consensus estimates as of April 29, 2013, (ii) latest daily production and (iii) proved reserves, and calculated and analyzed equity value multiples of each comparable company's estimated DCF for 2013 and 2014 based on I/B/E/S consensus estimates as of April 29, 2013. The enterprise value of each comparable company was obtained by adding its outstanding debt to the sum of the market value of its common stock, the book value of its preferred stock, the book value of its net working capital and the book value of any minority interest minus its cash balance, as appropriate. Barclays calculated the enterprise value multiples for each of the above items (i), (ii) and (iii) by dividing each company's calculated enterprise value by such item. Barclays calculated the equity value multiples by dividing each company's calculated equity value by its estimated discretionary cash flows for 2013 and 2014.

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The results of the Contango comparable companies analysis are summarized below:

(\$ in millions)	Multiple Range of Comparable Companies of Contango:		
	Low	Median	High
<b>Enterprise Value as a Multiple of:</b>			
EBITDAX			
2013E	2.7x	3.5x	4.2x
2014E	2.9x	3.3x	3.8x
Latest Daily Production (\$/Mcf/d)	\$ 5,880	\$ 9,132	\$ 15,576
Proved Reserves (\$/Mcf)	\$ 2.05	\$ 3.62	\$ 4.49
<b>Equity Value as a Multiple of:</b>			
DCF Per Share			
2013E	1.7x	2.2x	2.9x
2014E	1.7x	1.9x	2.6x

Barclays selected the comparable companies listed above because their sizes, asset characteristics, and business and operating profiles were reasonably similar to that of Contango. However, because of the inherent differences between the business, operations and prospects of Contango and those of the selected comparable companies, Barclays believed that it was inappropriate to, and therefore did not, rely solely on the quantitative results of the selected comparable company analysis. Accordingly, Barclays also made qualitative judgments concerning differences between the business, financial and operating characteristics and prospects of Contango and the selected comparable companies that could affect the public trading values of each in order to provide a context in which to consider the results of the quantitative analysis. These qualitative judgments related primarily to the differing sizes, growth prospects, profitability levels and degrees of operational risk between Contango and the selected companies included in the comparable company analysis.

Based upon Barclays' judgments, Barclays' comparable company analysis yielded implied exchange ratios ranging from 0.0437 to 0.1411 Contango common shares per Crimson common share. Barclays noted that the exchange ratio to be offered to holders of Crimson common shares of 0.08288 Contango shares per Crimson common share falls within the range of implied exchange ratios as calculated by Barclays' comparable company analysis.

**Comparable Transactions Analysis**

With respect to the comparable transactions analysis for Crimson, Barclays reviewed and compared the purchase prices and financial multiples paid in selected transactions for comparable businesses that Barclays deemed relevant, based on its experience with merger and acquisition transactions. Barclays chose such transactions based on, among other things, the similarity of the applicable target assets in the transaction to Crimson's business with respect to structure, focus, portfolio composition and other characteristics of their businesses. The criteria used in selecting, from the IHS Herold database, the selected transactions analyzed included all of the transactions: (i) announced since January 1, 2008 with upstream value greater than \$100 million and less than \$750 million, (ii) with proved reserves greater than or equal to 50% gas and (iii) excluding transactions in which the target's assets were primarily offshore.

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The following table sets forth the transactions analyzed for Crimson based on such characteristics:

<b>Date</b>	<b>Target</b>	<b>Acquirer</b>
<b>Announced</b>		
3/19/2013	Memorial Resource Development LLC	Memorial Production Partners LP
2/5/2013	PDC Energy	Caerus Oil and Gas LLC
1/3/2013	Forest Oil Corporation	Hilcorp Energy Company
11/5/2012	EXCO Resources, Inc.	Harbinger Group Inc.
11/1/2012	Bill Barrett Corporation	Vanguard Natural Resources LLC
7/11/2012	Noble Energy Incorporated	Unit Corporation
6/4/2012	Credo Petroleum	Forestar Group Inc.
6/4/2012	Antero Resources LLC	Vanguard Natural Resources LLC
5/17/2012	Titan Operating, LLC	Atlas Resource Partners, L.P.
3/16/2012	Carrizo Oil & Gas Incorporated	Atlas Resource Partners, L.P.
3/9/2012	Southwestern Energy Company	Linn Energy, LLC
12/12/2011	Apache Corporation	Korea Development Bank
11/4/2011	Plains Exploration & Production Co.	Linn Energy, LLC
11/4/2011	Plains Exploration & Production Co.	Undisclosed company(ies)
7/27/2011	Cabot Oil & Gas Corporation	BreitBurn Energy Partners L.P.
4/12/2011	Crow Creek Energy II LLC; Natural Gas Partners	Eagle Rock Energy Partners, L.P.
12/23/2010	Petrohawk Energy Corporation	XTO Energy Incorporated
11/9/2010	Atlas Energy, Inc.	Atlas Energy, L.P.
11/8/2010	Concho Resources Inc.	Legacy Reserves LP
10/26/2010	Talon Oil & Gas, LLC	EnerVest, Ltd.
8/10/2010	Petrohawk Energy Corporation	EV Energy Partners, L.P.
7/21/2010	Ellora Energy Inc.	Exxon Mobil Corporation
6/30/2010	Chesapeake Energy Corporation	Range Resources Corporation
4/9/2010	Chesapeake Energy Corporation	Three Rivers Natural Resource Holdings II, LLC
4/8/2010	The Meridian Resource Corporation	Alta Mesa Holdings LP
3/22/2010	HighMount E&P LLC	Linn Energy, LLC
3/15/2010	Petrohawk Energy Corporation	WildHorse Resources LLC
2/8/2010	Range Resources Corporation	EV Energy Partners, L.P.
1/5/2010	Suncor Energy Incorporated	Noble Energy Incorporated
12/15/2009	Edge Petroleum Corp.	Mariner Energy, Inc.
9/30/2009	EXCO Resources, Inc.	EV Energy Partners, L.P.
9/30/2009	EXCO Resources, Inc.	Sheridan Production Company, LLC
9/21/2009	Petrohawk Energy Corporation	Merit Management Partners I LP
8/10/2009	Orion Energy Partners	Williams Companies, Inc.
6/29/2009	EXCO Resources, Inc.	Encore Acquisition Company
5/14/2009	Denbury Resources Incorporated	Talon Oil & Gas, LLC
8/12/2008	EnerVest, Ltd.	EV Energy Partners, L.P.
7/1/2008	EnerVest, Ltd.	Noble Energy Incorporated
6/11/2008	Crow Horizons Company	Berry Petroleum Company
6/10/2008	PetroEdge Energy LLC	Quest Energy Partners LP
6/4/2008	Enduring Resources LLC	Cabot Oil & Gas Corporation
5/5/2008	Chicago Energy Associates, LLC	Whiting Petroleum Corporation
4/24/2008	United Resources	Newfield Exploration Company
4/15/2008	Linn Energy, LLC	XTO Energy Incorporated
4/3/2008	Southwestern Energy Company	XTO Energy Incorporated
3/3/2008	PYR Energy Corporation	Plains Exploration & Production Co.
2/20/2008	EOG Resources Incorporated	EXCO Resources, Inc.
1/8/2008	EnerVest, Ltd.	Fidelity Exploration & Production
1/2/2008	Westside Oil & Gas	Crusader Energy



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Based on reserve and production reports provided by Crimson, Barclays calculated and analyzed enterprise multiples for Crimson based upon the proved reserves and latest daily production, respectively, for the comparable transactions. The results of the comparable transactions analysis are summarized below:

	Low	Median	High
Proved Reserves (\$/Mcf)	\$ 0.61	\$ 1.93	\$ 9.34
Latest Daily Production (\$/Mcf/d)	\$ 4,744	\$ 10,785	\$ 49,486

With respect to the comparable transactions analysis for Contango, Barclays reviewed and compared the purchase prices and financial multiples paid in selected transactions that Barclays deemed relevant, based on its experience with merger and acquisition transactions. Barclays chose such transactions based on, among other things, the similarity of the applicable target assets and companies in the selected transactions to Contango's business with respect to size, focus, portfolio composition and other characteristics of their businesses. The criteria used in selecting from the IHS Herold database, the selected transactions analyzed included all of the transactions: (i) announced since January 1, 2004 with upstream value greater than \$100 million and less than \$1,000 million, and (ii) transactions in which the target's assets were primarily offshore.

The following table sets forth the transactions analyzed for Contango based on such characteristics:

Date Announced	Target	Acquirer
12/13/2012	Energy Resources Technology GOM, Inc.	Talos Energy LLC
9/18/2012	Newfield Exploration Company	W&T Offshore, Inc.
9/17/2012	Hilcorp Energy Company	EPL Oil & Gas, Inc.
9/10/2012	Royal Dutch Shell plc	Plains Exploration & Production Co.
12/1/2011	Northstar Offshore Energy Partners, LLC	Korea National Oil Corporation
11/18/2011	BP plc	Stone Energy Corporation
7/29/2011	Exxon Mobil Corporation	Dynamic Offshore Resources LLC
1/13/2011	Anglo-Suisse Offshore Partners, LLC	EPL Oil & Gas, Inc.
12/7/2010	Royal Dutch Shell plc	BP plc
11/3/2010	Royal Dutch Shell plc	W&T Offshore, Inc.
10/25/2010	BP plc	Marubeni Corporation
9/20/2010	Plains Exploration & Production Co.	McMoRan Exploration Company
7/8/2010	Samson Investment Company	Dynamic Offshore Resources LLC
4/8/2010	Total E&P U.S.Ajotal S.A.	W&T Offshore, Inc.
4/8/2010	The Meridian Resource Corporation	Alta Mesa Holdings LP
11/23/2009	MitEnergy Upstream LLC	Energy XXI (Bermuda) Limited
10/14/2009	Bandon Oil and Gas	Dynamic Offshore Resources LLC
7/17/2008	Northstar Exploration	Dynamic Offshore Resources LLC
2/26/2008	Superior Energy Services	Dynamic Offshore Resources LLC
12/28/2007	Statoil ASA	Mariner Energy, Inc.
12/24/2007	Apache Corporation	W&T Offshore, Inc.
10/11/2007	LLOG Exploration Company, LLC	Petsec Energy Ltd
4/24/2007	Pogo Producing Company	Energy XXI (Bermuda) Limited
4/2/2007	Range Resources Corporation	ITOCHU Corporation
8/29/2006	Cabot Oil & Gas Corporation	Phoenix Exploration Company
6/20/2006	BP plc	Stone Energy Corporation
5/16/2006	Noble Energy Incorporated	Beryl Resources LP
4/20/2006	Pogo Producing Company	Mitsui & Company, Ltd.
4/7/2006	The Houston Exploration Company	Merit Energy Company
2/28/2006	The Houston Exploration Company	Merit Energy Company
2/22/2006	Marlin Energy Offshore, LLC	Energy XXI (Bermuda) Limited



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<b>Date</b>	<b>Target</b>	<b>Acquirer</b>
9/1/2005	Cheniere Energy, Inc.	Woodside Petroleum Ltd
6/13/2005	Murphy Oil Corporation	Energy Resources Technology GOM, Inc.
4/4/2005	Mission Resources Corporation	Petrohawk Energy Corporation
4/4/2005	Devon Energy Corporation	Nippon Oil Corporation
2/23/2005	NCX Company II	Sumitomo Corporation
11/3/2004	Anadarko Petroleum Corporation	Stone Energy Corporation
8/20/2004	Anadarko Petroleum Corporation	Apache Corporation
7/21/2004	Denbury Resources Incorporated	Newfield Exploration Company
2/2/2004	Mariner Energy, Inc.	Carlyle/Riverstone Energy Fund

Based on a reserve report provided by Crimson and publicly available data, Barclays calculated and analyzed enterprise multiples for Contango based upon proved reserves and the latest daily production, respectively, for the comparable transactions. The results of the comparable transactions analysis are summarized below:

	<b>Low</b>	<b>Median</b>	<b>High</b>
Proved Reserves (\$/Mcf)	\$ 1.36	\$ 2.72	\$ 13.82
Latest Daily Production (\$/Mcf/d)	\$ 1,893	\$ 6,518	\$ 24,818

The reasons for and the circumstances surrounding each of the selected comparable transactions analyzed were diverse and there are inherent differences between the businesses, operations, financial conditions and prospects of each of Crimson's and Contango's businesses and the companies and assets included in each of the comparable transactions analysis. Accordingly, Barclays believed that purely quantitative comparable transactions analyses would not be particularly meaningful in the context of considering the transaction. Barclays therefore made qualitative judgments concerning differences between the characteristics of the selected precedent transactions and the proposed transaction, which would affect the acquisition values of the selected target companies and assets and Crimson and Contango.

Based upon Barclays' judgments, Barclays' comparable transactions analysis yielded implied exchange ratios ranging from 0.0316 to 0.1146 Contango common shares per Crimson common share. Barclays noted that the exchange ratio to be offered to holders of Crimson common shares of 0.08288 Contango shares per Crimson common share falls within the range of implied exchange ratios as calculated by Barclays comparable transactions analysis.

**Discounted Cash Flow Analysis**

In order to estimate the present values of Crimson common stock and Contango common stock, Barclays performed discounted cash flow analyses of each of Crimson and Contango. A discounted cash flow analysis is a traditional valuation methodology used to derive the valuation of an asset by calculating the present value of estimated future cash flows of the asset. Present value refers to the current value of future cash flows or amounts and is obtained by discounting those future cash flows or amounts by a range of discount rates that takes into account macroeconomic assumptions and estimates of risk, the opportunity cost of capital, expected returns and other appropriate factors.

To calculate the estimated equity value ranges for Crimson, Barclays added (i) projected after-tax unlevered free cash flows for the fiscal years 2013 through 2017 based on the Crimson Financials to (ii) the residual value of Crimson at the end of the forecast period, or terminal value, as of December 31, 2017, and discounted such amounts to their present value using a range of selected discount rates. Specifically, for Crimson, Barclays used a discount rate range of 12.0% to 14.0%. The discount rates were based on Barclays' analysis of the weighted average cost of capital for Crimson as well as the weighted average cost of capital for companies with similar

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size and asset characteristics. The terminal value of Crimson was estimated by applying equity value multiples ranging from 4.50x to 6.50x to Crimson's 2017 estimate of EBITDAX. Such enterprise value multiples were derived using information from the comparable companies analysis and based on Barclays' judgment.

To calculate the estimated equity value ranges of Contango using discounted cash flow analysis, Barclays added (i) projected after-tax unlevered free cash flows for fiscal years 2013 through 2017 based on the Contango Financials to (ii) the terminal value of Contango, as of December 31, 2017, and discounted such amounts to their present value using a range of selected discount rates. Specifically, Barclays used a discount rate range of 11.0% to 13.0%. The discount rates were based on Barclays' analysis of the weighted average cost of capital for Contango as well as the weighted average cost of capital for companies with similar size and asset characteristics. The terminal value of Contango was estimated by applying enterprise value multiples ranging from 3.00x to 4.50x to Contango's 2017 estimate of EBITDAX. Such enterprise value multiples were derived using information from the comparable companies analysis and based on Barclays' judgment.

Based upon Barclays' judgments, the discounted cash flow methodology yielded implied exchange ratios ranging from 0.0264 to 0.0876 Contango common shares per Crimson common share. The prospective financial and operating information of Crimson that was used in Barclays' discounted cash flow analysis inadvertently understated Crimson's projected cash flow in 2017. For illustrative purposes only, based upon Barclays' judgments and the prospective financial information set forth under Certain Prospective Unaudited Financial and Operating Information of Contango and Crimson beginning on page 93, the discounted cash flow methodology would yield, as of the date of Barclays' opinion, implied exchange ratios ranging from 0.0353 to 0.0982 Contango common shares per Crimson common share. Barclays noted that the exchange ratio to be offered to holders of Crimson common shares of 0.08288 Contango shares per Crimson common share falls within both of the aforementioned ranges of implied exchange ratios as calculated by the discounted cash flow methodology. The revised implied exchange ratios resulting from the discounted cash flow methodology do not change the ultimate conclusion of Barclays' opinion, as of the date that it was delivered, with respect to the fairness, from a financial point of view, of the exchange ratio set forth in the merger agreement to Crimson's stockholders.

Barclays' discounted cash flow analysis did not rely upon the unaudited prospective financial and operating information of Contango used by the Contango board of directors and Petrie as set forth under Certain Prospective Unaudited Financial and Operating Information of Contango and Crimson. For illustrative purposes only, the discounted cash flow methodology described above would yield, as of the date of Barclays' opinion, implied exchange ratios ranging from 0.0373 to 0.1053 based upon the unaudited prospective financial and operating information of Contango provided to the Contango board of directors and Petrie. Barclays noted that the exchange ratio to be offered to holders of Crimson common shares of 0.08288 Contango shares per Crimson common share falls within the range of implied exchange ratios as calculated by the discounted cash flow methodology. The revised implied exchange ratios resulting from the discounted cash flow methodology do not change the ultimate conclusion of Barclays' opinion, as of the date that it was delivered, with respect to the fairness, from a financial point of view, of the exchange ratio set forth in the merger agreement to Crimson's stockholders.

***Research Analyst Price Targets***

Barclays evaluated the publicly available price targets of Crimson published by independent equity research analysts associated with various Wall Street firms. Barclays used these research analyst price targets to calculate implied equity value per share ranges for Crimson. Barclays' analysis of equity research analyst price targets for Crimson implied an equity value range for Crimson of \$3.50 to \$5.00 per share, as compared to the proposed merger consideration value of \$3.19 per share based on Contango's closing share price of \$38.50 per Contango share multiplied by the exchange ratio to be offered to holders of Crimson shares of 0.08288 Contango shares per Crimson common share in the merger (the Merger Consideration). Barclays noted that the Merger Consideration was below the implied equity value range per Crimson share yielded by Barclays' research analyst price target analysis for Crimson.

**Table of Contents****Historical Exchange Ratio Analysis**

To provide background information and perspective with respect to the historical share prices of Crimson common shares and Contango common shares, Barclays reviewed the daily historical closing share prices of the Crimson common shares and Contango common shares for the period from April 29, 2011 to April 29, 2013. Barclays analyzed the ratio of the daily closing common share price for Crimson to the corresponding common share price of Contango over the two year period. In addition, Barclays reviewed the implied relative exchange ratio of the closing common share price for Crimson and closing common share price of Contango based on 5-day, 10-day, 30-day, 90-day and one-year, two-year, three-year, five-year averages and 52-week high and low, respectively, as of April 29, 2013. This analysis implied relative exchange ratios ranging from 0.0634 to 0.0904 Contango common shares per Crimson common share which Barclays noted were below the exchange ratio to be offered to holders of Crimson common shares of 0.08288 Contango common shares per Crimson common share in all cases except the 52-week high relative exchange ratio which was above the exchange ratio to be offered to holders of Crimson common shares.

**Premiums Analysis**

Barclays reviewed certain publicly available information related to selected corporate transactions that Barclays deemed relevant, based on its experience with merger and acquisition transactions to calculate the amount of the premiums paid by the acquirers to the acquired companies stockholders. Barclays selected from Factset and IHS Herold databases all U.S. corporate oil and gas exploration and production transactions announced since January 1, 1997 with total transaction values in excess of \$100 million and less than \$2 billion and with all stock consideration excluding transactions with irregular stock price movements prior to the public announcement.

The following table sets forth the transactions analyzed based on such characteristics:

<b>Date Announced</b>	<b>Target</b>	<b>Acquirer</b>
4/27/2009	Atlas Energy Resources LLC	Atlas America, Inc.
11/8/2005	Castle Energy Corp.	Delta Petroleum Corp.
2/12/2004	Nuevo Energy Co.	Plains Exploration & Production Co.
8/20/2002	Pure Resources, Inc.	Unocal Corp.
5/29/2002	EEX Corporation	Newfield Exploration Company
2/25/2002	Key Production Co., Inc.	Cimarex Energy Co.
6/9/2001	Belco Oil & Gas Corp.	Westport Resources Corp.
10/30/2000	Basin Exploration, Inc.	Stone Energy Corp.
7/10/2000	Forcenergy, Inc.	Forest Oil Corp.
12/13/1999	Titan Exploration Ltd.; Unocal Corp.	Pure Resources Inc.
11/13/1997	Hugoton Energy Corp.	Chesapeake Energy Corp.

For each of precedent transactions analyzed, Barclays calculated the premiums paid by the acquirer by comparing the per share purchase price in each transaction to the historical stock price of the acquired company as of 1 day, 5 days and 30 days prior to the announcement date as well as based upon the 52-week high prior to the announcement date. Barclays compared the premiums paid in the precedent transactions to the premium levels in the proposed merger consideration based on closing prices as of April 29, 2013. The table below sets forth the summary results of the analysis:

	<b>Percentage Premium/(Discount) to the Closing Price Prior to Transaction Announcement</b>			
	<b>1 Day</b>	<b>5 Days</b>	<b>30 Days</b>	<b>52-Week High</b>
Median	10%	9%	12%	(27)%
Mean	8%	13%	14%	(28)%
High	21%	27%	60%	0%
Low	(3)%	3%	(9)%	(68)%
<b>Implied premium based on the exchange ratio in the proposed merger (as of April 29, 2013 close)</b>	<b>8%</b>	<b>12%</b>	<b>4%</b>	<b>(41)%</b>



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The premiums paid analysis yielded median premiums per share ranging from (27%) to 12%, in each case as compared to the range of implied premiums of (41)% to 12% based on the Merger Consideration value of \$3.19 per share.

### ***Contribution Analysis***

Barclays reviewed and analyzed the relative cash flow contribution of Crimson and Contango to the combined company based on 2013 and 2014 financial data based on the Crimson Financials and the Contango Financials, respectively. This analysis was performed prior to the pro forma impact of any merger adjustments. Barclays noted that this analysis indicated that Crimson will contribute 28.8% and 32.6% of the combined company's estimated DCF in 2013 and 2014, respectively. In addition, Barclays noted that this analysis indicated that Crimson will contribute 35.0% and 36.5% of the combined company's estimated EBITDAX in 2013 and 2014, respectively. Barclays also reviewed and analyzed Crimson's contribution of production to the combined company's production for the same periods. Barclays noted that Crimson will contribute 33.0% and 31.2% to the combined company's production in 2013 and 2014, respectively. Barclays also reviewed and analyzed Crimson's contribution of proved reserves and PV-10 adjusted for net debt to the combined company's proved reserves and PV-10 adjusted for net debt. PV-10 at year-end is a non-GAAP financial measure and represents the present value, discounted at 10% per year, of estimated future cash inflows from proved natural gas and crude oil reserves, less future development and production costs using pricing assumptions in effect at the end of the period. PV-10 is used by the industry as a reserve asset value measure to compare against past reserve bases and the reserve bases of other business entities that are not dependent on the taxpaying status of the entity. Barclays noted that Crimson will contribute 36.5% of the combined company's proved reserves and 10.7% of the combined company's PV-10 adjusted for net debt. Barclays noted that Crimson's share of the combined company's total enterprise value and equity value based on closing share prices on April 29, 2013 was 43.1% and 19.1%, respectively. Barclays notes that the primary shortcoming of contribution analysis is that it treats all cash flow, reserves, production and PV-10 the same regardless of capitalization, expected growth rates, upside potential, risk profile or credit profile.

### ***Pro Forma Merger Consequences Analysis***

Barclays reviewed and analyzed the pro forma impact of the merger on projected DCF per share for Crimson and Contango, respectively, for each of 2013, 2014, 2015 and 2016 using the Crimson Financials, the Contango Financials and pro forma combined prospective financial information provided by Crimson. Barclays noted that pro forma DCF per share would be dilutive to Crimson standalone DCF per share for each of 2013 and 2015, respectively, and accretive to Crimson standalone DCF per share for each of 2014 and 2016, respectively. Barclays noted that pro forma DCF per share would be accretive to Contango standalone DCF per share for each of 2013, 2014, 2015 and 2016, respectively.

### ***General***

Barclays is an internationally recognized investment banking firm and, as part of its investment banking activities, is regularly engaged in the valuation of businesses and their securities in connection with: mergers and acquisitions, investments for passive and control purposes, negotiated underwritings, competitive bids, secondary distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes. The management of Crimson recommended, and the Crimson board of directors determined, to select Barclays because of its familiarity with Contango and Crimson, its historical relationship with Crimson, and because of Barclays' qualifications, reputation and experience in the valuation of businesses and securities in connection with mergers and acquisitions generally, knowledge of the industries in which Contango and Crimson operate, as well as substantial experience in transactions comparable to the merger.

Barclays acted as financial advisor to Crimson in connection with the merger. As compensation for its services in connection with the merger, an opinion fee of \$250,000 was earned by Barclays upon the delivery of its fairness opinion. Additionally, an advisory fee of \$2,500,000 will be payable on consummation of the merger.

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In addition, Crimson has agreed to reimburse a portion of Barclays' expenses and indemnify Barclays for certain liabilities that may arise out of Barclays' engagement. Barclays has performed various investment banking and financial services for Crimson in the past, and expects to perform such services in the future, and has received, and expects to receive, customary fees for such services.

Barclays and its affiliates engage in a wide range of businesses from investment and commercial banking, lending, asset management and other financial and non-financial services. In the ordinary course of its business, Barclays and its affiliates may actively trade and effect transactions in the equity, debt and/or other securities (and any derivatives thereof) and financial instruments (including loans and other obligations) of Crimson and Contango for Barclays' own account and for the accounts of Barclays' customers and, accordingly, may at any time hold long or short positions and investments in such securities and financial instruments.

The opinion, the issuance of which was approved by the Barclays Valuation and Fairness Opinion Committee, is addressed to the Crimson board of directors, addresses only the fairness, from a financial point of view, of the consideration to be offered to the stockholders of Crimson and does not constitute a recommendation to any stockholder of Crimson as to what form of consideration such stockholder should elect or how such stockholder should vote or act with respect to any other matter relating to the merger or any other matter.

### **Certain Prospective Unaudited Financial and Operating Information of Contango and Crimson**

Neither Contango nor Crimson as a matter of course makes public long-term projections as to its future revenues, production, earnings or other results because of, among other reasons, the uncertainty of the underlying assumptions and estimates. However, in connection with the evaluation of the proposed merger, Contango and Crimson are including the following summaries of unaudited prospective financial and operating information, which are included herein because they were reviewed by and/or used in presentation to the Contango board of directors and Petrie and the Crimson board of directors and Barclays in connection with their respective evaluations of the merger. Barclays and Petrie were authorized, by Crimson and Contango, respectively, to rely upon such information for purposes of their respective analyses and opinions. The inclusion of this information should not be regarded as an indication that any of Contango, Crimson, the Contango board of directors, the Crimson board of directors, Petrie or Barclays or any other recipient of this information considered, or now considers, it to be necessarily predictive of actual future results.

The unaudited prospective financial and operating information prepared by the management of Contango and Crimson, respectively, was, in general, prepared solely for their internal use and is subjective in many respects. As a result, there can be no assurance that the prospective results will be realized or that actual results will not be significantly higher or lower than estimated. Since the unaudited prospective financial and operating information covers multiple years, such information by its nature becomes less predictive with each successive year. Contango stockholders and Crimson stockholders are urged to review Contango's and Crimson's SEC filings for a description of risk factors with respect to Contango's business and Crimson's business, respectively, as well as the section of this joint proxy statement/prospectus entitled "Risk Factors" beginning on page 32.

Neither Contango nor Petrie has made any representations to Crimson, and neither Crimson nor Barclays has made any representations to Contango, concerning prospective information or the estimates or assumptions on which they are based. Contango and Crimson urge all stockholders to review Contango's and Crimson's most recent SEC filings for a description of Contango's and Crimson's reported financial results.

### ***Unaudited Prospective Financial and Operating Information Used by the Contango Board of Directors and Petrie***

The Contango board of directors received, in connection with its evaluation of the merger, information concerning estimates of potential future financial and operating performance of each of Contango and Crimson, which estimates were prepared using a range of assumptions that incorporated proved oil and gas reserves and contributions from oil and gas resource potential. This prospective financial and operating information was based

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on information provided to Petrie in the preparation of its opinion described in the section of this joint proxy statement/prospectus entitled "Opinion of Contango's Financial Advisor," and Petrie was authorized by Contango's management to rely on that data for purposes of its analysis and opinion. The prospective oil and gas production, operating expenses, and capital costs for Contango were based upon the December 31, 2012 revised proved reserve report prepared by Cobb & Associates dated April 16, 2013, and the prospective oil and gas production, operating expenses and capital costs for Crimson were based upon the year-end 2012 reserve report prepared by NSAI. In connection with the preparation of its presentation to the Contango board of directors regarding the Petrie fairness opinion, Petrie organized Contango's prospective financial and operating information into tabular format, which was subsequently confirmed by Contango management.

**CONTANGO PROSPECTIVE INFORMATION**

	2013E	2014E	2015E	2016E	2017E
	(\$ in millions)				
Daily Production (Mmcfed)	72	82	96	95	95
EBITDAX	\$ 133	\$ 154	\$ 189	\$ 203	\$ 211
Discretionary Cash Flow	\$ 104	\$ 121	\$ 148	\$ 156	\$ 143

**CRIMSON PROSPECTIVE INFORMATION**

	2013E	2014E	2015E	2016E	2017E
	(\$ in millions)				
Daily Production (Mmcfed)	34	38	44	50	54
EBITDAX	\$ 72	\$ 94	\$ 113	\$ 120	\$ 129
Discretionary Cash Flow	\$ 48	\$ 69	\$ 88	\$ 95	\$ 104

**Key Assumptions**

Natural Gas (\$/MMbtu)	\$ 4.10	\$ 4.30	\$ 4.33	\$ 4.38	\$ 4.46
WTI Crude Oil (\$/Bbl)	\$ 92.79	\$ 88.91	\$ 86.53	\$ 85.09	\$ 84.15

**Unaudited Prospective Financial and Operating Information Used by the Crimson Board of Directors and Barclays**

The Crimson board of directors received, in connection with its evaluation of the merger, information concerning estimates of potential future financial and operating performance of each of Contango and Crimson, which estimates were prepared using a range of assumptions that incorporated proved oil and gas reserves and contributions from oil and gas resource potential. This prospective financial and operating information was provided to Barclays, and Barclays relied upon this information in the preparation of its opinion described in the section of this joint proxy statement/prospectus entitled "Opinion of Crimson's Financial Advisor" and in connection with its analysis of the merger.

**CONTANGO PROSPECTIVE INFORMATION**

	2013E	2014E	2015E	2016E	2017E
	(\$ in millions)				
Daily Production (Mmcfed)	72.1	83.8	91.5	92.9	98.0
EBITDAX	\$ 129	\$ 163	\$ 185	\$ 207	\$ 227
Discretionary Cash Flow	\$ 115	\$ 146	\$ 168	\$ 185	\$ 201

**Table of Contents****CRIMSON PROSPECTIVE INFORMATION**

	2013E	2014E	2015E	2016E	2017E (1)
	(\$ in millions)				
Daily Production (Mmcfed)	33.6	38.0	44.4	49.7	54.4
EBITDAX	\$ 70	\$ 100	\$ 121	\$ 128	\$ 136
Discretionary Cash Flow	\$ 45	\$ 75	\$ 97	\$ 104	\$ 112
<b>Key Assumptions</b>					
Natural Gas (\$/MMbtu)	\$ 3.58	\$ 4.08	\$ 4.28	\$ 4.43	\$ 4.59
WTI Crude Oil (\$/Bbl)	\$ 97.31	\$ 95.00	\$ 91.00	\$ 88.00	\$ 86.09

(1) The prospective financial and operating information of Crimson used in Barclays' discounted cash flow analysis inadvertently understated Crimson's estimated 2017 Daily Production Volume at 50.1 Mmcfed, resulting in understated Crimson EBITDAX and Discretionary Cash Flow. The Crimson board of directors has been advised of the aforementioned discrepancy and has affirmed its support of the merger. For more information, see *The Merger Opinion of Crimson's Financial Advisor Discounted Cash Flow Analysis*, beginning on page 89. To prepare the above prospective financial information, Crimson balanced capital expenditures with discretionary cash flow. This approach is consistent with the methodology Crimson has used in recent years to prepare its operating budget. The prospective financial information prioritizes areas by rate of return when selecting drilling locations. Due to the current commodity price environment, the prioritized areas tend to be characterized by crude oil and liquids-weighted production profiles. Each area targeted for drilling in the prospective financial information is believed to contain producing hydrocarbons based upon activity by Crimson and surrounding operators. Assumptions underlying operating expenses, depreciation, depletion, amortization and general and administrative expenses, were consistent with Crimson's existing asset base at the time such information was prepared. The prospective financial information assumes no hedging contracts. Price differentials varied by corporate area and were calculated based on historical averages that included transportation, processing and other related fees.

***Qualifications Regarding Prospective Financial Information of Contango and Crimson***

The Contango and Crimson prospective financial and operating information was not prepared with a view toward public disclosure, nor were they prepared with a view toward compliance with the published guidelines of the SEC, the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of financial forecasts or generally accepted accounting principles in the United States, which are referred to herein as GAAP. Neither Grant Thornton LLP, which is the independent registered public accounting firm for both Contango and Crimson and is referred to herein as Grant Thornton, nor any other independent accountants, have compiled, examined or performed any procedures with respect to Contango's and Crimson's prospective financial and operating information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial and operating information. The Grant Thornton reports incorporated by reference in this joint proxy statement/prospectus relates to historical financial information for Contango and Crimson, respectively. It does not extend to Contango's and Crimson's prospective financial and operating information and should not be read to do so. The summary of Contango's and Crimson's prospective financial and operating information is being included in this joint proxy statement/prospectus not to influence your decision whether to vote for the merger proposal, but because the prospective financial and operating information was made available to the Contango and Crimson board of directors and the respective financial advisors to the Contango and Crimson boards of directors in connection with the merger.

While presented herein with numeric specificity, the information set forth in the summary of Contango's and Crimson's prospective financial and operating information contained herein was based on numerous variables and assumptions that are inherently uncertain and may be beyond the control of Contango's and



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Crimson's management, including, among others, oil and gas activity, commodity prices, demand for natural gas and crude oil and the availability of financing to fund the exploration and development costs associated with the respective projected drilling programs. None of this prospective financial and operational information reflects any impact of the merger. In addition, since Contango's and Crimson's prospective financial and operating information cover multiple years, such information by its nature becomes less predictive with each successive year. In addition, the unaudited prospective financial and operating information requires significant estimates and assumptions that make it inherently less comparable to the similarly-titled GAAP measures in the respective historical GAAP financial statements of Contango and Crimson. Both Contango and Crimson believe the assumptions in the prospective financial and operating information were reasonable at the time the financial information was prepared, given the information both Contango and Crimson had at the time. However, important factors that may affect actual results and cause the results reflected in Contango's and Crimson's prospective financial and operating information not to be achieved include, but are not limited to, risks and uncertainties relating to their respective businesses, industry performance, the regulatory environment, general business and economic conditions and other matters described under the section of this joint proxy statement/prospectus entitled "Risk Factors." See also "Cautionary Statement Regarding Forward-Looking Statements" and "Where You Can Find More Information." The prospective financial and operating information also reflects assumptions as to certain business decisions that are subject to change. As a result, actual results may differ materially from the results reflected in Contango's and Crimson's prospective financial and operating information. Accordingly, there can be no assurance that the results reflected in the prospective financial and operating information will be realized.

The inclusion of Contango's and Crimson's prospective financial and operating information in this joint proxy statement/prospectus should not be regarded as an indication that any of Contango, Crimson or any of their respective affiliates, advisors, officers, directors, partners or representatives considered the prospective financial and operating information to be material or predictive of actual future events, and the prospective financial and operating information should not be relied upon as such. None of Contango, Crimson or any of their respective affiliates, advisors, officers, directors, partners or representatives can give you any assurance that actual results will not differ from the results reflected in the prospective financial and operating information, and none undertakes any obligation to update or otherwise revise or reconcile the prospective financial and operating information to reflect circumstances existing after the dates the prospective financial and operating information was generated or to reflect the occurrence of future events in the event that any or all of the assumptions underlying the prospective financial and operating information are shown to be in error. Contango and Crimson do not intend to make publicly available any update or other revision to the prospective financial and operating information. The projected financial and operational information for Contango and Crimson does not take into account any circumstances or events occurring after the date such information was prepared. Since the preparation of the information, Contango has made publicly available its actual results of operations for the quarterly period ended March 31, 2013, and Crimson has made publicly available its actual results of operations for the quarterly periods ended March 31, 2013 and June 30, 2013. Stockholders are urged to read Contango's and Crimson's Quarterly Reports on Form 10-Q for such quarterly period, which are incorporated by reference into this joint proxy statement/prospectus, to obtain this information. Readers of this joint proxy statement/prospectus are cautioned not to place undue reliance on the prospective financial and operating information set forth above. None of Contango's or Crimson's nor their affiliates, advisors, officers, directors, partners or representatives has made or makes any representation to any stockholder or other person regarding either Contango's or Crimson's ultimate performance compared to the information contained in the prospective financial and operating information or that financial or operating results will be achieved. Crimson has made no representation to Contango, in the merger agreement or otherwise, concerning the Crimson prospective financial and operating information. Similarly, Contango has made no representation to Crimson, in the merger agreement or otherwise, concerning the Contango prospective financial and operating information.

CONTANGO'S AND CRIMSON'S PROSPECTIVE FINANCIAL INFORMATION DOES NOT REPRESENT PROJECTIONS, BUT RATHER POTENTIAL SCENARIOS BASED ON VARYING DEGREES OF SUCCESS. ACCORDINGLY, RESULTS ARE DEPENDENT ON THE OUTCOME OF FUTURE EXPLORATION AND DEVELOPMENT ACTIVITY, WHICH IS SUBJECT TO SIGNIFICANT RISK AND

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UNCERTAINTY. NEITHER CONTANGO NOR CRIMSON INTENDS TO UPDATE OR OTHERWISE REVISE THE PROSPECTIVE FINANCIAL AND OPERATING INFORMATION TO REFLECT CIRCUMSTANCES EXISTING AFTER THE DATE WHEN THE INFORMATION WAS GENERATED OR TO REFLECT THE OCCURRENCE OF FUTURE EVENTS, EVEN IN THE EVENT THAT ANY OR ALL OF THE ASSUMPTIONS UNDERLYING SUCH INFORMATION ARE NO LONGER APPROPRIATE, EXCEPT AS MAY BE REQUIRED BY LAW.

### **Amended and Restated Bylaws of Contango**

The Contango board of directors has approved, subject to completion of the merger, an amendment and restatement of Contango's bylaws to, among other things, (i) increase the maximum number of director positions available on Contango's board of directors from seven to eight, (ii) provide for an investment committee of the board of directors and specify the number of members and the powers and duties of such committee, (iii) provide that, immediately following and until the first anniversary of the effective time of the merger, five of the eight directors will be the individuals selected by the Contango board of directors and three of the eight directors will be those individuals named by the Crimson board of directors, (iv) immediately following and until the first anniversary of the effective time of the merger, require the affirmative vote of at least two-thirds of the directors then in office, including at least one Crimson director, to increase or decrease the number of directors on the board of directors, remove the Chairman of the board of directors, the chief executive officer or the chief financial officer, designate or replace any member or modify the authority of the investment committee of the board of directors, or amend any provision affecting those items named above and (v) make other clarifying changes deemed appropriate by the Contango board of directors. The bylaws provide that the initial members of the investment committee will be Joseph J. Romano and Allan D. Keel, with Mr. Romano to serve as Chairman. This summary is qualified in its entirety by reference to the full text of the form of amended and restated bylaws of Contango, which is included in this joint proxy statement/prospectus as Exhibit C of Annex A. The amended and restated bylaws of Contango will be effective as of the effective time of the merger. In the event the merger is not completed, the amended and restated bylaws of Contango will not become effective.

### **Interests of Contango Directors and Executive Officers in the Merger**

In considering the recommendation of the Contango board of directors that you vote to approve the proposals submitted for the Contango stockholder vote set forth in this joint proxy statement/prospectus, you should be aware that some of Contango's directors and executive officers have financial interests in the merger that are different from, or in addition to, those of Contango's stockholders generally. The Contango board of directors was aware of and considered these potential interests, among other matters, in evaluating the merger agreement and the merger and in recommending to you that you approve the proposals submitted for the Contango stockholder vote set forth in this joint proxy statement/prospectus.

### ***Positions with the Combined Company***

Following the completion of the merger, it is anticipated that Joseph J. Romano, Brad Juneau, B.A. Berilgen, Charles M. Reimer and Steven L. Schoonover will continue to serve as directors of the combined company, as described under [Board of Directors and Management Following the Merger](#).

### ***Annual Bonuses***

Joseph J. Romano, Chief Executive Officer of Contango, is eligible for an annual cash bonus award based on the achievement of performance measures relating to (i) stockholder return, (ii) relative performance against the S&P 600 Small Cap Index or (iii) a transaction with an aggregate value of at least \$150 million. Even if the other performance measures are not met, the merger will satisfy the transactional performance measure, and as a result, Mr. Romano will be entitled to receive a \$4.0 million bonus payment as a result of the closing of the merger, as described under [Merger-Related Compensation](#) below. Mr. Romano must continue to provide

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services to Contango as Chairman or President through June 30, 2014 in order to receive the bonus. It is anticipated that Mr. Romano will serve as Chairman of Contango through June 30, 2014 and during future periods.

For the period beginning July 1, 2013 and ending on December 31, 2013, Contango employees (other than Mr. Romano) may receive discretionary bonuses as determined by the compensation committee of the combined company. No pro-rata bonus payments will be made to Contango employees upon the closing.

### ***Equity Awards***

Since implementing Contango's share repurchase program in September 2008, Contango has issued fewer stock option and restricted stock awards, preferring instead to reward senior executive officers with higher cash bonuses resulting in less dilution for Contango's stockholders. As of June 30, 2012, Contango had no outstanding stock options or other equity-based awards, and no such awards have been granted since that date. As a result, with respect to equity awards, none of Contango's executive officers have financial interests in the merger that are different from, or in addition to, those of Contango's stockholders generally.

### ***Annual Salaries***

The Merger Agreement requires that, for the one-year period following the closing, the Contango employees who remain employed with Contango or any of its affiliates following the closing of the merger, including any named executive officer, receive base salaries at least equal to the salaries in effect for such employees immediately prior to the closing.

### ***Employment and Severance Agreements***

Contango and Marc Duncan entered into a transition agreement on June 6, 2013 pursuant to which Mr. Duncan agreed to continue in employment through the effective date of the merger, on which date Mr. Duncan's employment with Contango will terminate. Provided Mr. Duncan remains employed by Contango through the effective date of the merger, and Mr. Duncan executes a general release of claims, Mr. Duncan will receive the following payments upon termination of employment: (i) a severance payment of \$250,000, which is equal to one year's base salary, and (ii) a deferred bonus payment of \$75,000, as described under "Merger-Related Compensation" below.

Contango has no employment or severance agreement with any executive officer other than Mr. Duncan.

### ***Merger-Related Compensation***

Under Contango's compensation arrangements with its named executive officers, other than the payments set forth in the table below, no named executive officers will receive any compensation on account of the Merger.

According to annual bonus performance measures established by the Contango compensation committee, as discussed above, Mr. Romano is eligible to receive an annual cash bonus award of up to \$4.0 million based on the achievement of performance measures relating to (i) stockholder return, (ii) relative performance against the S&P 600 Small Cap Index, or (iii) a significant corporate transaction. Under the transactional performance measure, Mr. Romano is eligible to receive a bonus payment in the amount of \$4.0 million in the event that Contango undergoes a merger, acquisition of stock or assets of another company by Contango, or similar reorganization in one or more transactions with an aggregate value of at least \$150 million during Contango's fiscal year beginning July 1, 2012 or July 1, 2013. Even if the other performance measures are not met, the merger will meet the transactional performance measure, and as a result, Mr. Romano will be entitled to receive a \$4.0 million bonus payment as a result of closing of the merger if Mr. Romano continues to provide services to Contango as Chairman or President through June 30, 2014. Mr. Romano became President and Chief Executive

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Officer of Contango in December, 2012, following the departure of Mr. Kenneth R. Peak, Contango's founder and former Chairman, President and Chief Executive Officer, in a medical leave of absence. It is anticipated that Mr. Romano will serve as Chairman of Contango through June 30, 2014 and during future periods. The Contango compensation committee included this metric in Mr. Romano's annual bonus performance measures in order to provide an incentive for Mr. Romano to complete a significant transaction for Contango, which is intended to benefit Contango's stockholders. Contango has not granted any stock options or other equity-based awards to Mr. Romano. If this bonus payment is paid, no other annual bonus will be paid to Mr. Romano for the fiscal year in which the effective time of the merger occurs.

Contango and Mr. Duncan entered into a transition agreement on June 6, 2013 pursuant to which Mr. Duncan agreed to continue in employment with Contango through the effective date of the merger, on which date Mr. Duncan's employment with Contango will terminate. Provided Mr. Duncan remains employed by Contango through the effective date of the merger, and Mr. Duncan executes a general release of claims, Mr. Duncan will receive the following payments upon termination of employment: (i) a lump sum cash severance payment in the amount of \$250,000, which is equal to one year of base salary, and (ii) a lump sum cash payment in the amount of \$75,000, representing payment of the deferred bonus that would otherwise have been payable to Mr. Duncan on June 30, 2014 had his employment with Contango continued through such date.

The following table sets forth the information required by Item 402(t) of Regulation S-K regarding certain compensation related to the merger for Contango's named executive officers, assuming the merger is consummated. This compensation is referred to as golden parachute compensation. The golden parachute compensation payable by Contango to these individuals is subject to a non-binding advisory vote of Contango stockholders, as described under Proposals for the Contango Special Meeting Contango Proposal 2 Advisory (Non-Binding) Vote on Compensation on page 128.

The amounts set forth below are payable in connection with the consummation of the Merger, as detailed in the footnotes below.

	Cash (\$)	Equity (\$)	Pension/ NQDC (\$)	Perquisites/ Benefits (\$)	Tax Reimburse- ment (\$)	Other (\$)	Total (\$)
Joseph J. Romano <i>Chairman, President and Chief Executive Officer</i>	\$ 4,000,000(1)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,000,000
Sergio Castro <i>Vice President, Chief Financial Officer, Treasurer and Secretary</i>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Yaroslava Makalskaya <i>Vice President, Controller and Chief Accounting Officer</i>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Marc Duncan <i>Senior Vice President Engineering</i>	\$ 325,000(2)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 325,000
Charles Cambron <i>Vice President Drilling</i>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

- (1) The amount disclosed represents a cash bonus payment of \$4.0 million under one of the annual bonus performance measures established by the Contango compensation committee, which is to be paid in the event that Contango undergoes a merger, acquisition of stock or assets of another company by Contango, or similar reorganization in one or more transactions with an aggregate value of at least \$150 million. Even if the other performance measures are not met, the merger will meet this requirement, and as a result, Mr. Romano will be entitled to receive the \$4.0 million bonus payment as a result of closing of the merger if he continues in service with Contango through June 30, 2014. The cash bonus payment will be paid in a

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lump sum. The bonus payment is considered a double trigger payment, since the bonus payment will be paid as a result of the closing of the merger, but only if Mr. Romano continues to provide services through June 30, 2014. It is anticipated that Mr. Romano will serve as Chairman of Contango through June 30, 2014 and during future periods.

- (2) The amount disclosed represents the following payments to be made subject to the terms of Mr. Duncan's transition agreement: (i) a lump sum severance payment in the amount of \$250,000 and (ii) a deferred bonus payment in the amount of \$75,000, which otherwise would have been payable to Mr. Duncan on June 30, 2014 had his employment with Contango continued through such date. These payments are considered single trigger payments, since they will be payable upon termination of employment that will occur on the effective date of the merger.

### **Interests of Crimson Directors and Executive Officers in the Merger**

In considering the recommendation of the Crimson board of directors that you vote to approve the proposals submitted for the Crimson stockholder vote set forth in this joint proxy statement/prospectus, you should be aware that some of Crimson's directors and executive officers have financial interests in the merger that are different from, or in addition to, those of Crimson's stockholders generally. The Crimson board of directors was aware of and considered these potential interests, among other matters, in evaluating the merger agreement, the merger and the other transactions contemplated by the merger agreement and in recommending to you that you approve the proposals submitted for the Crimson stockholder vote set forth in this joint proxy statement/prospectus.

### ***Positions with the Combined Company***

Following the completion of the merger, it is anticipated that Allan D. Keel, B. James Ford and Lon McCain will serve as directors of the combined company, as described under Board of Directors and Management Following the Merger.

### ***Bonuses***

The Crimson named executive officers are eligible to participate in an annual, performance-based cash incentive compensation plan that is designed to reward all employees on the basis of Crimson attaining pre-determined performance measures. For the 2013 year, the five categories of performance measures focused on (i) oil and gas production levels, (ii) earnings before interest, taxes, depreciation, amortization and exploration expenses, (iii) replacement of oil and natural gas reserves, (iv) finding and development costs and (v) cash return on invested capital. Amounts potentially earned under the performance based cash incentive plan are set at certain percentages of the participant's base salary for each of the threshold, target and maximum award levels. For the 2013 year, percentages were set at 50%, 85% and 120%, respectively, of the annual base salaries for Messrs. Keel and Grady and 40%, 70% and 100%, respectively, of the annual base salaries for Messrs. Isaac, Mengle and Atkins. This resulted in target awards being set for Messrs. Keel, Grady, Isaac, Mengle and Atkins at \$382,500; \$310,250; \$192,500; \$192,500; and \$192,500, respectively, for the 2013 year.

For the period beginning on the first day of 2013 and ending on the effective date of the merger, the merger agreement provides that the potential awards pursuant to the performance-based cash incentive plan will be determined based upon the attainment of performance goals, and on a pro-rata basis calculated using the number of days that have passed between the beginning of the 2013 calendar year and the effective date of the merger. However, the amounts will not be paid at the closing of the merger. Such amounts will remain subject to forfeiture in the event that the executive does not remain employed by Contango for the remainder of the 2013 calendar year and will not become payable until such time as bonuses are paid to employees generally with respect to the full 2013 calendar year, which is expected to be between January 1, 2014 and March 15, 2014. Potential bonuses are disclosed here due to the fact that the merger will slightly modify the manner in which bonuses are calculated and determined as compared to the way bonuses are typically awarded under Crimson's bonus plan.

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Amounts of the performance-based cash incentive plan bonuses for the Crimson named executive officers cannot be calculated until the close of the merger and the analysis of the applicable performance measures can be completed. At this time, the highest estimates of those amounts that can be provided will be a pro-rata payment based on the period from January 1, 2013 until August 31, 2013, and based upon the maximum amount of the performance-based cash incentive plan award set at the beginning of the 2013 calendar year for each individual. Actual amounts paid may be smaller than what is reported below.

Name	Maximum Estimated Pro-Rata Bonus Payment
Allan D. Keel	\$ 360,000
E. Joseph Grady	\$ 292,000
Jay S. Mengle	\$ 183,333
Thomas H. Atkins	\$ 183,333
Anthony C. Isaac	\$ 183,333

**Equity Awards and Related Cash Payments**

Crimson has previously granted stock options and restricted stock awards to its executive officers and other employees under the Crimson Stock Incentive Plan. The merger will result in a change in control pursuant to the Stock Incentive Plan, resulting in the immediate vesting of all outstanding stock options and restricted stock awards. Estimated values related to the acceleration of equity awards for the Crimson executive officers are detailed below in the sections titled Summary of Compensation Expected to be Paid in Connection with the Merger and Potential Merger-Related Compensation. The named executive officers other than Mr. Isaac also hold unvested cash payments that were granted in connection with the 2011 Crimson stock option exchange program, which will also accelerate and become payable in connection with the merger.

*Crimson Stock Options.* Upon completion of the merger, each outstanding option to acquire Crimson common stock will be converted into fully vested and immediately exercisable options to purchase shares of Contango common stock. The number of shares of Contango common stock that will be subject to such stock options will be the number of shares of Crimson common stock subject to each such Crimson stock option multiplied by the exchange ratio of .08288, rounded down to the nearest whole share of Contango common stock. The exercise price per share of Contango common stock under such Contango stock options will be equal to the exercise price per share of Crimson common stock for such stock option divided by the exchange ratio of .08288, rounded up to the nearest whole cent. Due to the conversion of both the exercise price and the number of shares by the same conversion factor, the options that are considered underwater at Crimson, meaning that the exercise price is higher than the market price of the underlying common stock, will remain underwater as of the merger date once converted to Contango options. The individuals holding such options will only receive value from these converted option awards in the event that the market price of the underlying Contango common stock increases to an amount that is above the converted exercise price for the options.

The table below shows the number and exercise price of Crimson options held by each current Crimson named executive officer, along with the number and exercise price of the Contango options that they will receive upon the completion of the merger:

Name	Crimson Options (#)	Crimson Exercise Price (\$)	Contango Option (#)	Contango Exercise Price (\$)
Allan D. Keel	675,000	5.00	55,944	60.33
E. Joseph Grady	225,000	5.00	18,648	60.33
Jay S. Mengle	45,000	5.00	3,729	60.33
Thomas H. Atkins	38,300	5.00	3,174	60.33
Anthony C. Isaac	100,000	3.31	8,288	39.94
Anthony C. Isaac	75,000	3.45	6,216	41.63

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*Crimson Restricted Stock.* The consummation of the merger will result in the acceleration of vesting for each outstanding Crimson restricted stock award. Each vested share of Crimson common stock will be converted into the right to receive 0.08288 fully vested shares of Contango common stock. Messrs. Keel, Grady, Mengle, Atkins and Isaac will receive 39,146; 21,165; 12,618; 11,341 and 11,874 fully vested shares of Contango common stock, respectively.

*Option Exchange Payments.* Crimson completed an option exchange program in 2011. The Crimson compensation committee concluded at that time that it would be inappropriate to grant its named executive officers options with an exercise price less than the price at which third parties had recently purchased Crimson common stock. Accordingly, the options awarded pursuant to the exchange program were granted to the named executive officers with an exercise price equal to the price at which third parties had recently purchased Crimson common stock instead of the lower market price at the time of the grant. The named executive officers who participated in the exchange program received deferred cash awards to make up the differential between the grant date value of the options actually awarded pursuant to the option exchange program and the grant date value of those options had the exercise price been the current market price. The deferred cash awards were divided into two tranches, each tranche of which was subject to a three year installment vesting schedule that is fully accelerated upon a change in control.

The first two installments of the first tranche, and the first installment of the second tranche, have already been paid to the executives. The value of the acceleration of the last installment of the first tranche, and the second and third installments of the second tranche, for Messrs. Keel, Grady, Mengle, and Atkins will be \$324,000; \$108,000; \$21,600; and \$18,384, respectively. Mr. Isaac was not employed by Crimson at the time that the option exchange program was initiated.

***Employment and Severance Agreements***

*New Contango Employment Agreements.* As contemplated by the merger agreement, Contango entered into an employment agreement with each of Allan D. Keel and E. Joseph Grady, each dated April 29, 2013, which will become effective on the consummation of the merger. Contango has also entered into employment agreements with each of A. Carl Isaac, Jay S. Mengle and Thomas H. Atkins, which will become effective on the consummation of the merger. The employment agreements for each of the executives provide for a term of three years with automatic two-year extensions of the initial term, unless Contango or the executive provides prior notice of intention not to extend the agreement. The employment agreements replace the June 29, 2011 employment agreements between Crimson and Messrs. Keel, Grady, Mengle and Atkins, and the April 18, 2012 employment agreement between Crimson and Mr. Isaac, except as described below.

Under the new employment agreements, Mr. Keel is entitled to a base salary of \$600,000, Mr. Grady is entitled to a base salary of \$400,000, Mr. Isaac is entitled to a base salary of \$320,000, Mr. Mengle is entitled to a base salary of \$300,000 and Mr. Atkins is entitled to a base salary of \$310,000. Each executive shall participate in Contango's Annual Cash Incentive Bonus Plan (which is referred to as the "cash plan") and Annual Long-Term Incentive Equity Plan (which is referred to as the "incentive equity plan"). With respect to the cash plan, the executives are eligible to receive a cash bonus based upon minimum, target and maximum award levels of not less than 50%, 100% and 150% for Mr. Keel; 50%, 90% and 130% for Mr. Grady; and 50%, 80% and 120% for Messrs. Isaac, Mengle and Atkins, respectively, of such executive's base salary. With respect to the incentive equity plan, the executives are eligible to receive stock option awards, restricted stock awards or a combination of both upon minimum, target and maximum award levels of not less than 75%, 350% and 450% for Mr. Keel; 75%, 250% and 450% for Mr. Grady; and 75%, 250% and 350% for Messrs. Isaac, Mengle and Atkins, respectively, of such executive's base salary.

Each employment agreement provides for payments in the event Contango terminates the executive's employment "without cause" or if the executive resigns for "good reason," each as defined in each employment agreement.

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Except as otherwise described in the following paragraph, if the executive's employment is terminated by Contango without cause or the executive resigns for good reason, the executive will receive (A) a cash amount equal to a specific multiplier times the sum of the then current calendar year's base salary and the prior year's bonus under the cash plan, the multiplier being 2.99 for Messrs. Keel and Grady, and 2 for Messrs. Isaac, Mengle and Atkins, (B) reimbursement of COBRA health insurance premiums for up to 36 months from the termination date for Messrs. Keel and Grady, and for up to 24 months for Messrs. Isaac, Mengle and Atkins, (C) accelerated vesting of all stock, stock option and other equity awards to the extent such awards (other than stock options and stock appreciation rights) are not subject to performance-based vesting for purposes of qualifying as performance-based compensation for purposes of Section 162(m) of the Code and (D) a pro-rated bonus under the cash plan for the year of termination, based on the attainment of the applicable corporate performance goals. For purposes of calculating the severance amount due in (A), if no bonus was paid under the prior year's cash plan, severance would instead be calculated using the greater of the target bonus under the cash plan for the year of termination or the amount of any discretionary bonuses that were paid to the executive in the twelve month period prior to his termination.

For Messrs. Isaac, Mengle and Atkins, if the executive's employment is terminated by Contango without cause or the executive resigns for good reason, in either case, within 12 months after a change in the ownership or control of Contango, the executive will receive (A) a cash amount equal to 2.5 times the sum of the then current calendar year's base salary and the prior year's bonus under the cash plan, (B) reimbursement of COBRA health insurance premiums for up to 30 months from the termination date, (C) accelerated vesting of all stock, stock option and other equity awards to the extent such awards (other than stock options and stock appreciation rights) are not subject to performance-based vesting for purposes of qualifying as performance-based compensation for purposes of Section 162(m) of the Code and (D) a pro-rated bonus under the cash plan for the year of termination, based on the attainment of the applicable corporate performance goals. If no bonus was paid under the prior year's cash plan, the bonus component of the cash severance amount due in (A) will be calculated as described in the last sentence of the preceding paragraph.

If the executive's employment is terminated by Contango without cause or the executive resigns for good reason within 12 months after a change in the ownership or control of Contango, payment of the entire cash severance amount will be made in a lump sum at termination. Otherwise, upon termination by Contango without cause or by the executive for good reason, the executive will receive half of the cash severance amount in a lump sum at termination and half the number of months of health insurance reimbursement. The remainder of the cash severance payment and the second half of health insurance reimbursement will be paid if and when the executive notifies Contango, prior to the conclusion of 50% of the term of the executive's non-competition and non-solicitation obligations, that the executive agrees to comply with the non-competition and non-solicitation obligations for the remainder of the term.

If the executive's employment is terminated due to non-renewal of the employment agreement by the executive or Contango, then no severance is due to the executive under the employment agreement. However, if the employment agreement is not renewed by Contango and a new employment agreement is not entered into with the executive within ten days following the expiration of the employment agreement, the executive will become 100% vested in all stock, stock option and other equity awards then held by the executive to the extent that such awards (other than stock options and stock appreciation rights) are not subject to performance-based vesting for purposes of qualifying as performance-based compensation for purposes of Section 162(m) of the Code.

In the event of the executive's death or disability, the executive officer will be entitled to: (A) pro rata base salary and pro rata target annual cash incentive bonus through the date of termination for the year in which termination occurs, plus a lump sum amount equal to the greater of: (1) the remainder of the base salary that would have been earned by the executive officer under the executive's employment agreement between the date of his death or permanent disability and the expiration of the then current term of the employment agreement, or (2) 12 months of base salary plus the executive's target annual cash incentive bonus for the year of termination; and (B) full acceleration of vesting for all stock, stock option and other equity awards.



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The employment agreements contain confidentiality, non-competition and non-solicitation covenants. In order to receive any severance payments, the executive is required to execute a general release of claims against Contango.

The employment agreements provide that the gross-up payment for any excise taxes under Section 4999 of the Code described in the 2011 employment agreements shall apply with respect to the merger, but not with respect to any subsequent transaction. In the event of a change of control transaction, other than the merger, none of the executives are entitled to gross-up payments for any excise taxes under Section 4999 of the Code. In that event, if payments to any of the executives would otherwise constitute a parachute payment under Section 280G of the Code, then the payments will be limited to the dollar amount that can be paid to the executive without triggering an excise tax under Section 4999 of the Code, unless the net after-tax amount payable to the executive, after taking into account any excise tax incurred under Section 4999, would be greater without a limitation on the payments.

*Existing Crimson Employment Agreements.* Messrs. Keel, Grady, Mengle, Atkins and Isaac each currently have an employment agreement with Crimson. The Crimson employment agreements are similar to the new Contango employment agreements described above, although compensation levels and incentive targets vary between each executive officer. While the employment relationships of Messrs. Keel, Grady, Mengle, Atkins and Isaac will be governed by the new Contango employment agreements following the consummation of the merger, Item 402(t) of Regulation S-K requires disclosure of all compensation that the current Crimson named executive officers will, may, or could receive in connection with the merger, thus the discussion below summarizes the compensation and benefits that each of the executives could receive pursuant to their current Crimson employment agreements.

Each employment agreement provides for a term of two years with automatic one-year extensions of the initial term, unless Crimson or the executive provides prior notice of intention not to extend the agreement. Under the employment agreements, Messrs. Keel, Grady, Mengle, Atkins and Isaac are entitled to a base salary pursuant to the employment agreements that the Crimson board has set at \$450,000, \$365,000, \$275,000, \$275,000 and \$275,000, respectively, for the 2013 year. Each executive is entitled to participate in Crimson's annual cash incentive bonus plan and Crimson's annual long-term incentive equity plan. With respect to the cash plan, the executives are eligible to receive a cash bonus based upon minimum, target and maximum award levels of not less than 50%, 85% and 120% of Messrs. Keel and Grady's base salary and no less than 40%, 70% and 100% of Messrs. Mengle, Atkins and Isaac's base salary. With respect to the incentive equity plan, the executives are eligible to receive stock option awards, restricted stock awards or a combination of both upon minimum, target and maximum award levels of not less than 75%, 225% and 450% of Mr. Keel's base salary, 75%, 175% and 350% of Mr. Grady's base salary, and 50%, 150% and 300% of Messrs. Mengle, Atkins and Isaac's base salary.

If the executive's employment is terminated by Crimson without cause or the executive resigns for good reason, the executive will receive (A) a cash amount equal to a specific multiplier times the sum of the then current calendar year's base salary and the prior year's bonus under the cash plan, the multiplier being 2.99 for Messrs. Keel and Grady, and two for Messrs. Isaac, Mengle and Atkins, (B) health insurance benefits for a period of 36 months from the termination date for Messrs. Keel and Grady, and for up to 24 months for Messrs. Isaac, Mengle and Atkins, at no cost to the executive, and (C) accelerated vesting of all stock, stock option and other equity awards to the extent such awards (other than stock options and stock appreciation rights) are not subject to performance-based vesting for purposes of qualifying as performance-based compensation for purposes of Section 162(m) of the Code. For purposes of calculating the severance amount due in (A), if no bonus was paid under the prior year's cash plan, severance would instead be calculated using the greater of the target bonus under the cash plan for the year of termination or the amount of any discretionary bonuses that were paid to the executive in the twelve month period prior to his termination. Messrs. Keel and Grady also have the option to resign for any reason during the thirty day period immediately following the one year anniversary of a change in control, and the resignation would be deemed to be a resignation by the executive for good reason. This provision was not carried over to the new Contango employment agreements for Messrs. Keel and Grady.

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If the executive's employment is terminated by Crimson without cause or the executive resigns for good reason within 12 months after a change in the ownership or control of Crimson, payment of the entire cash severance amount will be made in a lump sum at termination. Otherwise, upon termination by Crimson without cause or by the executive for good reason, the executive will receive half of the cash severance amount in a lump sum at termination and half the number of months of health insurance benefits. The remainder of the cash severance payment and the second half of health insurance benefits will be paid if and when the executive notifies Crimson, prior to the conclusion of 50% of the term of the executive's non-competition and non-solicitation obligations, that the executive agrees to comply with the non-competition and non-solicitation obligations for the remainder of the term.

In the event of an executive's death or disability, the executive officer will be entitled to: (A) his pro rata base salary and pro rata target annual cash incentive bonus through the date of termination for the year in which termination occurs, plus a lump sum amount equal to the greater of: (1) the remainder of the base salary that would have been earned by the executive officer under the executive's employment agreement between the date of his death or permanent disability and the expiration of the then current term of the employment agreement, or (2) 12 months of base salary plus the executive's target annual cash incentive bonus for the year of termination; and (B) full acceleration of vesting for all stock, stock option and other equity awards.

The employment agreements contain confidentiality, non-competition and non-solicitation covenants. In order to receive any severance payments, the executive is required to execute a general release of claims against Crimson.

If it is determined that any payment, award, benefit or distribution (or an acceleration of any payment, award, benefit or distribution) to an executive officer by Crimson or by another entity in the event of a change of control is subject to the imposition of an excise tax imposed by Section 4999 of the Code, or any interest or penalties are incurred by the executive officer with respect to such excise tax, the employment agreements require that Crimson pay the executive officer an additional payment in an amount equal to that required to result in the executive officer receiving, after application of the excise tax, a net amount that would have been received by the executive officer had the excise tax not applied.

### ***Summary of Compensation Expected to be Paid in Connection with the Merger***

The table found in the section immediately below titled "Potential Merger-Related Compensation" is required to disclose all potential or hypothetical payments that could be paid in connection with the merger pursuant to any agreement that is currently in place between Crimson and the named executive officers, thus it contains values associated with possible terminations of the executives and includes estimated bonus amounts. The table provided in this section shows only those amounts that Crimson expects its named executive officers to receive as a direct result of the merger. The values below assume that: (i) the merger is consummated on September 1, 2013, and (ii) the price per share of the Crimson common stock for purposes of calculating accelerated values for the restricted stock (as the outstanding options are currently underwater) is \$3.15, which is the average closing market price of Crimson's common stock over the first five business days following the first public announcement of the merger. Other benefits that have been described herein, such as the pro-rata performance-based bonus for the 2013 calendar year, may be paid to the executives at a later date, but the table below solely discloses the values that Crimson expects its named executive officers to receive in hand at the time the merger is consummated.

**Table of Contents****Summary of Compensation Expected to be Paid in Connection with the Merger**

Name	Deferred Option Exchange Payments (\$)	Accelerated Vesting of Restricted Stock (\$)	Total (\$)
Allan D. Keel	324,000	1,487,824	<b>1,811,824</b>
E. Joseph Grady	108,000	804,431	<b>912,431</b>
Jay S. Mengle	21,600	479,588	<b>501,188</b>
Thomas H. Atkins	18,384	431,052	<b>449,436</b>
A. Carl Isaac	N/A	451,278	<b>451,278</b>

**Potential Merger-Related Compensation**

The following table sets forth the information required by Item 402(t) of Regulation S-K regarding certain compensation that is based on or otherwise relates to the merger which the current Crimson named executive officers would receive, assuming that the merger is consummated and their employment is terminated. The values below assume that: (i) the merger is consummated on September 1, 2013, (ii) the price per share of the Crimson common stock for purposes of calculating accelerated equity is \$3.15, which is the average closing market price of Crimson's common stock over the first five business days following the first public announcement of the merger and (iii) although there are no current plans to terminate the employment of any of the Crimson named executive officers, each of the named executive officers incurred a qualifying termination in connection with the merger under their existing respective employment agreements with Crimson (meaning a termination by Crimson without cause or a resignation by the executive for good reason). Pursuant to Item 402(t) of Regulation S-K, the table below sets forth information with respect to the current employment agreements with Crimson, not the new employment agreements with Contango that become effective as of the closing date of the merger. Values shown below do not take into account any increase in compensation that may occur following the date of this joint proxy statement/prospectus or following the merger. Some of the assumptions used in the table below are based upon information not currently available and, as a result, the actual amounts to be received by any of the individuals below may differ from the amounts set forth below. This compensation is referred to as golden parachute compensation. The golden parachute compensation payable by Crimson to these individuals is subject to a non-binding advisory vote of Crimson stockholders, as described under Proposals for the Crimson Special Meeting Crimson Proposal 2 Advisory (Non-Binding) Vote on Compensation on page 130.

**Potential Merger-Related Compensation for Crimson Named Executive Officers**

Name	Cash (\$ (1))	Equity (\$ (2))	Pension/ NQDC	Perquisites/ Benefits (\$ (3))	Tax Reimburse- ment (\$ (4))	Other (\$)	Total (\$)
Allan D. Keel, Chief Executive Officer and President	3,173,175	1,487,824	0	80,340	1,322,780	0	6,064,119
E. Joseph Grady, Senior Vice President and Chief Financial Officer	2,418,998	804,431	0	103,092	1,043,641	0	4,370,162
Jay S. Mengle, Senior Vice President Operations and Engineering	1,139,933	479,588	0	36,508	0	0	1,656,029
Thomas H. Atkins, Senior Vice President Exploration	1,136,717	431,052	0	53,560	472,333	0	2,093,662
A. Carl Isaac, Senior Vice President Operations	1,118,333	451,278	0	46,088	507,488	0	2,123,187

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- (1) Cash payments are composed of three elements: hypothetical severance payments, accelerated option exchange payments, and the pro-rata portion of the executive's performance-based cash incentive plan bonuses for Crimson's short 2013 year. The values shown in the table above are based on the existing employment agreements with Crimson. The values would increase if the executive's employment is terminated after the merger based on the terms of the new employment agreements being entered into by the named executive officers and Contango as discussed above under Interests of Crimson Directors and Executive Officers in the Merger.
- (a) In the event that the employment of an executive is terminated by Crimson without cause or the executive resigns for good reason, and subject to their observance of certain non-compete and release of liability agreements, Messrs. Keel and Grady would receive a cash severance payment consisting of an amount equal to 2.99 times the sum of the current calendar year's base salary and the target annual cash incentive bonus for the year in which the termination occurs, while Messrs. Mengle, Atkins and Isaac would receive an amount equal to 2 times the sum of the current calendar year's base salary and the target annual cash incentive bonus for the year in which the termination occurs. Cash severance payments would become payable in a single lump sum following a qualifying termination in connection with a change in control, thus, in this situation, the assumption is that both a termination of employment and a change in control have occurred together, resulting in a double-trigger payment. However, Messrs. Keel and Grady could also have a single-trigger payment since, under their current Crimson employment agreements, Messrs. Keel and Grady have the option to resign for any reason during the thirty day period immediately following the one year anniversary of a change in control and receive cash severance payments. This provision is not included in the new Contango employment agreements for Messrs. Keel and Grady or any of the other executives. The severance payments shown here are intended to reflect the hypothetical amount of severance that each of the Crimson named executive officers could be entitled to receive upon a qualifying termination under the current Crimson employment agreements, although Crimson, Contango and the executives do not currently intend to terminate the executives' employment. The portion of the cash payment reflected above that is attributable to cash severance payments for Messrs. Keel, Grady, Mengle, Atkins and Isaac are \$2,489,175; \$2,018,998; \$935,000; \$935,000; and \$935,000, respectively. However, under the new employment agreements with Crimson, the portion of the cash payment that would be attributable to cash severance payments for Messrs. Keel, Grady, Mengle, Atkins and Isaac if they terminated the day immediately following the date of the closing of the merger are \$3,588,000; \$2,272,400; \$1,080,000; \$1,116,000; and \$1,152,000, respectively.
- (b) This cash payment column also reflects the value of the accelerated deferred option exchange payment for each executive. These option exchange payments are considered single-trigger, as such payments will be accelerated in connection with the merger. The portion of the cash payment reflected above that is attributable to the option exchange payments for Messrs. Keel, Grady, Mengle, and Atkins are \$324,000; \$108,000; \$21,600; and \$18,384, respectively.
- (c) The value of the pro-rata performance-based cash incentive plan bonuses were calculated using the maximum potential amounts payable to each executive for the 2013 calendar year; amounts cannot be calculated with certainty at this time, and they will remain subject to forfeiture in the event that the executive is not employed for the full 2013 calendar year. The values of the pro-rata performance-based cash incentive plan bonuses for Messrs. Keel, Grady, Mengle, Atkins and Isaac could be as high as \$360,000; \$292,000; \$183,333; \$183,333 and \$183,333, respectively, but they could also be lower.
- (2) Each Crimson stock option that the Crimson named executive officers currently hold is underwater, thus the acceleration of those awards will result in no value to the executives at this time. The values in this column reflect the value that each named executive officer will be deemed to receive upon the acceleration of the vesting of his restricted stock, based upon a \$3.15 per share value. The acceleration of the restricted stock is a single-trigger payment, as the executive will become entitled to the acceleration in connection with the merger.
- (3) The values reflected in this column estimate the value of continued health and medical benefits to each of the executives in the event that his employment is terminated by Crimson without cause or the executive

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resigns for good reason. For Messrs. Keel and Grady, the amounts reflect continuation of coverage for a 36-month period, and for Messrs. Mengle, Atkins and Isaac, a period of 24 months. These are single-trigger payments as they would become due upon a termination of employment.

- (4) Tax reimbursement payments reflect the estimated amount that Crimson would pay to each of Messrs. Keel, Grady and Isaac pursuant to the tax reimbursement provisions in the current employment agreements in the event that any of them are terminated by Crimson without cause or the executive resigned for good reason in connection with the merger. Crimson estimates that Messrs. Mengle and Atkins would not receive tax reimbursements. Tax reimbursements are generally single-trigger payments, as an excise tax imposed by Section 4999 of the Code is triggered by qualifying change in control transactions; however, in the factual situation that is reported here the excise tax would only be triggered in the event that a termination of employment occurred in connection with a change in control, thus the payment would become a double-trigger payment.

A description of the arrangements pursuant to and circumstances in which the amounts set forth in the table above would be payable to the Crimson named executive officers is set forth above under Interests of Crimson Directors and Executive Officers in the Merger.

## **Board of Directors and Executive Management Following the Merger**

Immediately following the effective time of the merger, the board of directors of the combined company will be expanded from its current size of seven members to eight members, five of whom will be chosen by the current Contango directors, which directors will be members of the board of Contango immediately prior to the merger, (at least three of whom will be independent for purposes of the rules of the NYSE MKT) and three of whom will be chosen by the current Crimson directors, which directors will be members of the board of Crimson immediately prior to the merger, (at least two of whom will be independent for purposes of the rules of the NYSE MKT). As of the date of this joint proxy statement/prospectus, it is anticipated that the following members of Contango's board of directors immediately prior to the merger will continue to serve as directors of the combined company: Joseph J. Romano, Brad Juneau, B.A. Berilgen, Charles M. Reimer and Steven L. Schoonover. As of the date of this joint proxy statement/prospectus, it is anticipated that the following members of Crimson's board of directors immediately prior to the merger will continue to serve as directors of the combined company: Allan D. Keel, B. James Ford and Lon McCain. Mr. Romano will serve as Chairman of the board of directors of the combined company.

Upon completion of the merger, Mr. Keel, currently President and Chief Executive Officer of Crimson, will serve as President and Chief Executive Officer. The combined company's executive management team is expected to also include E. Joseph Grady, currently Senior Vice President and Chief Financial Officer of Crimson, as Senior Vice President and Chief Financial Officer of the combined company, A. Carl Isaac, currently Senior Vice President of Operations of Crimson, will serve as Senior Vice President of Operations of the combined company, Jay S. Mengle, currently Senior Vice President of Engineering of Crimson, will serve as Senior Vice President of Engineering of the combined company, and Thomas H. Atkins, currently Senior Vice President of Exploration of Crimson, will serve as Senior Vice President of Exploration of the combined company.

## **Regulatory Clearances Required for the Merger**

Contango and Crimson are not required to file notifications with the Federal Trade Commission and the Antitrust Division of the Department of Justice or observe a mandatory pre-merger waiting period before completing the merger under the HSR Act. Contango and Crimson cannot assure you, however, that other government agencies or private parties will not initiate actions to challenge the merger before or after it is completed. Any such challenge to the merger could result in a court order enjoining the merger or in restrictions or conditions that would have a material adverse effect on the combined company following the merger if the merger is completed.

**Table of Contents****Treatment of Crimson Stock Options and Other Equity-Based Awards**

Upon completion of the merger, each outstanding option to acquire Crimson common stock will be converted into fully vested and immediately exercisable options to purchase shares of Contango common stock. The number of shares of Contango common stock which will be subject to such Contango stock options will be the number of shares of Crimson common stock subject to each such Crimson stock option multiplied by 0.08288 (the exchange ratio in the merger), rounded down to the nearest whole share of Contango common stock. The exercise price per share of Contango common stock for such Contango stock option will equal the exercise price per share of Crimson common stock for such Crimson stock option divided by 0.08288 (the exchange ratio in the merger), rounded up to the nearest whole cent.

Effective immediately prior to the effective time of the merger, each outstanding share of Crimson restricted stock will become a fully vested and unrestricted share of Crimson common stock and will be converted into an unrestricted share of Crimson common stock with the right to receive 0.08288 fully vested shares of Contango common stock.

**Treatment of Contango and Crimson Credit Agreements**

Contango maintains a secured revolving credit facility with Amegy Bank (the Contango Credit Facility). The Contango Credit Facility currently has a \$40 million hydrocarbon borrowing base available to fund Contango's exploration and development activities, as well as repurchase shares of common stock of Contango and to fund working capital as needed. The Contango Credit Facility is secured by substantially all of the assets of Contango, including Contango's natural gas and oil properties. Borrowings under the Contango Credit Facility bear interest at LIBOR plus 2.5%, subject to a LIBOR floor of 0.75%. The principal is due October 1, 2014, and may be prepaid at any time with no prepayment penalty. An arrangement fee of \$300,000 was paid in connection with the facility and effective November 1, 2011, a commitment fee of 0.125% is owed on unused borrowing capacity. The Contango Credit Facility contains customary covenants including limitations on Contango's current ratio of assets to liabilities and additional indebtedness. As of June 30, 2013, Contango was in compliance with all covenants and had no amounts outstanding under the Contango Credit Facility. It is currently anticipated that effective as of the effective time of the merger the Contango Credit Facility will be terminated.

Crimson currently maintains a \$400 million senior secured revolving credit facility with Wells Fargo Bank, National Association, as agent (the Crimson Senior Credit Facility). The borrowing base under the Crimson Senior Credit Facility is currently set at \$100 million. Advances under the Crimson Senior Credit Facility are in the form of either base rate loans or LIBOR loans. The interest rate on the base rate loans fluctuates based upon the higher of the lender's prime rate and the Federal Funds rate. The interest rate on the LIBOR loans fluctuates based upon the rate at which Eurodollar deposits in the LIBOR market are quoted for the maturity selected. The applicable margin ranges between 1.75% and 2.75%, for LIBOR loans, and between 0.75% and 1.75%, for base rate loans. The specific applicable interest margin is determined by, in each case, the percent of the borrowing base utilized at the time of the credit extension. LIBOR loans of one, two, three and nine months may be selected. The commitment fee payable on the unused portion of the borrowing base is between 0.375% and 0.500%, depending on the borrowing base utilization. The Crimson Senior Credit Facility also includes other covenants and restrictions customary for senior secured credit facilities.

It is expected that the Contango Credit Facility and/or the Crimson Senior Credit Facility will be amended, restated or replaced effective as of the effective time of the merger (as amended, restated or replaced, the Combined Company Senior Credit Facility) to reflect the consummation of the merger. It is anticipated the borrowing base under the Combined Company Senior Credit Facility will likely be in the range of \$250-\$275 million which is significantly larger than that under the Crimson Senior Credit Facility and reflects the combined company's proved crude oil and natural gas reserves. It is also expected that the obligations under the Combined Company Senior Credit Facility will be secured by a pledge of the assets of the combined company, including the capital stock of the subsidiaries of the combined company. Although Crimson and Contango have not finalized the terms of any amendment, restatement or replacement of the Contango Credit Facility and/or Crimson Senior

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Credit Facility (including with respect to interest rates, restrictive covenants, events of default, guarantees and prepayment provisions) to date, extensive discussions have been held with a number of prospective lenders regarding the Combined Company Senior Credit Facility and lenders appear to view the merger positively and wish to participate in a Combined Company Senior Credit Facility of the size noted above. However, no assurance may be given that a Combined Company Senior Credit Facility may be negotiated and completed.

It is also anticipated that, at or immediately following the effective time of the merger, Crimson's second lien credit facility with Barclays Bank Plc, as agent (the Crimson Second Lien Credit Facility) will be terminated and any indebtedness thereunder repaid. As of June 30, 2013, Crimson had a principal amount of \$175.0 million outstanding under the Crimson Second Lien Credit Facility, with a discount of \$4.1 million using the estimated market value interest rate at the time of issuance, for a net reported balance of \$170.9 million. The prepayment of indebtedness under the Crimson Second Lien Credit Facility will require the payment of a prepayment fee equal to 1% of the principal amount repaid at or immediately following the effective time of the merger. The combined company currently plans to fund the repayment of the indebtedness under the Crimson Second Lien Credit Facility from Contango's existing cash on hand and borrowings under the Combined Company Senior Credit Facility.

### **Contango Dividend Policy**

Contango currently has not declared and does not currently intend to pay cash dividends on its shares of common stock. Contango declared and paid a one-time special dividend on its shares of common stock in December 2012. Any future decisions to pay dividends on Contango common stock will be at the discretion of the Contango board and will depend on the financial condition, results of operations, capital requirements, and other factors that the Contango board may deem relevant. The Contango board currently has no plan to institute a periodic dividend.

### **Listing of Contango Common Stock**

It is a condition to the completion of the merger that the shares of Contango common stock to be issued to Crimson stockholders pursuant to the merger and such other shares of Contango common stock to be reserved for issuance in connection with the merger be authorized for listing on the NYSE MKT, subject to official notice of issuance.

### **De-Listing and Deregistration of Crimson Stock**

Upon completion of the merger, the Crimson common stock currently listed on the NASDAQ will cease to be listed on the NASDAQ and will subsequently be deregistered under the Exchange Act.

### **No Appraisal Rights**

Under Delaware law, as well as the certificates of incorporation and bylaws of each company, neither the holders of Contango capital stock nor the holders of Crimson capital stock, respectively, are entitled to appraisal rights in connection with the merger.

### **Litigation Related to the Merger**

Following the announcement of the merger, stockholders filed purported class action lawsuits in Delaware Chancery Court against Crimson, members of Crimson's board of directors and management team, Contango, Merger Sub and Oaktree Management. These lawsuits have been consolidated into a single action for all purposes referred to as In Re: Crimson Exploration Inc. Stockholder Litigation; C.A. 8574-VCP (the Consolidated Action).

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Additionally, on July 13, 2013, a separate and similar complaint was filed in the District Court of Harris County Texas, in the matter of Fisichella Family Trust v. Crimson Exploration Inc. et al. (the Texas Action ). It is possible that additional, similar lawsuits may be filed.

The known plaintiffs in the Consolidated Action and the Texas Action appear, based on the most current information of Crimson, to collectively own a very small percentage of the total outstanding shares of Crimson common stock. The lawsuits allege, among other things, that Crimson's board of directors failed to take steps to obtain a fair price, failed to properly value Crimson, failed to protect against alleged conflicts of interest, failed to conduct a reasonably informed evaluation of whether the transaction was in the best interests of stockholders, failed to fully disclose all material information to stockholders, acted in bad faith and for improper motives, engaged in self-dealing, discouraged other strategic alternatives, took steps to avoid competitive bidding, and agreed to allegedly unreasonable deal protection mechanisms, including the no-shop and fiduciary-out provisions and termination fee. The lawsuits seek damages and injunctive relief.

On July 17, 2013, the court entered an order in the Consolidated Action appointing Lead Plaintiffs, Co-Lead Counsel for Plaintiffs, and Liaison Counsel for Plaintiffs. Under the order, the plaintiffs must file a Consolidated Amended Class Action Complaint as soon as practicable. Defendants must respond to the Consolidated Amended Class Action Complaint within thirty (30) days after plaintiffs serve it.

Crimson believes that these lawsuits are without merit and intends to contest them vigorously.



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**THE MERGER AGREEMENT**

The following section summarizes material provisions of the merger agreement, which is included in this joint proxy statement/prospectus as Annex A and is incorporated herein by reference in its entirety. The rights and obligations of Contango and Crimson are governed by the express terms and conditions of the merger agreement and not by this summary or any other information contained in this joint proxy statement/prospectus. Contango and Crimson stockholders are urged to read the merger agreement carefully and in its entirety as well as this joint proxy statement/prospectus before making any decisions regarding the merger, including the adoption of the merger agreement, the merger and the transactions contemplated by the merger agreement and the approval of the issuance of shares of Contango common stock to Crimson stockholders pursuant to the merger.

The merger agreement is included in this joint proxy statement/prospectus to provide you with information regarding its terms and is not intended to provide any factual information about Contango or Crimson. The merger agreement contains representations and warranties by each of the parties to the merger agreement. These representations and warranties have been made solely for the benefit of the other parties to the merger agreement and:

may not be intended as statements of fact, but rather as a way of allocating the risk between the parties in the event that the statements therein prove to be inaccurate;

have been qualified by certain disclosures that were made between the parties in connection with the negotiation of the merger agreement, which disclosures are not reflected in the merger agreement itself; and

may apply standards of materiality in a way that is different from what may be viewed as material by you or other investors. Accordingly, the representations and warranties and other provisions of the merger agreement should not be read alone, but instead should be read together with the information provided elsewhere in this joint proxy statement/prospectus and in the documents incorporated by reference into this joint proxy statement/prospectus. See [Where You Can Find More Information](#) beginning on page 160.

This summary is qualified in its entirety by reference to the merger agreement.

**Terms of the Merger; Merger Consideration**

The merger agreement provides that, on the terms and subject to the conditions set forth in the merger agreement and in accordance with the General Corporation Law of the State of Delaware (the "DGCL"), at the effective time of the merger, Merger Sub will merge with and into Crimson. Crimson will be the surviving corporation in the merger and will become a wholly owned subsidiary of Contango. At the effective time of the merger, each outstanding share of Crimson common stock (including any Crimson restricted stock, but excluding shares owned by Crimson, Contango or Merger Sub or any subsidiary of Crimson or Contango, which will be canceled and cease to exist) will be converted into the right to receive 0.08288 shares of Contango common stock.

Contango will not issue fractional shares of Contango common stock pursuant to the merger agreement. Instead, each Crimson stockholder who otherwise would have been entitled to receive a fraction of a share of Contango common stock will receive in lieu thereof and, upon surrender of his or her shares of Crimson common stock, an amount in cash for such fraction calculated by multiplying the fractional share interest to which such holder would otherwise be entitled by the closing price for a share of Contango common stock, as reported on the NYSE MKT on the first trading day following the effective date of the merger.

The exchange ratio will be adjusted accordingly to provide Crimson common stockholders the same economic effect as contemplated by the merger agreement prior to any reclassification, recapitalization, stock split, split-up, combination or exchange of shares or a stock dividend or dividend payable in any other securities with respect to the shares of either Contango common stock or Crimson common stock prior to the effective time of the merger.

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### **Completion of the Merger**

The closing of the merger will take place on the next business day following the day on which the last condition to the completion of the merger has been satisfied or waived or such other date as Contango and Crimson may agree in writing. The merger will be effective at the date and time the parties file the certificate of merger with the Delaware Secretary of State or at such subsequent time as agreed to and specified in the certificate of merger.

Contango and Crimson currently expect the closing of the merger to occur in September or October of 2013. However, as the merger is subject to the satisfaction or waiver of other conditions described in the merger agreement, it is possible that factors outside the control of Contango and Crimson could result in the merger being completed at an earlier time, a later time or not at all.

### **Exchange of Shares in the Merger**

Prior to the effective time of the merger, Contango will appoint an exchange agent reasonably acceptable to Crimson to handle the exchange of shares of Crimson common stock for shares of Contango common stock. At the effective time of the merger, shares of Crimson common stock will be converted into the right to receive shares of Contango common stock without the need for any action by the holders of Crimson common stock.

Promptly after the effective time of the merger, but in no event later than three business days after the effective time of the merger, Contango will cause the exchange agent to mail to each holder of a Crimson stock certificate a letter of transmittal specifying, among other things, that delivery will be effected, and risk of loss and title to any certificates representing Crimson common stock shall pass, only upon proper delivery of such certificates to the exchange agent. The letter will also include instructions explaining the procedure for surrendering Crimson stock certificates in exchange for shares of Contango common stock. Any uncertificated shares of Crimson common stock in book-entry form will be deemed surrendered to the exchange agent at the effective time of the merger.

After the effective time of the merger, shares of Crimson common stock will no longer be outstanding, will be automatically canceled and will cease to exist and each certificate, if any, that previously represented shares of Crimson common stock will represent only the right to receive the merger consideration as described above, any cash in lieu of fractional shares of Contango common stock and any dividends or other distributions to which the holders of the certificates become entitled upon surrender of such certificates. With respect to such shares of Contango common stock deliverable upon the surrender of Crimson stock certificates, until holders of such Crimson stock certificates have surrendered such stock certificates to the exchange agent for exchange, those holders will not receive dividends or distributions with respect to such shares of Contango common stock with a record date after the effective time of the merger.

### **Representations and Warranties**

The merger agreement contains reciprocal representations and warranties. Each of Contango and Crimson have made representations and warranties regarding, among other things:

organization, good standing and qualification;

capital structure;

ownership of subsidiaries;

corporate authority with respect to the execution, delivery and performance of the merger agreement, and the due and valid execution and delivery and enforceability of the merger agreement;

required regulatory filings and consents and approvals of governmental entities;

absence of conflicts with, or violations of, organizational documents, other contracts, permits and applicable laws;

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SEC documents and financial statements;

absence of certain changes and events since the most recent audited balance sheet date;

absence of undisclosed liabilities;

absence of certain litigation;

compliance with laws;

title to and leasehold interests in real properties;

material contracts;

benefits matters and ERISA compliance;

collective bargaining agreements and other labor matters;

tax matters;

oil and gas matters;

intellectual property;

environmental matters;

regulatory matters and permits;

absence of undisclosed interested party transactions;

absence of untrue statements or omissions of material fact in merger related SEC filings;

derivative positions;

inapplicability of state takeover statutes;

no ownership of the other party's common stock;

opinions from financial advisors;

brokers' fees payable in connection with the merger; and

related entities.

The merger agreement also contains certain representations and warranties of Contango with respect to its wholly owned subsidiary, Merger Sub, including, without limitation, corporate organization, absence of conflicts with organizational documents, capitalization, and authority with respect to the execution and delivery of the merger agreement.

Many of the representations and warranties in the merger agreement are qualified by a materiality or material adverse effect standard (that is, they will not be deemed to be untrue or incorrect unless their failure to be true or correct, individually or in the aggregate, would, as the case may be, be material or have a material adverse effect). For purposes of the merger agreement, a material adverse effect means, with respect to a party, a material adverse effect on the financial condition, business, assets or results of operations of the party and its subsidiaries, taken as a whole, excluding any effect resulting from, arising out of or relating to:

changes in the financial or securities markets or general economic or political conditions in the United States or elsewhere in the world (except to the extent such effects materially and disproportionately affect such party and its subsidiaries relative to other participants in the industry);

changes or conditions generally affecting the oil and gas exploration, development and/or production industry or industries (including changes in oil, gas or other commodity prices) (except to the extent such effects materially and disproportionately affect such party and its subsidiaries relative to other participants in the industry);

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any change in laws or the interpretation thereof or GAAP or the interpretation thereof (except to the extent such effects materially and disproportionately affect such party and its subsidiaries relative to other participants in the industry);

the negotiation, execution, announcement or consummation of the transactions contemplated by the merger agreement, including any adverse change in customer, distributor, supplier or similar relationships resulting therefrom;

acts of war or terrorism (except to the extent such effects materially and disproportionately affect such party and its subsidiaries relative to other participants in the industry);

any failure by the party or any of its subsidiaries to meet any internal or published industry analyst projections or forecasts or estimates of revenues or earnings for any period (it being understood and agreed that the facts and circumstances that may have given rise or contributed to such failure that are not otherwise excluded from the definition of a material adverse effect may be taken into account in determining whether there has been a material adverse effect);

any change in the price of the party's common stock (it being understood and agreed that the facts and circumstances that may have given rise or contributed to such change (but in no event changes in the trading price of the other party's common stock) that are not otherwise excluded from the definition of a material adverse effect may be taken into account in determining whether there has been a material adverse effect);

disclosures in the party's disclosure letter or the party's SEC documents filed since January 1, 2012 with regard to Crimson, and June 30, 2012 with regard to Contango, but prior to the date of the merger agreement (but excluding any risk factor disclosures contained under the heading "Risk Factors" or "Special Note Regarding Forward-Looking Statements"); and

compliance with the terms of, or the taking of any action required by, the merger agreement.

**Conduct of Business**

Each of Contango and Crimson has agreed to certain covenants in the merger agreement restricting the conduct of its business between the date of the merger agreement and the effective time of the merger. In general, each of Contango and Crimson has agreed to (i) conduct its business in all material respects in the usual, regular and ordinary course in substantially the same manner as conducted before the date of the merger agreement, and (ii) to the extent consistent with clause (i), use reasonable best efforts to maintain and preserve intact its business organization, employees, advantageous business relationships and permits and retain the services of its key officers and key employees.

In addition, each of Contango and Crimson has agreed to specific restrictions relating to the conduct of its business between the date of the merger agreement and the effective time of the merger, including, but not limited to, the following (subject, in each case, to exceptions specified below and in the merger agreement or previously disclosed in writing to the other party as provided in the merger agreement or as consented to in advance by the other party):

declare, set aside or pay dividends on, make any other distributions in respect of, or enter into any agreement with respect to the voting of, any of its capital stock (other than dividends and distributions by a direct or indirect wholly-owned subsidiary to such party or to another subsidiary of such party);

split, combine or reclassify any of its capital stock or issue or authorize the issuance of any other securities in respect of, in lieu of, or in substitution for, shares of its capital stock, except upon the exercise of stock options or settlement of stock units;

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purchase, redeem or otherwise acquire any shares of its or its subsidiaries' capital stock or other securities or any rights, warrants, or options to acquire any such shares or other securities (other than the withholding of shares of common stock to satisfy the exercise price or tax withholding upon the exercise of stock options,

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vesting of restricted shares or settlement of stock units, in each case that are outstanding as of the date of the merger agreement in accordance with their present terms and such party's practices as of the date of the merger agreement);

issue, deliver, sell, pledge or otherwise encumber or subject to any lien any shares of its capital stock, any other voting securities or any securities convertible into, or any rights, warrants or options to acquire any such shares, voting securities or convertible securities (other than (i) the issuance of such party's common stock upon the exercise of stock options or vesting of restricted shares, in each case that are outstanding as of the date of the merger agreement in accordance with their present terms; (ii) the issuance of up to 50,000 Crimson stock options to new employees in the ordinary course of business consistent with past practice; or (iii) the issuance of Crimson common stock under the Crimson Stock Plan pursuant to the Crimson Director Compensation Plan existing on the date of the merger agreement up to a fair market value of \$225,000 in the aggregate);

amend its or its subsidiaries' articles of incorporation, bylaws or other comparable organizational documents;

acquire or agree to acquire by merging or consolidating with, or by purchasing any assets or equity securities of, or by any other manner, any business or entity, or otherwise acquire or agree to acquire assets, except oil and gas properties, equipment, inventory or similar assets in the ordinary course of business and acquisitions that do not exceed \$5,000,000 in the aggregate;

sell, assign, transfer, lease, license, mortgage or otherwise encumber or dispose of any assets or properties with a fair market value in excess of \$5,000,000, in the aggregate, other than in the ordinary course of business, consistent with past practice;

other than borrowings under existing credit facilities incurred in the ordinary course of business consistent with past practice or indebtedness owed by a wholly-owned subsidiary to such party or another wholly-owned subsidiary, incur, redeem, prepay, defease, cancel or modify the terms of any indebtedness for borrowed money or assume or otherwise become responsible for the obligations of any person other than its subsidiaries;

make any loans or advances to any person other than its wholly-owned subsidiaries or as a result of ordinary advances and reimbursements to employees;

change in any material respect its accounting methods, principles or practices except as required by changes in GAAP or regulatory accounting principles;

make any investment, other than in a wholly-owned subsidiary or related entity, in excess of \$5,000,000 in the aggregate, whether by purchase of stock or securities, contributions to capital, property transfers or entering into a binding agreement with respect to any such investment or acquisition;

make, change or revoke any material tax election, change an annual tax accounting period, adopt or change any material tax accounting method, file any material amended tax return, enter into any closing agreement with respect to a material amount of taxes, settle any material tax claim or assessment or surrender any right to claim a refund of a material amount of taxes;

except as agreed upon by the parties, terminate or waive any material provision of any material contract other than normal renewals of such contracts without materially adverse changes, or enter into or renew any contract containing any restriction on the ability of such party to conduct its business as presently conducted or currently contemplated to be conducted after the merger or any restriction on engaging in any type of activity or business after the merger;



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incur any capital expenditures or enter into any contract to make capital expenditures exceeding the amounts set forth in its existing capital plan for 2013 or to the extent not reflected in such plan, capital expenditures not in excess of \$5,000,000 in the aggregate with respect to Crimson and \$10,000,000 in the aggregate with respect to Contango;

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alter in any material respect, fail to satisfy or enter into any commitment to alter in any material respect, any interest material to such party in any entity in which it holds any equity;

except as required by the terms of existing benefit plans or employment agreements or as required by applicable law, provided in the merger agreement or in the ordinary course of business consistent with past practice:

grant or pay increases in compensation, other than annual or promotional salary or wage increases in the ordinary course of business consistent with past practice not to exceed, in the aggregate, 10% of the wage and salary expense for the prior year (except, in the case of Contango, for certain incentive bonuses payable by Contango to the Estate of Kenneth R. Peak, its former Chairman and Chief Executive Officer and Joseph J. Romano, its current Chairman, President and Chief Executive Officer, in accordance with the criteria previously approved by the Contango board);

grant, pay or promise to pay, or enter into any employee benefit plan or employment agreement to pay, any severance, retention, change in control or termination pay or increase in actual or potential severance, retention, change in control or termination pay (except for certain Contango employees who will be employed for six months or less following the effective time in an amount not to exceed \$1,500,000 in the aggregate);

increase the compensation or benefits payable under any benefit plan or employment agreement;

modify the terms of equity-based awards;

make any discretionary contributions or payments with respect to benefits plans or employment agreements to any trust or other funding vehicle;

accelerate the payment or vesting of any payment or benefits pay or otherwise pay any amounts not yet due (except for certain Contango employees who will be employed for six months or less following the effective time);

enter into new or modify existing employment agreements, other than employment agreements for new hires with an annual compensation not exceeding \$250,000 in the aggregate;

establish or modify any benefit plan; or

establish or enter into any collective bargaining agreement;

pay or settle any claims, actions or proceedings, other than (i) those involving solely money damages not in excess of \$5,000,000 in the aggregate, and that does not create binding precedent for other proceedings or (ii) pursuant to the terms of an agreement in effect on the date of the merger agreement;

take any action or knowingly fail to take any action within its control which would be reasonably expected to prevent the merger from qualifying as a reorganization within the meaning of Section 368(a) of the Code;

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adopt or enter into a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization;

fail to maintain in full force and effect the material insurance properties covering it and its subsidiaries and their respective properties, assets and business in a form and amount consistent with past practice;

enter into any hedging contract not in the ordinary course of business consistent with past practice;

purchase or acquire any equity interests of the other party; or

commit or agree to take any of the foregoing actions.

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**No Solicitation of Alternative Proposals**

Subject to certain exceptions described below, each of Contango and Crimson has agreed that it and its subsidiaries and their respective directors, officers, partners, employees, investment bankers, financing sources, financial advisors, attorneys, accountants or other advisors, agents or other representatives will not, directly or indirectly, (i) solicit, initiate, knowingly encourage or knowingly facilitate, directly or indirectly, (including by way of furnishing non-public information) or take any other action designed to facilitate, any inquiry or proposal regarding an alternative transaction (as defined below) regarding such party or any of its subsidiaries (an acquisition proposal), (ii) participate in any discussions or negotiations regarding an alternative transaction or (iii) enter into any agreement regarding an alternative transaction.

An alternative transaction with respect to either party means (i) any transaction pursuant to which any person (or group of persons) other than the other party to the merger agreement or its affiliates, directly or indirectly, acquires or would acquire more than 20% of the outstanding shares of such party, as applicable, or outstanding voting power or of any new series or new class of preferred stock that would be entitled to a class or series vote with respect to the Merger, whether from such party, pursuant to a tender offer or exchange offer or otherwise; (ii) any transaction pursuant to which any person (or group of persons) other than the other party to the merger agreement or its affiliates acquires or would acquire control of assets (including for this purpose the outstanding equity securities of any subsidiaries of such party and securities of the entity surviving any merger or business combination, including any of its subsidiaries) of such party or any of its subsidiaries, and the fair market value of the assets so acquired would represent more than 20% of the fair market value of all the assets of such party and its subsidiaries, taken as a whole, immediately prior to such transaction; or (iii) any other merger, consolidation, business combination, recapitalization or similar transaction involving such party or any of its subsidiaries, other than the transactions contemplated by the merger agreement, as a result of which the holders of shares of Contango common stock or Crimson common stock, as applicable, immediately prior to such transaction do not, in the aggregate, own at least 80% of the outstanding voting power of the surviving or resulting entity in such transaction immediately after the consummation thereof in substantially the same proportion as such holders held the shares of Contango common stock or Crimson common stock, as applicable, immediately prior to the consummation thereof.

Notwithstanding the restrictions described above, Contango and Crimson are each permitted, prior to the obtaining of the relevant stockholder approval, and subject to first entering into a confidentiality agreement with the person proposing such acquisition proposal, to (i) furnish information (including non-public information) concerning itself and its subsidiaries to the person making such acquisition proposal and its representatives and afford such person and its representatives access to the business, properties, assets, contracts, officers, employees, books and records of Contango or Crimson, as applicable; and (ii) consider and participate in discussions and negotiations with respect to such acquisition proposal, in each case, if and only to the extent that (A) such acquisition proposal is an unsolicited, bona fide written acquisition proposal made after the date of the merger agreement; (B) such acquisition proposal did not result from a breach of the restrictions described above, and (C) the applicable board of Contango or Crimson reasonably determines in good faith (after consultation with outside legal counsel) that such acquisition proposal is, or is reasonably likely to lead to, a superior proposal (as defined below). The merger agreement requires a party to provide to the other party substantially concurrently with the delivery to such person who has made an acquisition proposal, any non-public information or access that is provided or made available to such person, unless it has been previously provided.

A superior proposal with respect to a party means a bona fide written acquisition proposal (with the references to 20% and 80% included in the definition of alternative transaction changed to 50%) for such party which the board of such party determines in good faith, after consultation with its financial advisors and outside legal counsel, and taking into account such facts as the board of directors of such party considers to be appropriate (including conditions to and expected timing and risks of consummation, the ability of the person making such proposal to obtain financing for such acquisition proposal, and any break-up fees or expense reimbursement provisions), (i) is reasonably capable of being consummated in accordance with its terms, and (ii) if consummated, would result in a transaction more favorable to the holders of common stock of such party than the merger.

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The merger agreement requires that the parties notify each other promptly (and in any event within 24 hours) of, among other things, the receipt of any acquisition proposal or request for information that is reasonably likely to lead to an acquisition proposal. Any such notification shall be made orally and in writing, and include the identity of the person making the acquisition proposal or requesting such information and the material terms of any such acquisition proposal. In addition, the merger agreement requires the parties to continue to update each other as fully as reasonably practical on a prompt basis, and in any event within 24 hours, of material changes to any acquisition proposal. The merger agreement also requires both Contango and Crimson to notify the other party, promptly, and in any event within 24 hours, orally and in writing, if it enters into discussions or negotiations concerning any acquisition proposal. In addition, the merger agreement requires both Contango and Crimson to cease, and cause to be terminated, any existing discussions or negotiations with any persons conducted prior to the execution of the merger agreement with respect to any acquisition proposal and request the prompt return or destruction of all confidential information previously furnished in connection therewith.

## **Changes in Board Recommendations**

The board of directors of each of Contango and Crimson has agreed that, other than in accordance with certain sections of the merger agreement relating to changes in the board's recommendations, it will not (i) fail to make the recommendation to its stockholders (a) in the case of Contango, to approve the issuance of shares of Contango common stock in connection with the merger, and (b) in the case of Crimson, that its stockholders vote in favor of the adoption of the merger agreement, the merger and the other transactions contemplated by the merger agreement, (ii) withdraw or modify or qualify in a manner adverse to the other party, or publicly propose to withdraw or modify or qualify in a manner adverse to other party, the recommendation by such party's board, (iii) approve, adopt or recommend, or publicly propose to approve, adopt or recommend, any acquisition proposal, (iv) fail to reaffirm the recommendation by such party's board within three business days upon the request of the other party following the public announcement of an acquisition proposal, which request may only be made once for each acquisition proposal, provided, that the other party may make another request each time any material revisions are made to such acquisition proposal or (v) fail to include the recommendation of such party's board in this joint proxy statement/prospectus (any action in (i) through (v) above, a change in recommendation).

At any time prior to obtaining the relevant stockholder approval, the board of directors of Contango or Crimson, as applicable, may make a change in recommendation and/or terminate the merger agreement in connection with a bona fide written acquisition proposal that was not obtained in breach of such party's non-solicitation restrictions contained in the merger agreement if such board determines in good faith (after consultation with its financial advisors and outside legal counsel) that the acquisition proposal constitutes a superior proposal. Prior to taking any such action, the withdrawing party must (a) determine in good faith that such action is necessary in order to comply with the fiduciary duties of its directors under applicable law, (b) inform the other party in writing that its board of directors intends to take such action, specifying the reasons for such action and the material terms and conditions of the superior proposal, and provide a copy of such proposal, (c) during the five business day period following the other party's receipt of such written notice, negotiate in good faith with the non-withdrawing party with respect to any changes to the merger agreement so that such acquisition proposal ceases to constitute a superior proposal, (d) consider any changes to the merger agreement irrevocably offered in writing by the non-withdrawing party and (e) at the end of the five-business day period, determine in good faith that such acquisition proposal continues to constitute a superior proposal even if such revisions proposed by the non-withdrawing party were to be given effect. In the event that any revisions are made to the acquisition proposal following the initial notice given to the non-withdrawing party and the withdrawing party determines in its good faith judgment that such revisions are material, the withdrawing party must deliver a new notice to the non-withdrawing party and a new negotiating period will begin except the five business days will be shortened to two business days. If Contango or Crimson, as applicable, terminate the merger agreement in accordance with the above, such terminating party must pay the applicable termination fee as described in Termination Fees below.

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Notwithstanding the restrictions described above, at any time prior to obtaining the relevant stockholder approval, the board of directors of Contango or Crimson, as applicable, may make a change in recommendation (in circumstances not involving or relating to an acquisition proposal) if such board determines in good faith (after consultation with its financial advisors and outside legal counsel) that such action is necessary in order to comply with the fiduciary duties of its directors under applicable law after giving effect to all of the adjustments which may be offered by the other party pursuant to the merger agreement. Prior to taking any such action, the withdrawing party must (a) inform the other party in writing that its board of directors intends to change its recommendation and specifying the reasons for its change in recommendation, (b) during the five business day period following the delivery of such written notice, negotiate in good faith with the non-withdrawing party with respect to any changes to the merger agreement proposed by the non-withdrawing party to make such adjustments to the terms and conditions of the merger agreement as would permit the board of the withdrawing party not to change its recommendation, (c) consider all changes to the merger agreement irrevocably offered in writing by the non-withdrawing party and (d) at the end of the five-business day period, determine in good faith that a change in recommendation would nevertheless continue to be necessary in order to comply with the fiduciary duties of its directors under applicable law even if such revisions proposed by the non-withdrawing party were to be given effect.

### **Efforts to Obtain Required Stockholder Votes**

Contango has agreed to use its reasonable best efforts to hold a stockholders meeting as soon as reasonably practicable after this Form S-4 is declared effective for purposes of obtaining stockholder approval for the issuance of shares of Contango common stock constituting merger consideration to Crimson stockholders in connection with the merger (the Contango Share Issuance ). The Contango board of directors has, by resolution, (i) approved and declared advisable the merger agreement, the merger, the other transactions contemplated by the merger agreement and the Contango Share Issuance, (ii) resolved to recommend approval of the Contango Share Issuance to the Contango stockholders and (iii) directed that the Contango Share Issuance be submitted to the Contango stockholders for approval.

Crimson has also agreed to use its reasonable best efforts to hold a stockholders meeting as soon as reasonably practicable after this Form S-4 is declared effective for purposes of obtaining stockholder approval of the adoption of the merger agreement, the merger and the transactions contemplated by the merger agreement. The board of directors of Crimson has, by resolution, (i) adopted and declared advisable the merger agreement, the merger and the other transactions contemplated by the merger agreement, (ii) resolved to recommend adoption of the merger agreement, the merger and the other transactions contemplated by the merger agreement to the Crimson stockholders and (iii) directed that the merger agreement be submitted to the Crimson stockholders for adoption.

### **Efforts to Complete the Merger**

Contango and Crimson have each agreed to:

use their reasonable best efforts to take, or cause to be taken, all actions necessary, proper or advisable to comply as promptly as reasonably practicable with all legal requirements that may be imposed on such party or its subsidiaries with respect to the merger, the issuance of Contango common stock as merger consideration and the other transactions contemplated by the merger agreement (including the furnishing of information for, and the preparation and filing of, all necessary and proper statements, forms, registrations, filings, notices, representation letters, and declarations related to the merger);

use their reasonable best efforts to cause the conditions to closing in the merger agreement to be satisfied and to consummate the transactions contemplated by the merger agreement in a reasonably expeditious manner;

use their reasonable best efforts to obtain (and to cooperate with the other party to obtain) any material consent, authorization, order or approval of, or any exemption or waiver by, any governmental entity and any other third party that is required to be obtained by either party or any of their respective subsidiaries in connection with the merger and the other transactions contemplated by the merger agreement; and

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promptly notify each other, and provide each other with a copy, of any communication from any governmental entity that causes the receiving party to believe that there is a reasonable likelihood that any stockholder approval will not be obtained or that the receipt of any required consent or approval may be materially delayed.

In addition, Contango and Crimson have each agreed to use their reasonable best efforts:

to take all actions necessary so that no moratorium, control share, fair price, anti-greenmail, takeover, interested stockholder or similar laws are or become applicable to the merger or any of the other transactions contemplated by the merger agreement; and

if any such law is or becomes applicable to the merger or any of the other transactions contemplated by the merger agreement, to take all actions necessary so that the merger and the other transactions contemplated by the merger agreement may be consummated as promptly as reasonably practicable on the terms contemplated by the merger agreement and otherwise to minimize the effect of such laws on the merger and the other transactions contemplated by the merger agreement.

**Governance Matters After the Merger**

Upon completion of the merger, the board of directors of Contango will consist of eight members, including: (i) five directors chosen by the current Contango board, which directors will be members of the board of Contango immediately prior to the merger, who are referred to as Contango directors, and (ii) three directors chosen by the current Crimson board, which directors will be members of the board of Crimson immediately prior to the merger, who are referred to as Crimson directors. As of the date of this joint proxy statement/prospectus, it is anticipated that the following members of Contango's board of directors immediately prior to the merger will continue to serve as directors of the combined company: Joseph J. Romano, Brad Juneau, B.A. Berilgen, Charles M. Reimer and Steven L. Schoonover. As of the date of this joint proxy statement/prospectus, it is anticipated that the following members of Crimson's board of directors immediately prior to the merger will continue to serve as directors of the combined company: Allan D. Keel, B. James Ford, and Lon McCain. For a period of no less than one year following the completion of the merger, the board of the combined company shall consist of five Contango directors (at least three of whom shall be independent for purposes of the rules of the NYSE MKT) and three Crimson directors (at least two of whom shall be independent for purposes of the rules of the NYSE MKT). At or prior to the effective time of the merger, the Contango board of directors will create an investment committee of the board with the authority and power to allocate, subject to the approval of the entire board of directors of the combined company, the amount and nature of all capital expenditures of Contango and its subsidiaries. The investment committee shall be comprised of two members who shall initially be Joseph J. Romano and Allan D. Keel, with Joseph J. Romano to serve as Chairman.

Upon completion of the merger, (i) Mr. Romano will serve as the Chairman of board of directors of the combined company, (ii) Mr. Keel will serve as the President and Chief Executive Officer of the combined company, and (iii) Mr. E. Joseph Grady will serve as the Senior Vice President and Chief Financial Officer of the combined company.

On or prior to the effective time of the merger, the bylaws of Contango will be amended and restated in the form attached to this joint proxy statement/prospectus as Exhibit C of Annex A, as further described in The Merger Amended and Restated Bylaws of Contango beginning on page 96.

Upon completion of the merger, Contango will retain its name, while its headquarters and principal corporate offices will relocate to 717 Texas Avenue, Houston, Texas 77002.

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### **Employee Benefits Matters**

Contango and Crimson have agreed that:

to the extent that Contango employees immediately prior to the effective time of the merger remain employees of Contango or any of its affiliates following the merger, each such employee will receive a base salary or hourly rate of pay, as applicable, at least equal to that in effect for such employee immediately prior to the effective time of the merger, for a period of at least one year;

all Contango employees shall continue to be entitled to any deferred bonus previously granted prior to the date of the merger agreement;

with respect to Crimson employees immediately prior to the effective time of the merger who become employees of Contango or its affiliates immediately following the effective time of the merger, each benefit plan in which such employees are eligible to participate after the effective time of the merger shall take into account the service of such employees with Crimson and its affiliates to the same extent as such service was credited by Crimson or its affiliates for purposes of eligibility, vesting and benefit accrual;

with respect to Contango employees immediately prior to the effective time of the merger who remain employees of Contango or its affiliates following the effective time of the merger, each benefit plan in which such employees are eligible to participate shall take into account the service of such employees with Contango or its affiliates to the same extent as such service was credited by Contango or its affiliates for purposes of eligibility, vesting and benefit accrual;

with respect to Contango employees who become eligible to participate in Crimson benefit plans that are health plans, the parties will use commercially reasonable efforts to cause each such plan to (i) waive any preexisting condition limitations to the extent such conditions are covered under the applicable life, disability, medical, health or dental plans, (ii) honor under such plans any deductible, co-payment and out-of-pocket expenses incurred by such employees and their beneficiaries during the portion of the calendar year prior to such participation and (iii) waive any waiting period limitation or evidence of insurability requirement which would otherwise be applicable to such employee on or after the effective time of the merger, for the year in which the effective time of the merger or participation in such plans, as applicable, occurs;

the accounts of Contango employees in the 401(k) savings plan in which such employees participate will be transferred to the Crimson 401(k) savings plan, in accordance with the requirements of the applicable plan and of applicable law;

for the applicable fiscal year in which the effective time of the merger occurs, Contango and Crimson employees will be eligible to receive an annual bonus calculated in accordance with the merger agreement;

following the effective time of the merger, Contango will establish (i) an annual bonus program based substantially on the terms of the Crimson Cash Incentive Bonus Plan and (ii) a revised long term incentive plan based substantially on the terms of the Crimson Long-Term Incentive Plan, with shares to be issued under the Contango 2009 Equity Compensation Plan; and

no party or its affiliates is restricted from modifying or terminating any employee benefit plan that a party or its affiliates may establish or maintain.

Contango has also entered into employment agreements, which will be effective at the effective time of the merger, with each of Messrs. Keel and Grady. The employment agreements are described in the section entitled "The Merger - Interests of Crimson Directors and Executive Officers in the Merger - Employment and Severance Agreements" of this joint proxy statement/prospectus.





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### **Treatment of Crimson Stock Options and Other Stock Based Awards and Programs**

#### *Stock Options.*

By virtue of the merger, each option to purchase Crimson common stock granted pursuant to either Crimson's 2005 Stock Incentive Plan or Long-Term Incentive Plan, which are referred to as the Crimson stock plans, whether or not then vested and exercisable, will cease to represent a right to acquire shares of Crimson common stock and will be converted at the effective time of the merger pursuant to the merger agreement into a fully vested and immediately exercisable stock option to purchase shares of Contango common stock on the same terms and conditions as were applicable under such Crimson stock option (but taking into account any changes thereto, including the acceleration thereof, provided for in the Crimson stock plans, the award agreement or in such stock option by reason of the merger agreement or the transactions contemplated thereby). The number of shares of Contango common stock which shall be subject to each such Contango stock option will be determined by multiplying the number of shares of Crimson common stock subject to the Crimson stock option immediately prior to the effective time of the merger by the exchange ratio, and rounding down to the nearest whole share of Contango common stock. The exercise price per share of each such Contango stock option will be determined by dividing the per share exercise price of such stock option by the exchange ratio, and rounding up to the nearest whole cent. Such conversion of the Crimson stock options, however, shall in all cases be effected in a manner consistent with the requirements of Section 424(a) of the Code (as modified by Section 409A of the Code with respect to Crimson stock options that are not intended to qualify as incentive stock options within the meaning of Section 422 of the Code).

#### *Restricted Stock.*

By virtue of the merger, each restricted share of Crimson common stock granted to any employee or director of Crimson, any of its subsidiaries or any of its predecessors under the Crimson stock plans that is outstanding immediately prior to the effective time of the merger shall automatically become a fully vested and unrestricted share of Crimson common stock immediately prior to the effective time of the merger.

As soon as practicable following the effective time of the merger, Contango will file a registration statement on Form S-8 (or such other appropriate form), or a post-effective amendment to a registration statement previously filed, with respect to the shares of Contango common stock available for grant and delivery under the Crimson stock plans and shall maintain the effectiveness of such registration statement for so long as such shares are available for grant and delivery under the Crimson stock plans.

### **Other Covenants and Agreements**

The merger agreement contains certain other covenants and agreements, including covenants relating to:

cooperation between Contango and Crimson in the preparation of this joint proxy statement/prospectus;

confidentiality and access by each party to certain information about the other party;

listing on the NYSE MKT of the shares of Contango common stock to be issued in the merger;

the use of each party's reasonable best efforts to cause all of the conditions in the merger agreement to be satisfied and to consummate the transactions contemplated by the merger agreement in a reasonably expeditious manner; and

reporting the merger as a reorganization within the meaning of Section 368 of the Code.

Contango has also agreed to maintain officers' and directors' liability insurance, for six years following the effective time of the merger, for Crimson's current and former directors and officers who are currently covered by the liability insurance coverage currently maintained by Crimson on terms substantially no less advantageous to the indemnified parties than Crimson's existing insurance. Notwithstanding the foregoing, Contango will not be required to pay, and shall not pay, more than 250% per year of coverage of the amount currently expended by Crimson per year of coverage as of the date of the merger agreement.



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### **Conditions to Completion of the Merger**

The obligations of Contango, Crimson and Merger Sub to complete the merger are subject to the satisfaction or waiver of the following conditions on or prior to the closing date:

adoption of the merger agreement by the affirmative vote of holders of a majority of the outstanding shares of Crimson common stock;

approval of the issuance of shares of Contango common stock to Crimson stockholders in connection with the merger by the affirmative vote of holders of a majority of the shares present in person or represented by proxy and entitled to vote at the Contango special meeting;

absence of any laws, temporary restraining orders, preliminary or permanent injunctions or other orders that have the effect of making the merger illegal or otherwise prohibiting consummation of the merger;

the receipt of any approvals required to be obtained for the consummation of the merger and the other transactions contemplated by the merger agreement under any applicable United States federal or state laws, except where the failure to obtain such approvals would not have a material adverse effect on Contango or Crimson;

authorization for the listing on the NYSE MKT of the shares of Contango common stock to be issued and such other shares to be reserved for issuance in connection with the merger, subject to official notice of issuance; and

effectiveness of the registration statement on Form S-4 of which this joint proxy statement/prospectus forms a part and the absence of a stop order or proceedings pending before the SEC for that purpose.

In addition, each of Contango's and Crimson's obligations to effect the merger is subject to the satisfaction or waiver of the following additional conditions:

the representations and warranties of the other party, other than the representations related to the shares of capital stock authorized, issued and outstanding or reserved for issuance and the shares subject to any rights to purchase or receive common stock, (i) if qualified by material adverse effect, will be true and correct in all respects as of the date of the merger agreement and as of the closing date, and (ii) if not qualified by material adverse effect, will be true and correct as of the date of the merger agreement and as of the closing date except where the failure to be true and correct, has not had, or would not reasonably be expected to have, individually or in the aggregate, a material adverse effect (other than, in each case, those representations and warranties that were made only as of an earlier date, which need only be true and correct as of such earlier date subject to the materiality exceptions noted above);

the representations and warranties of Contango relating to the shares of capital stock authorized, issued and outstanding or reserved for issuance and the shares subject to any rights to purchase or receive common stock will be true and correct other than in de minimis respects as of the date of the merger agreement and as of the closing date (except to the extent such representations or warranties were made only as of an earlier date, which shall have been true and correct as of such earlier date);

the representations and warranties of Crimson relating to the shares of capital stock authorized, issued and outstanding or reserved for issuance and the shares subject to any rights to purchase or receive common stock will be true and correct in all respects as of the date of the merger agreement and as of the closing date (except to the extent such representations or warranties were made only as of an earlier date, which shall have been true and correct as of such earlier date), except where inaccuracies, would result in payment of \$1,000,000 or less of additional merger consideration, in the aggregate;

the other party having performed or complied with, in all material respects, its material agreements and covenants under the merger agreement required to be performed or complied with on or prior to the closing date;

receipt of a certificate executed by the other party's chief executive officer or chief financial officer as to the satisfaction of the conditions described in the preceding four bullets;

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receipt by each party of a tax opinion from such party's tax counsel as described in the section titled "Material U.S. Federal Income Tax Consequences," including an opinion that the merger will be treated as a reorganization within the meaning of Section 368(a) of the Code; and

absence of any event or development that, individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect.

### **Termination of the Merger Agreement**

The merger agreement may be terminated at any time prior to the effective time of the merger, whether before or after the receipt of the required stockholder approvals, under the following circumstances:

by mutual written consent of Contango and Crimson approved by a vote of a majority of the members of their respective boards of directors;

by either Contango or Crimson:

if the merger is not consummated by October 31, 2013 unless the failure of closing to occur by such date is due to the failure of the terminating party to perform its covenants or agreements under the merger agreement;

if Contango stockholders fail to approve the Contango Share Issuance at the Contango special meeting;

if Crimson stockholders fail to approve and adopt the merger agreement at the Crimson special meeting;

prior to obtaining the requisite stockholder approvals for completion of the merger, in response to a superior proposal involving the terminating party, provided that the terminating party has complied with its obligations described under "Changes in Board Recommendation" and pays the non-terminating party the termination fee described under "Termination Fees"; or

if any governmental entity denies a requisite approval and such denial has become final and nonappealable or issues a final and nonappealable order permanently enjoining or otherwise prohibiting the consummation of the merger provided that such terminating party has complied with all applicable obligations under the merger agreement relating to legal conditions of the merger;

by Contango upon a breach of any covenant or agreement or any representation or warranty on the part of Crimson, which breach individually or in the aggregate, if occurring or continuing on the closing date, would result in the failure of certain conditions to Contango's obligations to complete the merger and such breach is not curable or, if curable, is not cured within 30 days after written notice; provided that Contango will have no right to terminate the merger agreement under this provision if Contango or Merger Sub is then in breach or has failed to perform in any material respect any of their representations, warranties or covenants in the merger agreement;

by Crimson upon a breach of any covenant or agreement or any representation or warranty on the part of Contango, which breach, individually or in the aggregate, if occurring or continuing on the closing date, would result in the failure of certain conditions to Crimson's obligations to complete the merger and such breach is not curable or, if curable, is not cured within 30 days after written notice; provided that Crimson will have no right to terminate the merger agreement under this provision if Crimson is then in breach or has failed to perform in any material respect any of their representations, warranties or covenants in the merger agreement;

by Contango if, prior to obtaining approval of the Crimson stockholders, the board of directors of Crimson makes a change in recommendation;

by Crimson if, prior to obtaining approval of the Contango stockholders, the board of directors of Contango makes a change in recommendation;

by Contango if Crimson has committed a willful and material breach of the stockholder meetings provision or the no solicitation provision of the merger agreement; and

by Crimson if Contango has committed a willful and material breach of the stockholder meetings provision or the no solicitation provision of the merger agreement.

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### **Effect of Termination**

If the merger agreement is terminated by either party in accordance with its terms, the merger agreement (except for the confidentiality agreement and certain provisions expressly listed in the merger agreement, which will survive such termination) will become void, and neither of the parties nor their affiliates or representatives will have any liability under the merger agreement or in connection with the transactions contemplated thereby, except: (a) with respect to any applicable termination fees; (b) for willful and material breach of the merger agreement; (c) for fraud; or (d) for breaches of the confidentiality agreement. In the case of clauses (b) and (c), the aggrieved party will be entitled to all rights and remedies available at law or equity; provided, that in the case of clause (b), if such breach is of the stockholder meetings provision or the no solicitation provision and the breaching party pays the applicable termination fee, such party and its affiliates or representatives will have no further liability in connection with the merger agreement or such termination. In the case of clause (d), the aggrieved party shall be entitled to all rights and remedies provided in the confidentiality agreement.

### **Termination Fees and Expenses**

In the following circumstances, a termination fee may be owed either by Contango or Crimson to the other party. Except as otherwise set forth below, if Contango owes a termination fee, the fee will be \$28 million; if Crimson owes a termination fee, the fee will be \$7 million.

In the event that a bona fide acquisition proposal from a third party has been publicly communicated or made publicly known to the stockholders of either Contango or Crimson, and such proposal has not been withdrawn prior to the applicable party's stockholder meeting, and thereafter the merger agreement is terminated due to:

the end date of October 31, 2013 has passed without either Contango or Crimson as applicable, having obtained its stockholder approval;

the failure of either Contango or Crimson, as applicable, to obtain the stockholder approval at their stockholder meeting; or

a breach by the either Contango or Crimson, as applicable, of the covenants and agreements in the merger agreement; and within one year of such termination, the party that received the acquisition proposal consummates an alternative transaction (as defined in the merger agreement) or enters into any definitive agreement related to an alternative transaction, then such party shall pay the other party the applicable termination fee less any expense reimbursement amount (as described below) previously paid by such party.

In the event the merger agreement is terminated by either Contango or Crimson due to a change in recommendation of the other party, then the party whose board changed its recommendation will owe the other party the applicable termination fee.

In the event the merger agreement is terminated by Contango or Crimson as a result of a willful and material breach of the merger agreement by the other party, then the breaching party shall owe the other party the applicable termination fee.

In the event Contango terminates the merger agreement because, prior to obtaining the approval of the Contango stockholders, the board of directors of Contango makes a change in recommendation in connection with a superior proposal, then Contango shall owe Crimson the applicable termination fee.

In the event Crimson terminates the merger agreement because, prior to obtaining the approval of the Crimson stockholders, the board of directors of Crimson makes a change in recommendation in connection with a superior proposal, then Crimson shall owe Contango the applicable termination fee.



In the event the merger agreement is terminated by either Contango or Crimson due to the failure to obtain Contango's stockholder approval, or due to failure to consummate the merger prior to October 31, 2013 and the Contango stockholder approval was not obtained prior to such termination, then Contango shall owe Crimson an expense reimbursement amount equal to \$4,500,000.

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In the event the merger agreement is terminated by either Contango or Crimson due to the failure to obtain Crimson's stockholder approval, or due to failure to consummate the merger prior to October 31, 2013 and the Crimson stockholder approval was not obtained prior to such termination, then Crimson shall owe Contango an expense reimbursement amount equal to \$4,500,000.

### **Amendments, Extensions and Waivers**

The merger agreement may be amended by the parties, by action taken or authorized by the board of directors of Contango and Crimson, at any time before or after receipt of the approvals of the Contango or Crimson stockholders required to consummate the merger. However, after any such stockholder approval, there may not be, without further approval of Contango stockholders and Crimson stockholders, any amendment of the merger agreement which by applicable law requires further stockholder approval. The merger agreement may only be amended by an instrument in writing signed on behalf of each of the parties thereto.

At any time prior to the effective time of the merger, any party may, by action taken or authorized by the board of directors of Contango and Crimson, (i) extend the time for performance of any obligations or other acts of the other party, (ii) waive any inaccuracies in the representations and warranties of the other party contained in the merger agreement and (iii) waive compliance by the other party with any of the agreements or conditions contained in the merger agreement. However, after any stockholder approval, there may not be, without further approval of Contango stockholders and Crimson stockholders, any extension or waiver of provisions in the merger agreement which by applicable law requires further stockholder approval. An agreement on the part of a party to any such extension or waiver shall be valid only if set forth in a written instrument signed on behalf of such party.

### **No Third Party Beneficiaries**

While the merger agreement is not intended to confer upon you or any person other than Contango, Crimson and Merger Sub any rights or remedies, it provides limited exceptions. Crimson's and Contango's directors and officers will continue to have indemnification and liability insurance coverage after the completion of the merger and these rights may be enforced by such officers and directors. Furthermore, each party will have the right, on behalf of its stockholders, to pursue damages and other relief, including equitable relief, for the other party's willful and material breach of any of its covenants and agreements in the merger agreement. However, this right is enforceable on behalf of Crimson stockholders only by Crimson in its sole and absolute discretion or on behalf of Contango stockholders only by Contango in its sole and absolute discretion, and any and all interests in such claims shall attach to shares of Crimson common stock or Contango common stock, as applicable, and subsequently trade and transfer with those shares. As a result, any damages, settlements or other amounts recovered by a party with respect to such claims may, in such party's sole and absolute discretion, be (i) distributed, in whole or in part, by such party to its stockholders as of any record date determined by such party or (ii) retained by such party for the use and benefit of such party on behalf of its stockholders in any manner such party deems fit.

### **Specific Performance**

Contango and Crimson acknowledged and agreed in the merger agreement that irreparable damage would occur in the event that any of the provisions of the merger agreement were not performed in accordance with the terms of the merger agreement or were otherwise breached and that monetary damages, even if available, would not be an adequate remedy. In addition, the parties agreed that, prior to a valid termination of the merger agreement, they will be entitled to an injunction or injunctions to prevent breaches of the merger agreement or to enforce specifically the performance of terms and provisions of the merger agreement. The parties further agreed not to assert that a remedy of specific performance is unenforceable, invalid, contrary to law or inequitable for any reason, nor to object to a remedy of specific performance on the basis that a remedy of monetary damages would provide an adequate remedy for any such breach. Each party further acknowledged and agreed that the

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agreements relating to specific performance are an integral part of the transactions contemplated by the merger agreement and that, without these agreements, the other party would not have entered into the merger agreement. Each party further agreed that no other party or any other person will be required to obtain, furnish or post any bond or similar instrument in connection with or as a condition to obtaining any remedy relating to specific performance, and each party irrevocably waived any right it may have to require the obtaining, furnishing or posting of any such bond or similar instrument.

### **Stockholder Support Agreements**

#### ***Crimson Support Agreements***

In connection with the execution of the merger agreement, Contango and Merger Sub concurrently entered into a Support and Irrevocable Proxy Agreement, dated as of April 29, 2013, with each of (a) OCM Crimson Holdings, LLC and OCM GW Holdings, LLC and (b) Allan D. Keel, E. Joseph Grady, A. Carl Isaac, Jay S. Mengle, Thomas H. Atkins and John A. Thomas, each of whom is an executive officer of Crimson, (collectively, the *Crimson Support Agreements*). The shares of Crimson common stock outstanding that are beneficially owned by Oaktree and such executive officers of Crimson and are subject to the *Crimson Support Agreements* represent, in the aggregate, approximately 38.3% of Crimson's outstanding common stock as of April 29, 2013. Under, and subject to the terms of the *Crimson Support Agreements*, Oaktree and each signatory executive officer of Crimson agrees to vote the shares it beneficially owns (i) in favor of the merger and the merger agreement and (ii) against (a) any other acquisition proposal, (b) any liquidation, dissolution, recapitalization, extraordinary dividend or other significant corporate reorganization of Crimson and (c) any other action, proposal or agreement that would reasonably be expected to interfere with or delay the consummation of the merger. The *Crimson Support Agreements* terminate at the earliest of the effective time of the merger, the termination of the merger agreement in accordance with its terms or any reduction of the merger consideration.

#### ***Contango Support Agreements***

In connection with the execution of the merger agreement, Crimson concurrently entered into a Support and Irrevocable Proxy Agreement, dated as of April 29, 2013, with each of the Estate of Kenneth R. Peak, Joseph J. Romano, Brad Juneau, Sergio Castro and Yaroslava Makalskaya (collectively, the *Contango Support Agreements*) who, in the aggregate, beneficially own approximately 10.6% of Contango's outstanding common stock as of April 29, 2013. Under, and subject to the terms of the *Contango Support Agreements*, the Estate of Kenneth R. Peak, Brad Juneau, and each signatory executive officer of Contango agrees to vote their shares of Contango's common stock in favor of the Merger and against any other acquisition proposal. The *Contango Support Agreements* terminate at the earliest of the effective time of the merger, the termination of the merger agreement in accordance with its terms or any reduction of the merger consideration.

### **Registration Rights Agreement**

In connection with the execution of the merger agreement, Contango concurrently entered into a Registration Rights Agreement (the *Registration Rights Agreement*) with Oaktree, dated as of April 29, 2013. The *Registration Rights Agreement* will become effective automatically upon, and only upon, the consummation of the merger. Under, and subject to the terms of the *Registration Rights Agreement*, Contango will prepare and file within 120 days after the closing of the merger, a shelf registration statement covering the resale and distribution of Contango common stock owned by Oaktree. Oaktree can request up to three takedowns pursuant to the shelf registration statement as long as the aggregate value to be sold in each such takedown equals at least \$15 million. Pursuant to the *Registration Rights Agreement*, Oaktree also obtains certain piggyback rights with regard to registrations by Contango.

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**PROPOSALS FOR THE CONTANGO SPECIAL MEETING**

**Contango Proposal 1 Issuance of Shares of Contango Common Stock**

For a summary and detailed information regarding this proposal, see the information about the merger and issuance of Contango common shares in connection with the merger contained throughout this joint proxy statement/prospectus, including the information set forth in the sections entitled "The Merger" beginning on page 50.

A copy of the merger agreement is attached to this joint proxy statement/prospectus as Annex A.

Under the merger agreement, approval of this proposal is a condition to the completion of the merger. If the proposal is not approved, the transactions will not be completed even if the other proposals related to the transactions are approved.

Under the NYSE MKT rules, the Contango share issuance requires the affirmative vote of holders of a majority of the outstanding Contango common shares voted at the Contango special meeting. Under the Contango bylaws, the Contango share issuance requires the affirmative vote of a majority of the shares of Contango common stock, present in person or represented by proxy at the Contango special meeting and entitled to vote thereon, assuming a quorum.

**Contango's board of directors has unanimously approved the merger and the merger agreement and unanimously recommends that Contango stockholders vote FOR the proposal to approve the issuance of shares of Contango common stock to Crimson stockholders in connection with the merger.**

**Contango Proposal 2 Advisory (Non-Binding) Vote on Compensation**

Section 14A of the Exchange Act, which was enacted as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, requires that Contango provide its stockholders with the opportunity to vote to approve, on a non-binding, advisory basis, the compensation that may be paid or become payable to Contango's named executive officers that is based on or otherwise relates to the proposed transactions, as disclosed in this joint proxy statement/prospectus, including the compensation table and the related narrative named executive officer compensation disclosures set forth in "The Merger" Interests of Contango's Directors and Executive Officers in the Merger beginning on page 97. This vote is commonly referred to as a "golden parachute say on pay" vote. Accordingly, Contango's stockholders are being provided with the opportunity to cast an advisory vote on such change of control payments.

As an advisory vote, this proposal is not binding upon Contango or the board of directors of Contango, and approval of this proposal is not a condition to completion of the proposed transactions.

Accordingly, Contango is seeking approval of the following resolution at the special meeting:

RESOLVED, that Contango's stockholders approve, on an advisory (non-binding) basis, the compensation of Contango's named executive officers that is based on or otherwise relates to the proposed transactions, as disclosed pursuant to Item 402(t) of Regulation S-K under the heading "The Merger" Interests of Contango's Directors and Executive Officers in the Merger (which disclosure includes the compensation table and related narrative named executive officer compensation disclosures required pursuant to Item 402(t) of Regulation S-K).

Approval, on an advisory (non-binding) basis, of the compensation that may be paid or become payable to Contango's named executive officers that is based on or otherwise related to the proposed transactions requires the affirmative vote, in person or by proxy, of the holders of a majority of the shares of Contango's common stock present, in person or by proxy, at the special meeting and entitled to vote thereon.

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**The Contango board unanimously recommends that Contango stockholders vote FOR the approval, on an advisory (non-binding) basis, of the compensation that may be paid or become payable to Contango's named executive officers that is based on or otherwise relates to the proposed transactions.**

**Contango Proposal 3 Possible Adjournment of the Contango Special Meeting**

If Contango fails to receive a sufficient number of votes to approve Contango Proposal 1, Contango may propose to adjourn the special meeting, if a quorum is present, for the purpose of soliciting additional proxies to approve Contango Proposal 1. Contango currently does not intend to propose adjournment of the Contango special meeting if there are sufficient votes to approve Contango Proposal 1.

The proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies requires the approval of a majority of the votes cast at the Contango special meeting, regardless of whether there is a quorum.

**Contango's board of directors unanimously recommends that you vote FOR the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies.**

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**PROPOSALS FOR THE CRIMSON SPECIAL MEETING**

**Crimson Proposal 1 Merger Agreement**

For a summary and detailed information regarding this proposal, see the information about the merger agreement, the merger and the transactions contemplated by the merger agreement throughout this joint proxy statement/prospectus, including the information set forth in sections entitled "The Merger Agreement" beginning on page 50. A copy of the merger agreement is attached as Annex A to this joint proxy statement/prospectus.

Under the merger agreement, approval of this proposal is a condition to the completion of the merger. If the proposal is not approved, the merger with Contango and the transactions will not be completed even if the other proposals related to the transactions are approved.

Adoption of the merger agreement, the merger and the other transactions contemplated by the merger agreement and approval of the transactions contemplated by the merger agreement requires the affirmative vote, in person or by proxy, of the holders of a majority of the outstanding shares of Crimson common stock.

**Crimson's board of directors has unanimously adopted the merger agreement, the merger and the other transactions contemplated by the merger agreement and unanimously recommends that Crimson stockholders vote FOR the proposal to approve and adopt the merger agreement, the merger and the other transactions contemplated by the merger agreement.**

**Crimson Proposal 2 Advisory (Non-Binding) Vote on Compensation**

Section 14A of the Exchange Act, which was enacted as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, requires that Crimson provide its stockholders with the opportunity to vote to approve, on a non-binding, advisory basis, the compensation that may be paid or become payable to Crimson's named executive officers that is based on or otherwise relates to the proposed transactions, as disclosed in this joint proxy statement/prospectus, including the compensation table and the related narrative named executive officer compensation disclosures set forth in "The Merger - Interests of Crimson's Directors and Executive Officers in the Merger" beginning on page 99. This vote is commonly referred to as a "golden parachute say on pay" vote. Accordingly, Crimson's stockholders are being provided with the opportunity to cast an advisory vote on such change of control payments.

As an advisory vote, this proposal is not binding upon Crimson or the board of directors of Crimson, and approval of this proposal is not a condition to completion of the proposed transactions.

Accordingly, Crimson is seeking approval of the following resolution at the special meeting:

RESOLVED, that Crimson's stockholders approve, on an advisory (non-binding) basis, the compensation of Crimson's named executive officers that is based on or otherwise relates to the proposed transactions, as disclosed pursuant to Item 402(t) of Regulation S-K under the heading "The Merger - Interests of Crimson's Directors and Executive Officers in the Merger" (which disclosure includes the compensation table and related narrative named executive officer compensation disclosures required pursuant to Item 402(t) of Regulation S-K).

Approval, on an advisory (non-binding) basis, of the compensation that may be paid or become payable to Crimson's named executive officers that is based on or otherwise related to the proposed transactions requires the affirmative vote, in person or by proxy, of the holders of a majority of the shares of Crimson's common stock present, in person or by proxy, at the special meeting and entitled to vote thereon.

**Crimson's board of directors unanimously recommends that you vote FOR approval on an advisory (non-binding) basis, of the compensation that may be paid or become payable to Crimson's named executive officers that is based on or otherwise relates to the proposed transactions.**

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**Crimson Proposal 3 Possible Adjournment of the Crimson Special Meeting**

If Crimson fails to receive a sufficient number of votes to approve Crimson Proposal 1, Crimson may propose to adjourn the special meeting, if a quorum is present, for the purpose of soliciting additional proxies to approve Crimson Proposal 1. Crimson currently does not intend to propose adjournment of the Crimson special meeting if there are sufficient votes to approve Crimson Proposal 1.

The proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies requires the approval of a majority of the votes cast at the Crimson special meeting, regardless of whether there is a quorum.

**Crimson's board of directors unanimously recommends that you vote FOR the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies.**

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**MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES**

The following discussion addresses the material U.S. federal income tax consequences of the merger to holders of Crimson common stock that exchange their shares of Crimson common stock for shares of Contango common stock in the merger.

This discussion addresses only holders of Crimson common stock who hold that stock as a capital asset and are U.S. persons, each as defined for U.S. federal income tax purposes. For these purposes a U.S. person is:

an individual citizen or resident of the United States;

a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;

an estate the income of which is subject to U.S. federal income taxation regardless of its source; or

a trust that (i) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

This discussion does not address any non-income taxes (including the unearned income Medicare contribution tax enacted under the Health Care and Education Reconciliation Act of 2010) or any foreign, state or local tax consequences of the merger. This discussion does not address all aspects of U.S. federal income taxation that may be relevant to a holder of Crimson common stock in light of that holder's particular circumstances or to a holder subject to special rules (such as, for example, dealers or brokers in securities, commodities or foreign currencies, traders in securities that elect to apply a mark-to-market method of accounting, banks and certain other financial institutions, insurance companies, mutual funds, tax-exempt organizations, holders subject to the alternative minimum tax provisions of the Code, partnerships, S corporations or other pass-through entities or investors in partnerships, S corporations or such other pass-through entities, regulated investment companies, real estate investment trusts, controlled foreign corporations, passive foreign investment companies, former citizens or residents of the United States, U.S. expatriates, holders whose functional currency is not the U.S. dollar, holders who hold shares of Crimson common stock as part of a hedge, straddle, constructive sale or conversion transaction or other integrated investment, holders who acquired Crimson common stock pursuant to the exercise of employee stock options, through a tax qualified retirement plan or otherwise as compensation or holders who actually or constructively own more than 5% of Crimson common stock). This discussion is based on the Code, applicable Treasury regulations, administrative interpretations and court decisions, each as in effect as of the date of this joint proxy statement/prospectus and all of which are subject to change, possibly with retroactive effect.

If a partnership (or an entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds Crimson common stock, the tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partners of partnerships holding Crimson common stock should consult their own tax advisors.

**This discussion of material U.S. federal income tax consequences is for general information purposes only and is not intended to be, and should not be construed as, tax advice. Holders of Crimson common stock are urged to consult their independent tax advisors with respect to the application of U.S. federal income tax laws to their particular situations as well as any tax consequences arising under the U.S. federal estate or gift tax rules, or under the laws of any state, local, foreign or other taxing jurisdiction or under any applicable tax treaty.**

**Tax Consequences of the Merger Generally**

Crimson and Contango intend for the merger to qualify as a reorganization for U.S. federal income tax purposes within the meaning of Section 368(a) of the Code. It is a condition to the obligation of Crimson to





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complete the merger that Crimson receive an opinion from Vinson & Elkins L.L.P., counsel to Crimson, dated as of the closing date of the merger and to the effect that the merger will be treated as a reorganization within the meaning of Section 368(a) of the Code. It is a condition to the obligation of Contango to complete the merger that Contango receive an opinion from Morgan, Lewis & Bockius LLP, counsel to Contango, dated as of the closing date of the merger and to the effect that the merger will be treated as a reorganization within the meaning of Section 368(a) of the Code. The opinions regarding the merger will not address any state, local or foreign tax consequences of the merger. These opinions will be based on facts and representations contained in representation letters provided by Crimson and Contango and on customary factual assumptions, as well as on certain covenants and undertakings by Contango and Crimson. Neither of the opinions described above will be binding on the IRS or any court. Crimson and Contango have not sought and will not seek any ruling from the IRS regarding any matters relating to the merger, and as a result, there can be no assurance that the IRS will not assert, or that a court would not sustain, a position contrary to any of the conclusions set forth below. In addition, if any of the representations, assumptions, covenants or undertakings upon which those opinions are based are inconsistent with the actual facts, the U.S. federal income tax consequences of the merger could be different than set forth in the opinions. Neither Crimson nor Contango is aware of any facts or circumstances that would cause the assumptions, representations, covenants and undertakings to be incorrect, incomplete, inaccurate or violated in any material respect. The following discussion assumes the merger qualifies as a reorganization within the meaning of Section 368(a) of the Code.

*Receipt of Contango Common Stock*

Each holder of Crimson common stock who exchanges such holder's Crimson common stock for Contango common stock generally will not recognize gain or loss, except with respect to cash received instead of fractional shares of Contango common stock (as discussed below). The aggregate tax basis of the Contango common stock each holder receives in the merger (including any fractional shares deemed received and redeemed for cash as described below) will equal the aggregate adjusted tax basis in the shares of Crimson common stock such holder surrenders in the merger. The holding period for the shares of Contango common stock received in the merger (including any fractional shares deemed received and redeemed for cash as described below) will include the holding period of the shares of Crimson common stock surrendered in the merger. If a holder acquired different blocks of Crimson common stock at different times or at different prices, the Contango common stock such holder receives will be allocated pro rata to each block of Crimson common stock, and the basis and holding period of each block of Contango common stock received will be determined on a block-for-block basis depending on the basis and holding period of the blocks of Crimson common stock exchanged for such block of Contango common stock.

*Receipt of Cash for Fractional Shares*

Each holder of Crimson common stock who receives cash in lieu of a fractional share of Contango common stock will be treated as having received such fractional share of Contango common stock pursuant to the merger and then having sold such fractional share of Contango common stock for cash. As a result, such holder of Crimson common stock will recognize gain or loss equal to the difference between the amount of cash received and the basis in the holder's fractional share of Contango common stock as set forth above. Such gain or loss generally will be capital gain or loss and will be long-term capital gain or loss if, as of the effective date of the merger, the holding period for such fractional share (including the holding period of shares of Crimson common stock surrendered therefor) exceeds one year. Long-term capital gains of individuals are generally eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

*Backup Withholding and Reporting Requirements*

Payments of cash to a holder of Crimson common stock pursuant to the merger may, under certain circumstances, be subject to information reporting and backup withholding (currently at a rate of 28%) unless the holder provides proof of an applicable exemption or, in the case of backup withholding, furnishes its correct

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taxpayer identification number and otherwise complies with all applicable requirements of the backup withholding rules. Any amounts withheld from payments to a holder under the backup withholding rules are not additional tax and generally will be allowed as a refund or credit against the holder's U.S. federal income tax liability.

A U.S. holder of Crimson common stock, as a result of having received Contango common stock in the merger, will be required to retain records pertaining to the merger pursuant to Treasury regulation Section 1.368-3(d). In addition, each U.S. holder of Crimson common stock who is a significant holder will be required to file a statement with such holder's U.S. federal income tax return in accordance with Treasury regulation Section 1.368-3(b) setting forth such holder's basis in, and the fair market value of, the Crimson common stock surrendered in the merger, the date of the merger and the name and employer identification number of Contango, Crimson and Merger Sub. A significant holder is a holder of Crimson common stock who, immediately before the merger, owned at least 5% (by vote or value) of the outstanding stock of Crimson or securities of Crimson with a basis for U.S. federal income tax purposes of at least \$1 million.

**Tax Consequences to Contango, Crimson and Merger Sub**

None of Contango, Crimson or Merger Sub will recognize any gain or loss for U.S. federal income tax purposes as a result of the merger.

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**ACCOUNTING TREATMENT**

Contango prepares its financial statements in accordance with GAAP. The merger will be accounted for using the acquisition method of accounting with Contango being considered the acquirer of Crimson for accounting purposes. This means that Contango will allocate the purchase price to the fair value of Crimson's tangible and intangible assets and liabilities at the acquisition date, with the excess purchase price being recorded as goodwill. Under the acquisition method of accounting, goodwill is not amortized but is tested for impairment at least annually.

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**UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION**

The following unaudited pro forma condensed combined financial statements give effect to the proposed business combination of Contango and Crimson.

The merger will be accounted for using the acquisition method of accounting with Contango identified as the acquirer. Under the acquisition method of accounting, Contango will record all assets acquired and liabilities assumed at their respective acquisition-date fair values at the effective time of closing.

The unaudited pro forma condensed combined balance sheet as of March 31, 2013 gives effect to the merger as if such event occurred on March 31, 2013. The unaudited pro forma condensed combined statements of operations for the nine months ended March 31, 2013 and the year ended June 30, 2012 give effect to the merger as if such event occurred as of July 1, 2011.

The unaudited pro forma condensed combined financial statements are provided for illustrative purposes only and are not intended to represent or be indicative of the results of operations or financial position of the combined company that would have been recorded had the merger been completed as of the dates presented and should not be taken as representative of future results of operations or financial position of the combined company. The unaudited pro forma condensed combined financial statements do not reflect the impacts of any potential operational efficiencies, asset dispositions, cost savings or economies of scale that the combined company may achieve with respect to the combined operations. Additionally, the pro forma statements of operations do not include non-recurring charges or credits and the related tax effects which result directly from the merger. The unaudited pro forma condensed combined financial statements should be read in conjunction with the historical consolidated financial statements and accompanying notes contained in Contango's and Crimson's Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q, which are incorporated in this joint proxy by reference see "Where You Can Find More Information" beginning on page 160.

**Table of Contents****Contango Oil and Gas Company****Unaudited Pro Forma Condensed Combined Balance Sheet**

As of March 31, 2013

(In thousands)

	Contango Historical	Crimson Historical	Acquisition Method Adjustments (a)	Pro forma Adjustments Financing & Other Adjustments (b)	Contango Pro Forma Combined
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 82,606	\$	\$	\$ (72,163)(vi)	\$ 10,443
Accounts receivable:	47,865	12,216			60,081
Prepaid expenses	3,872	812			4,684
Derivative instruments		23			23
Deferred tax asset		10,855			10,855
Inventory	2,516				2,516
Total current assets	136,859	23,906		(72,163)	88,602
<b>PROPERTY, PLANT AND EQUIPMENT:</b>					
Natural gas and oil properties, successful efforts method of accounting:					
Proved properties	547,100	736,387	(569,180)(ii)		714,307
Unproved properties	36,732	14,036	237,948(ii)		288,716
Other property and equipment	227	3,037	(1,834)(ii)		1,430
Accumulated depreciation, depletion and amortization	(208,066)	(454,997)	454,997(ii)		(208,066)
Total property, plant and equipment, net	375,993	298,463	121,931		796,387
<b>OTHER ASSETS</b>					
Investment in affiliates	59,894				59,894
Deferred tax asset, net		43,801	(35,063)(v)		8,738
Other noncurrent assets	193	1,206	(960)(iii)	2,313(vi)	2,752
Total other assets	60,087	45,007	(36,023)	2,313	71,384
<b>TOTAL ASSETS</b>	<b>\$ 572,939</b>	<b>\$ 367,376</b>	<b>\$ 85,908</b>	<b>\$ (69,850)</b>	<b>\$ 956,373</b>
<b>CURRENT LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 15,761	\$ 41,555	\$ 4,500(iv)	\$ 8,500	\$ 70,316
Royalties and revenue payable	22,206				22,206
Other current liabilities		875			875
Total current liabilities	37,967	42,430	4,500	8,500	93,397
<b>NONCURRENT LIABILITIES</b>					
Long term debt		238,589	6,261(iii)	(69,850)	175,000
Deferred tax liability	117,354				117,354
Asset retirement obligation	9,820	10,237			20,057
Other noncurrent liabilities		580			580

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Total noncurrent liabilities	127,174	249,406	6,261	(69,850)	312,991
<b>STOCKHOLDERS EQUITY</b>					
Common stock	805	47	108		960
Additional paid-in capital	79,024	246,670	(96,138)(i)		229,556
Treasury stock	(117,162)	(1,102)	1,102		(117,162)
Retained earnings (deficit)	445,131	(170,075)	170,075	(8,500)(vii)	436,631
Total stockholders equity	407,798	75,540	75,147	(8,500)	549,985
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>					
	\$ 572,939	\$ 367,376	\$ 85,908	\$ (69,850)	\$ 956,373

See accompanying notes to the unaudited pro forma condensed combined financial statements

**Table of Contents****Contango Oil and Gas Company****Unaudited Pro Forma Condensed Combined Statement of Operations****for the Year Ended June 30, 2012****(In thousands except for per share amounts)**

	<b>Contango Historical</b>	<b>Crimson Historical (viii)</b>	<b>Pro Forma Adjustments</b>	<b>Contango Pro Forma Combined</b>
<b>REVENUES</b>				
Natural gas, oil and liquids sales	\$ 179,272	\$ 113,957	\$	\$ 293,229
Total revenues	179,272	113,957		293,229
<b>EXPENSES</b>				
Operating expenses	25,183	12,826		38,009
Production and ad valorem taxes		1,814		1,814
Exploration expenses	346	964		1,310
Depreciation, depletion and amortization	49,052	58,192	(39,560)(ix)	67,684
Impairment of natural gas and oil properties		7,027		7,027
General and administrative expenses	10,418	19,831		30,249
Gain (loss) on sale of assets		(9)		(9)
Total expenses	84,999	100,645	(39,560)	146,084
<b>OPERATING INCOME</b>	<b>94,273</b>	<b>13,312</b>	<b>39,560</b>	<b>147,145</b>
Loss from investments in affiliates, net of taxes	(449)			(449)
Other income (expense)				
Interest expense		(24,579)	20,352(x)	(4,227)
Other income (expense) and financing costs	(312)	(881)		(1,193)
Unrealized (loss) gain on derivative instruments		5,130		5,130
<b>NET INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES</b>				
	93,512	(7,018)	59,912	146,406
Pro forma income tax benefit (provision)	(34,299)	2,057	(22,167)(xi)	(54,409)
<b>NET INCOME (LOSS) AVAILABLE TO COMMON STOCK</b>	<b>\$ 59,213</b>	<b>\$ (4,961)</b>	<b>\$ 37,745</b>	<b>\$ 91,997</b>
<b>NET INCOME (LOSS) PER SHARE FROM CONTINUING OPERATIONS:</b>				
Basic	\$ 3.84			\$ 4.77
Diluted	\$ 3.84			\$ 4.73
<b>WEIGHTED AVERAGE COMMON SHARES OUTSTANDING</b>				
Basic	15,423		3,869(xii)	19,292
Diluted	15,425		4,006(xii)	19,431

See accompanying notes to the unaudited pro forma condensed combined financial statements



**Table of Contents****Contango Oil and Gas Company****Unaudited Pro Forma Condensed Combined Statement of Operations****for the Nine Months Ended March 31, 2013****(In thousands except for per share amounts)**

	<b>Contango Historical</b>	<b>Crimson Historical (viii)</b>	<b>Pro Forma Adjustments</b>	<b>Contango Pro Forma Combined</b>
<b>REVENUES</b>				
Natural gas, oil and liquids sales	\$ 96,493	\$ 82,788	\$	\$ 179,281
Total revenues	96,493	82,788		179,281
<b>EXPENSES</b>				
Operating expenses	21,220	10,292		31,512
Production and ad valorem taxes		5,261		5,261
Exploration expenses	51,743	61		51,804
Depreciation, depletion and amortization	30,830	42,466	(29,778)(ix)	43,518
Impairment of natural gas and oil properties	14,078	117,225		131,303
General and administrative expenses	8,607	14,671		23,278
(Gain) loss on sale of assets		(6)		(6)
Total expenses	126,478	189,970	(29,778)	286,670
<b>OPERATING INCOME</b>	<b>(29,985)</b>	<b>(107,182)</b>	<b>29,778</b>	<b>(107,389)</b>
Loss from investments in affiliates, net of taxes	(639)			(639)
Other income (expense)				
Interest expense		(19,153)	15,386(x)	(3,767)
Other income (expense) and financing costs	(44)	(418)		(462)
Unrealized (loss) gain on derivative instruments		(6,683)		(6,683)
<b>NET INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES</b>				
	<b>(30,668)</b>	<b>(133,436)</b>	<b>45,164</b>	<b>(118,940)</b>
Pro forma income tax benefit (provision)	9,592	37,201	(16,710)(xi)	30,083
<b>NET INCOME (LOSS) AVAILABLE TO COMMON STOCK</b>	<b>\$ (21,076)</b>	<b>\$ (96,235)</b>	<b>\$ 28,454</b>	<b>\$ (88,857)</b>
<b>NET INCOME (LOSS) PER SHARE FROM CONTINUING OPERATIONS:</b>				
Basic	\$ (1.38)			\$ (4.65)
Diluted	\$ (1.38)			\$ (4.65)
<b>WEIGHTED AVERAGE COMMON SHARES OUTSTANDING</b>				
Basic	15,229		3,869(xii)	19,098
Diluted	15,229		3,869(xii)	19,098

See accompanying notes to the unaudited pro forma condensed combined financial statements

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**NOTES TO UNAUDITED PRO FORMA CONDENSED**

**COMBINED FINANCIAL STATEMENTS**

**Note 1. Basis of Presentation**

The unaudited pro forma condensed combined balance sheet as of March 31, 2013 is based on the unaudited condensed consolidated balance sheets of Contango and Crimson as of March 31, 2013, adjusted to reflect the following items as though they had occurred on March 31, 2013:

The preliminary purchase price allocation to assets to be acquired and liabilities to be assumed in the merger;

The expected issuance of 0.08288 share of Contango common stock for each share of Crimson common stock, and the expected exchange of Crimson's stock options to similar Contango stock options using the 0.08288 exchange rate;

The assumption by Contango of approximately \$245 million of Crimson's long-term debt;

The refinancing of Crimson's First Lien Revolver Credit Agreement with a new revolving credit facility with an increased borrowing base;

Repayment at closing of Crimson's Second Lien Loan from cash on hand and anticipated borrowings under the new revolving credit facility.

The unaudited pro forma condensed combined statements of operations for the nine months ended March 31, 2013 and the year ended June 30, 2012 are based on the historical financial information of Contango and Crimson, recast to match the accounting periods to those of Contango as discussed below, and give effect to the merger as if it occurred on July 1, 2011.

The Crimson historical information included in the unaudited pro forma condensed combined statement of operations for the twelve months ended June 30, 2012 was derived by adding Crimson's audited statement of operations for the twelve months ended December 31, 2011 to its unaudited condensed consolidated statement of operations for the six months ended June 30, 2012, and then subtracting its unaudited condensed consolidated statement of operations for the six months ended June 30, 2011.

The Crimson historical information included in the unaudited pro forma condensed combined statement of operations for the nine months ended March 31, 2013 was derived by adding Crimson's audited statement of operations for the twelve months ended December 31, 2012 to its unaudited condensed consolidated statement of operations for the three months ended March 31, 2013, and then subtracting its unaudited condensed consolidated statement of operations for the six months ended June 30, 2012.

Certain reclassifications have been made to Crimson's historical financial statements presented herein to conform to Contango's historical presentation.

**Note 2. Assumptions and Adjustments**

**Unaudited Pro Forma Condensed Combined Balance Sheet as of March 31, 2013**

*(a) Acquisition Method Adjustments*

These adjustments reflect the elimination of the components of Crimson's historical stockholders' equity, the estimated value of consideration to be paid by Contango in the merger and to reflect the adjustments of the historical book value of Crimson's assets and liabilities as of March 31, 2013 to their estimated fair values, in accordance with acquisition accounting.

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Assets and liabilities of Crimson are recorded at their preliminary estimated fair values. The actual adjustments to Contango's consolidated combined financial statements upon consummation of the merger and allocation of the purchase price will depend on a number of factors, including additional financial information available at

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such time, changes in the fair value of Contango's common stock transferred at the closing date, changes in the estimated fair value of Crimson's natural gas and oil properties as of the closing date, and changes in the operating results of Crimson between the date of preparation of this pro forma information and the effective closing date of the merger. Accordingly, the final allocations of merger consideration and their effects on the results of operations may differ materially from the preliminary allocations and unaudited pro forma combined amounts included herein.

The estimated fair value of the consideration to be transferred is described below (in thousands, except for stock price):

<b>(i) Purchase price:</b>	
Estimated Crimson common stock to be acquired by Contango	46,685
Exchange ratio of Contango common shares for each Crimson common share	0.08288
Contango common stock to be issued to Crimson stockholders	3,869
Closing price of Contango common stock on April 29, 2013	\$ 38.50
Fair value of common stock issued	\$ 148,967
Fair value of stock options issued	\$ 1,720
Total preliminary estimated purchase price	\$ 150,687
<b>Estimated fair value of other liabilities assumed:</b>	
Current liabilities	\$ 46,930
Long-term debt	\$ 244,850
Asset retirement obligations and other non-current liabilities	\$ 10,817
Amount attributable to liabilities assumed	\$ 302,596
Total purchase price plus liabilities assumed	\$ 453,283
<b>Estimated fair value of assets acquired:</b>	
Current assets	\$ 13,051
Current and noncurrent deferred tax asset, net	19,593
Natural gas and oil properties, net	420,394
Other non-current assets	246
Amount attributable to assets acquired	\$ 453,283
Goodwill	\$
Fair value of common stock issued for the Crimson acquisition	\$ 148,967
Less \$0.04 par value of the common stock	(155)
Fair value of stock options issued in connection with the Merger	1,720
Eliminate Crimson's historical additional paid in capital	(246,670)
Pro forma adjustment to additional paid in capital	\$ (96,138)

In accordance with the Merger Agreement, Contango agreed to issue 0.08288 share for each of the common shares of Crimson. The conversion factor will not change between the date of the Merger Agreement and the effective date of the merger.

Additionally, as a result of the merger, all restricted shares of Crimson previously issued to its directors and employees will vest and be subject to exchange for shares of Contango common stock using the same conversion factor. Contango will also issue new Contango stock options to replace outstanding Crimson stock options held by Crimson's directors and employees. The number of options granted and the strike price of the options will be adjusted using the same conversion ratio as for the common stock.



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Under the terms of the merger agreement, consideration paid by Contango will consist of approximately 3.9 million shares of Contango's common stock issued in exchange for 46.6 million of Crimson's shares outstanding as of March 31, 2013, including restricted stock vesting at the effective date of the merger, and approximately 137 thousand vested Contango stock options issued to Crimson's employees in exchange for all Crimson stock options issued and outstanding as of March 31, 2013. All of Crimson's restricted shares and stock options vest immediately prior to the closing of the merger.

The purchase price is calculated assuming fair value of Contango's stock of \$38.50 per share based upon the closing price of Contango's common stock as of April 29, 2013.

Fair value of Contango's options issued in exchange for Crimson's stock options was calculated using the Black-Scholes Model and applying the following weighted-average assumptions: (i) risk-free interest rate of 1.39%; (ii) expected life of 2.95 to 5.1 years; (iii) expected volatility of 45%; and (iv) expected dividend yield of 0%. The weighted average fair value per share for the options was estimated to be \$12.55.

- (ii) To adjust the book value of Crimson's oil and gas properties acquired to fair value. The commodity prices used in the determination of the fair value of natural gas and oil properties were based on future expected prices for oil, natural gas and NGLs, after adjustment for transportation fees and regional price differentials. An increase or decrease in commodity prices as of the closing date will result in a corresponding increase or decrease in the fair value of the properties and related deferred tax liabilities and a decrease or increase to goodwill.
- (iii) The fair value of the long-term debt to be assumed by Contango includes approximately \$68.1 million and \$176.8 million (net of an) for the First and Second Lien debts, respectively. The fair value of the debt was calculated assuming 100% of Second Lien Loan principal outstanding as of March 31, 2013 plus an assumed 1% prepayment penalty included in such loan agreement. Crimson's historical debt issuance cost of \$960 thousand, and the unamortized balance of original issue discount of \$4.4 million, have been eliminated as a part of the pro forma fair value adjustments.
- (iv) To accrue for transaction costs of approximately \$4.5 million, including \$2.8 million in advisory fees to be paid to Crimson's financial advisor and approximately \$1.7 million in other estimated legal and advisory fees that are payable as a result of the transaction, which were not reflected in Crimson's historical financial statements.
- (v) Fair value of the deferred tax liabilities was estimated giving the tax effect of the step-up adjustment for oil and gas properties. Contango will receive the carryover tax basis in Crimson's assets and liabilities because the merger is not expected to be a taxable transaction under the Code. Based upon the preliminary purchase price allocation, a step-up in financial reporting carrying value related to the property to be acquired from Crimson is expected to result in an additional deferred tax liability of approximately \$45.1 million assuming a 37% expected effective tax rate of the combined company.

Additionally, fair value of the deferred tax assets was increased by approximately \$10.0 million due to elimination of a valuation allowance included in the historical financial statements of Crimson. This adjustment is based on the expectation that it is more likely than not that the majority of \$110 million of Crimson's accumulated Net Operating Losses will be realized by the combined company in the foreseeable future.

*(b) Financing and other Adjustments*

- (vi) Immediately subsequent to the closing of the merger, Contango will enter into an amended, restated or new revolving credit facility with an expected borrowing base of approximately \$250-\$275 million, and use cash on hand of \$69.9 million and additional borrowing of \$106.9 million from the revolving credit facility to repay the \$176.8 million of Crimson's outstanding Second Lien Loan assumed by Contango, including \$175 million principal and \$1.75 million of prepayment penalty.

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Debt issuance costs associated with the additional borrowing under the new and expanded credit facility of \$2.3 million were assumed. These costs will be amortized over the term of the new credit facility.

- (vii) Additionally, the following adjustments were recorded to reflect the assets and liabilities of the combined company as of the effective date of the merger:

To accrue for transaction costs of approximately \$4.5 million, including \$2.7 million in advisory fees to be paid to Contango's financial advisor and approximately \$1.8 million in other estimated legal and advisory fees that will be payable related to the merger, and which were not reflected in Contango's historical financial statements.

To accrue for a one-time cash bonus of approximately \$4 million that will be paid to the Chairman and CEO of Contango upon consummation of the merger.

**Unaudited Pro Forma Condensed Combined Statement of Operations for the Year Ended June 30, 2012**

- (viii) The Crimson historical information included in the unaudited pro forma condensed combined statement of operations for the year ended June 30, 2012 was derived by adding Crimson's audited statement of operations for the twelve months ended December 31, 2011 to its unaudited condensed consolidated statement of operations for the six months ended June 30, 2012, and then subtracting its unaudited condensed consolidated statement of operations for the six months ended June 30, 2011.

- (ix) The Crimson pro forma depletion, depreciation and amortization (DD&A) expense for the year ended June 30, 2012 was calculated based on the value of proved oil and gas properties acquired from Crimson given effect to the fair value adjustment to proved properties as a result of the acquisition accounting and the estimated DD&A rate for the twelve months ended June 30, 2012. This depletion rate was calculated by dividing production for the twelve months ended June 30, 2012 by the total beginning of the period proved reserves calculated by adding back the production for the twelve months period to the ending proved reserves as of June 30, 2012. The reduction in depletion is offset by \$578 thousand of amortization of the debt issuance costs related to the debt financing that will take place in connection with the merger.

- (x) To adjust interest expense for:

The assumed repayment of the \$175 million principal balance of the Second Lien Loan using cash available at the effective date of the merger and additional borrowings of \$106.9 million under the revolving credit facility, as if such repayment had occurred on July 1, 2011, which reduced the interest expenses by approximately \$20.4 million.

Eliminating \$1.1 million of expense related to amortization of the original issue discount on the Second Lien Loan. This amortization expense of debt origination discount was historically calculated using the effective interest method over the remaining life of the debt instrument and was included in the historical interest expense of Crimson for the year ended June 30, 2012.

- (xi) To adjust the income tax provision for the estimated effects of combining Contango's and Crimson operations and other pre-tax pro forma adjustments using a combined federal and state tax rate of 37%.

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- (xii) To adjust earnings per share, and weighted average common stock outstanding to reflect the issuance of approximately 3.9 million shares of Contango common stock for the merger, as if these shares had been issued and outstanding since July 1, 2011. The pro forma diluted weighted average shares outstanding for the year ended June 30, 2012 includes 137 thousand option shares assumed issued in conjunction with the merger.



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**Unaudited Pro Forma Condensed Combined Statement of Operations for the Nine Months Ended March 31, 2013**

- (viii) The Crimson historical information included in the unaudited pro forma condensed combined statement of operations for the nine months ended March 31, 2013 was derived by adding Crimson's audited statement of operations for the twelve months ended December 31, 2012 to its unaudited condensed consolidated statement of operations for the three months ended March 31, 2013 and then subtracting its unaudited condensed consolidated statement of operations for the six months ended June 30, 2012.
- (ix) The Crimson pro forma DD&A expense for the nine months ended March 31, 2013 was calculated based on the value of proved oil and gas properties acquired from Crimson, giving effect to the fair value adjustment to proved properties as a result of the acquisition accounting and the estimated DD&A rate for the nine months ended March 31, 2013. This depletion rate was calculated by dividing production for the twelve months ended June 30, 2012 by the total beginning of the period proved reserves calculated by adding back the production for the twelve months period to the ending proved reserves as of June 30, 2012. The reduction in depletion is offset by \$434 thousand in debt issuance costs related to the debt refinancing that is expected to occur in connection with the merger.
- (x) To adjust interest expense for:

The assumed repayment of the \$175 million principal balance of the Second Lien Loan using cash available at the merger date and additional borrowings of \$106.9 million under the revolving credit facility, as if such repayment had occurred on July 1, 2011, which reduced the interest expenses by approximately \$15.4 million.

Eliminating \$0.9 million of the amortization expense related to debt origination discount of on the Second Lien Loan. This amortization expense of debt origination discount was historically calculated using the effective interest method over the remaining life of the debt instrument and was included in the historical interest expense of Crimson for the year ended June 30, 2012.

- (xi) To adjust the income tax provision for the estimated effects of combining Contango's and Crimson operations and other pre-tax pro forma adjustments using a combined federal and state tax rate of 37%.
- (xii) To adjust earnings per share, and weighted average common stock outstanding to reflect the issuance of approximately 3.9 million of Contango common stock for the Crimson acquisition, as if these shares had been issued and outstanding since July 1, 2011. The pro forma diluted weighted average shares outstanding for the year ended June 30, 2012 does not include 137 thousand options assumed issued in conjunction with the merger because they are antidilutive.

**Table of Contents****COMPARATIVE STOCK PRICE DATA AND DIVIDENDS****Stock Prices**

Shares of Contango common stock are listed for trading on the NYSE MKT under the symbol MCF. Shares of Crimson common stock are listed for trading on the NASDAQ under the symbol CXPO. The following table sets forth the closing sales prices per share of Contango common stock and Crimson common stock, on an actual and equivalent per share basis, on the NYSE MKT and NASDAQ, respectively, on the following dates:

April 29, 2013, the last full trading day prior to the public announcement of the merger, and

August 21, 2013, the last trading day for which this information could be calculated prior to the filing of this joint proxy statement/prospectus.

	<b>Contango Common Stock</b>	<b>Crimson Common Stock</b>	<b>Crimson Equivalent Per Share (1)</b>
April 29, 2013	\$ 38.50	\$ 2.96	\$ 3.19
August 21, 2013	\$ 37.07	\$ 3.06	\$ 3.07

(1) The equivalent per share data for Crimson common stock has been determined by multiplying the market price of one share of Contango common stock on each of the dates by the exchange ratio of 0.08288.

The following table sets forth, for the periods indicated, the high and low sales prices per share of Contango common stock and Crimson common stock on the NYSE MKT and NASDAQ composite transaction reporting system, respectively. For current price information, you should consult publicly available sources.

<b>Calendar Period</b>	<b>Contango</b>		<b>Crimson</b>	
	<b>High</b>	<b>Low</b>	<b>High</b>	<b>Low</b>
<b>Year ended December 31, 2011</b>				
First Quarter	\$ 63.48	\$ 54.60	\$ 4.73	\$ 3.29
Second Quarter	65.00	54.33	4.27	3.14
Third Quarter	67.25	52.25	3.84	2.00
Fourth Quarter	69.75	51.54	3.30	2.02
<b>Year ended December 31, 2012</b>				
First Quarter	\$ 65.08	\$ 56.73	\$ 4.17	\$ 2.60
Second Quarter	60.24	51.00	5.69	3.64
Third Quarter	61.16	49.11	5.15	3.80
Fourth Quarter	52.64	38.10	4.46	2.45
<b>Year ending December 31, 2013</b>				
First Quarter	\$ 46.05	\$ 36.27	\$ 3.42	\$ 2.68
Second Quarter	40.49	33.50	3.70	2.69
Third Quarter (through August 21, 2013)	40.06	33.22	3.38	2.78

**Dividends**

On November 29, 2012, Contango declared a special dividend of \$2.00 per share of common stock which was paid on December 17, 2012. Contango has never declared any other dividends on its common stock.

Crimson has never declared dividends on its common stock.



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**COMPARISON OF RIGHTS OF CONTANGO STOCKHOLDERS  
AND CRIMSON STOCKHOLDERS**

	<b>CRIMSON</b>	<b>CONTANGO</b>
<b>Authorized Capital</b>	<p>Crimson has authority to issue 200,000,000 shares of common stock, par value \$0.001 per share, and 10,000,000 shares of preferred stock, par value \$.01 per share.</p> <p>As of August 20, 2013, Crimson had 46,637,371 shares of common stock and no shares of preferred stock issued and outstanding.</p>	<p>Contango has authority to issue 50,000,000 shares of common stock, par value \$0.04 per share, and 5,000,000 shares of preferred stock, par value \$0.04 per share.</p> <p>As of August 20, 2013, Contango had 15,194,952 shares of common stock and no shares of preferred stock issued and outstanding.</p> <p>Contango currently expects to issue up to 4,001,245 shares of Contango common stock to Crimson stockholders pursuant to the merger agreement, assuming a maximum of 48,277,569 shares of Crimson common stock that will be exchanged pursuant to the exchange ratio provided for in the merger agreement.</p>
<b>Preferred Stock</b>	<p>Crimson's board of directors is authorized to provide for the issuance of shares of preferred stock, in one or more series, to establish from time to time the number of shares to be included in each such series and to fix the designation, powers, preferences, and relative, participating, optional and other special rights, if any, of each such series, and the qualifications, limitations and restrictions thereof.</p>	<p>Contango's board of directors is authorized, subject to the limitations prescribed by law and the provisions of the Contango certificate of incorporation, to provide for the issuance of shares of preferred stock, in one or more series, to establish from time to time the number of shares to be included in each such series and to fix the designations, voting powers, preferences, rights and qualifications, limitations or restrictions of the shares of the preferred stock of each such series.</p>
<b>Voting Rights</b>	<p>Each holder of Crimson common stock will have one vote for each share of Crimson common stock held by such holder on all matters voted upon by the stockholders of Crimson.</p>	<p>Each holder of Contango common stock will have one vote for each share of Contango common stock held by such holder on all matters voted upon by the stockholders of Contango.</p>
<b>Dividends</b>	<p>Crimson's bylaws provide that Crimson's board of directors may from time to time declare dividends on its outstanding shares, subject to applicable law and Crimson's certificate of incorporation.</p> <p>Under the DGCL, the directors of a corporation may declare and pay dividends upon the shares of its capital stock either out of its surplus or, if there is no such surplus, out of its net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year.</p>	<p>Contango's bylaws provide that Contango's board of directors may from time to time declare dividends on its outstanding shares in the manner and upon the terms and conditions provided by law and in accordance with Contango's certificate of incorporation.</p> <p>Under the DGCL, the directors of a corporation may declare and pay dividends upon the shares of its capital stock either out of its surplus or, if there is no such</p>

surplus, out of its net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year.

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	<b>CRIMSON</b>	<b>CONTANGO</b>
<b>Number and Qualification of Directors</b>	<p>Crimson’s certificate of incorporation provides that the number of directors at any one time is set by resolution of Crimson’s board. Crimson currently has seven directors. Crimson’s bylaws provide for the annual election of directors. At each annual meeting of stockholders, Crimson’s directors will be elected for a one-year term and serve until their respective successors have been elected and qualified.</p> <p>Under Delaware law, directors need not be stockholders of Crimson or residents of Delaware.</p>	<p>Contango’s bylaws provide that there will be no less than three and no more than seven members of the board of directors. Each director holds office until the next annual stockholders meeting, until his or her successor is elected and qualified, or until his or her earlier resignation or removal. Contango currently has six directors.</p> <p>The proposed amendment to Contango’s bylaws, as contemplated by the merger agreement, would increase the authorized number of directors to 8.</p> <p>Under Delaware law, directors need not be stockholders of Contango or residents of Delaware.</p>
<b>Election of Directors</b>	<p>Crimson’s bylaws provide that directors are elected by a plurality of the shares of common stock present or represented by proxy and entitled to vote.</p>	<p>Contango’s bylaws provide that directors are elected by a majority of the votes cast at the meeting.</p>
<b>Removal of Directors</b>	<p>Under Delaware law, Crimson’s directors may be removed with or without cause by the holders of a majority of the shares then entitled to vote at an election of directors at any meeting of Crimson’s stockholders called for that purpose.</p>	<p>Contango’s bylaws provide that any director may be removed without cause at any special meeting of stockholders called for such purpose by the vote of the holders of sixty-six and two-thirds (66 2/3%) of the voting power entitling them to elect directors in place of those to be removed, voting as a single class.</p>
<b>Vacancies on the Board of Directors</b>	<p>Crimson’s certificate of incorporation provides that any vacancy occurring in the board of directors created on account of death, resignation, retirement, disqualification removal or other causes, or resulting from an increase in the authorized number of directors, will be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director, and the directors so chosen will hold office for the remainder of the full term of such directorship and until his or her successor has been elected and qualified, subject, however, to such director’s earlier death, resignation, retirement, disqualification or removal.</p>	<p>Contango’s bylaws provide that any vacancy occurring in the board of directors created on account of death, resignation, retirement, disqualification removal or other causes, or resulting from an increase in the authorized number of directors, will be filled by a majority of the directors then in office, although not less than a quorum, and the directors so chosen will hold office for a term for the remainder of the full term of the class of directors in which the vacancy occurred or in which the new directorship was created and until such director’s successor shall have been duly elected and qualified.</p>
<b>Action by Written Consent</b>	<p>Under Crimson’s certificate of incorporation, any action required or permitted to be taken by stockholders of Crimson must be effected at a duly called annual or special meeting of the stockholders and may not be effected by written consent in lieu of a meeting.</p>	<p>Under Contango’s certificate of incorporation, any action required or permitted by the DGCL to be taken by stockholders of Contango must be effected at an annual or special meeting of the stockholders and may not be effected by written consent in lieu of a meeting.</p>

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<b>Advance Notice Requirements for Stockholder Nominations and Other Proposals</b>	<b>CRIMSON</b>	<b>CONTANGO</b>
	<i>Annual Meetings</i>	<i>Annual Meetings</i>
	<p>Crimson's bylaws provide that for a stockholder proposal to be properly brought before an annual meeting by a stockholder, such notice must be received by the secretary of Crimson at Crimson's principal executive offices not later than the close of business on the 90th day nor earlier than the opening of business on the 120th day before the anniversary date of the immediately preceding annual meeting of stockholders; provided, however, that in the event that the annual meeting is called for a date that is not within 45 days before or after such anniversary date, notice by the stockholder to be timely must be so received no earlier than the opening of business on the 120th day before the meeting and not later than the later of (x) the close of business on the 90th day before the meeting or (y) the close of business on the 10th day following the day on which public announcement of the date of the annual meeting is first made by Crimson.</p> <p>Such notice with respect to any business (other than nominations) must set forth as to each such matter such stockholder proposes to bring before the annual meeting (A) a brief description of the business desired to be brought before the annual meeting, the text of the proposal or business and the reasons for conducting such business at the annual meeting, (B) the name and record address of such stockholder and the name and address of the beneficial owner, if any, on whose behalf the proposal is made, (C) the class or series and number of shares of capital stock of Crimson that are owned by such stockholder and by the beneficial owner, if any, on whose behalf the proposal is made, (D) a description of all arrangements between such stockholder and the beneficial owner, if any, on whose behalf the proposal is made and any other person in connection with the proposal, (E) any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made, and (F) a representation that such stockholder intends to appear in person or by proxy at the annual meeting to bring such business before the meeting. These requirements are deemed satisfied if the stockholder has notified Crimson such stockholder's intention to present such proposal at an annual meeting in compliance with Rule 14a-8 of the Exchange Act, and such stockholder has complied with the requirements for inclusion of such proposal in a proxy statement for such annual meeting.</p>	<p>Contango's bylaws provide that for a stockholder proposal to be properly brought before an annual meeting by a stockholder, the stockholder must deliver notice to the secretary of Contango at Contango's principal executive offices not less than 60 days nor more than 90 days prior to the first anniversary of the preceding year's annual meeting, provided however, that in the event that the date of the annual meeting is advanced by more than 20 days, or delayed by more than 60 days, from the anniversary of the preceding year's meeting, then written notice must be delivered not earlier than the 90th day prior to such annual meeting and not later than the later of the 60th day prior to such annual meeting or the 10th day following the day on which such notice of the date of the meeting was mailed or public announcement of the date of such meeting is first made.</p> <p>Such stockholder's notice shall set forth (a) as to each person whom the stockholder proposes to nominate for election or reelection as a director all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A and Rule 14a-11 under the Exchange Act, including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected; (b) as to any other business that the stockholder proposes to bring before the meeting, brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and (c) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on Contango's books, and of such beneficial owner and (ii) the class and number of shares of Contango which are owned beneficially and of record by such stockholder and such beneficial owner. In no event shall the public announcement of an adjournment of an annual meeting commence a new time period for the giving of a stockholder's notice as described above.</p>

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<b>CRIMSON</b>	<b>CONTANGO</b>
<p>Such notice with respect to nominations of directors at the annual meeting must set forth (i) as to each person whom the stockholder proposes to nominate for election as a director (A) the name, age, business address and residence address of the person, (B) the principal occupation or employment of the person, (C) the class or series and number of shares of capital stock of Crimson that are owned beneficially or of record by the person and (D) any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder; and (ii) as to the stockholder giving the notice (A) the name and record address of such stockholder and the name and address of the beneficial owner, if any, on whose behalf the nomination is made, (B) the class or series and number of shares of capital stock of Crimson that are owned beneficially and of record by such stockholder and the beneficial owner, if any, on whose behalf the nomination is made, (C) a description of all arrangements or understandings relating to the nomination to be made by such stockholder among such stockholder, the beneficial owner, if any, on whose behalf the nomination is made, each proposed nominee and any other person or persons (including their names), (D) a representation that such stockholder intends to appear in person or by proxy at the meeting to nominate the persons named in its notice and (E) any other information relating to such stockholder and the beneficial owner, if any, on whose behalf the nomination is made that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. Such notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected.</p>	<p><i>Special Meetings</i></p> <p>Contango's bylaws provide that special meetings of the stockholders may be called at any time by the president or a majority of the board acting with or without a meeting, or the holders of one-half of all the shares outstanding and entitled to vote. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the notice of meeting. Nominations of persons for election to the board may be made at a special meeting at which directors are to be elected pursuant to the notice of meeting and are subject to the same requirements as discussed above under Annual Meetings, except that to be timely, such notice shall be delivered to the secretary not earlier than the 90<sup>th</sup> day prior to such special meeting and not later than the later of (a) the 60<sup>th</sup> day prior to such special meeting, or (b) the 10<sup>th</sup> day following the day such notice of the meeting was mailed or on which public announcement is first made of the date of the special meeting and of the nominees.</p>



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	<b>CRIMSON</b>	<b>CONTANGO</b>
	<i>Special Meetings</i>	
	<p>Crimson’s bylaws provide that special meetings of the stockholders may be called by the chairman of the board, the chief executive officer, the president, or pursuant to a resolution adopted by a majority of the board. Only such business shall be conducted at a special meeting as shall have been brought before the meeting pursuant to the notice of meeting. Nominations of persons for election to the board may be made at a special meeting at which directors are to be elected pursuant to the notice of meeting, which is subject to the same requirements as discussed above under Annual Meetings, except that to be timely, such notice in the case of a special meeting of stockholders called for the purpose of electing directors must be received by the secretary no later than the 10<sup>th</sup> day following the day on which public announcement of the date of the special meeting is made by Crimson.</p>	
<b>Amendments to the Certificate of Incorporation</b>	<p>Pursuant to §242 of the DGCL, the Crimson board must adopt a resolution setting forth a proposed amendment to Crimson’s certificate of incorporation. A meeting of stockholders will then be called to vote on the amendment. The amendment must be approved by both a majority of the outstanding stock entitled to vote, as well as a majority of the outstanding stock of each class entitled to vote as a class.</p>	<p>Pursuant to §242 of the DGCL, the Contango board must adopt a resolution setting forth a proposed amendment to Contango’s certificate of incorporation. A meeting of stockholders will then be called to vote on the amendment. The amendment must be approved by both a majority of the outstanding stock entitled to vote, as well as a majority of the outstanding stock of each class entitled to vote as a class.</p>
	<p>Under certain circumstances, §242(b)(2) of the DGCL entitles the holders of the outstanding shares of each class to vote as a class on a proposed amendment, whether or not entitled to vote thereon by the certificate of incorporation.</p>	<p>Under certain circumstances, §242(b)(2) of the DGCL entitles the holders of the outstanding shares of each class to vote as a class on a proposed amendment, whether or not entitled to vote thereon by the certificate of incorporation.</p>
<b>Amendments to Bylaws</b>	<p>Crimson’s bylaws require the affirmative vote of a majority of the board or the affirmative vote of a majority of the stockholders to adopt, amend, alter or repeal the bylaws.</p>	<p>Contango’s bylaws require the affirmative vote of the holders of at least 66 2/3% of the voting power of all of the then-outstanding shares of Contango’s common stock, or the affirmative vote of at least 2/3 of the members of the board to amend, alter, add to, rescind or repeal the bylaws.</p>

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	<b>CRIMSON</b>	<b>CONTANGO</b>
<b>Quorum</b>	Crimson's bylaws provide that the holders of shares of Crimson's outstanding capital stock representing a majority of the voting power of all outstanding shares of capital stock entitled to vote at such meeting shall constitute a quorum for the transaction of business at such meeting, except that when specified business is to be voted on by a class or series of stock voting as a class, the holders of shares representing a majority of the voting power of the outstanding shares of such class or series shall constitute a quorum of such class or series for the transaction of such business.	Contango's bylaws provide that the holders of a majority of the voting power of Contango's outstanding shares entitled to vote generally in the election of directors, represented in person or by proxy, shall constitute a quorum at a meeting of stockholders, except that when specified business is to be voted on by a class or series voting separately as a class or series, the holders of a majority of the voting power of the shares of such class or series shall constitute a quorum for the transaction of such business.
<b>Limitation of Personal Liability of Directors</b>	Crimson's certificate of incorporation provides that no current or former director shall be personally liable to Crimson or any of its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted by the DGCL as the same exists or may be amended in the future. If the DGCL is amended to authorize corporate action further limiting or eliminating the liability of directors, then the liability of a director or its stockholders shall be limited or eliminated to the fullest extent permitted by the DGCL, as so amended.	Contango's certificate of incorporation provides that no director shall be personally liable to Contango or its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL as the same exists or may be amended in the future. If the DGCL is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director shall be eliminated or limited to the fullest extent permitted by the DGCL as so amended.
<b>Indemnification of Directors and Officers</b>	Crimson's certificate of incorporation and bylaws provide that Crimson shall indemnify and hold harmless, to the fullest extent authorized or permitted by applicable law as it presently exists or may hereafter be amended, any person who was or is made a party to or is threatened to be made a party to, or is otherwise involved in, any threatened, pending or completed action, suit or proceeding by reason of the fact that he or she is or was a director of Crimson or, while a director of Crimson, is or was serving at the request of Crimson as a director, officer, employee, or agent of another corporation or of a partnership, joint venture, trust, or other enterprise, including service with respect to an employee benefit plan (covered person), whether the basis of such proceeding is	Contango's certificate of incorporation and bylaws provide that Contango shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, by reason of the fact that he or she is or was a director or officer of Contango or, while a director or officer of Contango, is or was serving at the request of Contango as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans (indemnitee), against all liability and loss suffered and expenses (including attorneys' fees) reasonably incurred by

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alleged action in an official capacity serving as a director, officer, employee or agent, or in any other capacity while serving as such, against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes and penalties and amounts paid in settlement) reasonably incurred or suffered by such person in connection with the proceeding; provided, however, that except as to proceedings to enforce rights to indemnification, Crimson shall indemnify such person in connection with a proceeding initiated by such person only if such proceeding was authorized by the board.

Crimson shall pay the expenses (including attorneys' fees) incurred in defending, testifying, or otherwise participating in any such proceeding in advance of its final disposition; provided, however, that if the DGCL requires, an advancement of expenses incurred by such person in his or her capacity as a director or officer of Crimson shall be made only upon delivery to Crimson of an undertaking by or on behalf of such person to repay all amounts so advanced if it shall ultimately be determined that such person is not entitled to indemnification.

If a claim for indemnification or payment of expenses is not paid in full within 60 days, or, in the case of claims for advancement of expenses, 20 days, after a written claim therefor has been received by Crimson, such person may file suit to recover the unpaid amount of the claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any suit brought to enforce a right to indemnification or advancement of expenses, or by Crimson to recover an advancement of expenses, the burden of proving that such person is not entitled to be indemnified or to advancement of expenses shall be on Crimson.

The rights conferred on any such person by the indemnification provisions of the certificate of incorporation or the bylaws are not exclusive of any other rights which such person may have or acquire.

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such person. Notwithstanding the preceding sentence, except as otherwise provided below, Contango shall not be required to indemnify such a person in connection with a proceeding (or part thereof) commenced by such person only if the commencement of such proceeding (or part thereof) by such person was authorized by the board.

Contango shall pay the expenses (including attorneys' fees) incurred by an indemnitee in defending any proceeding in advance of its final disposition; provided, however, that, to the extent required by law, such payment of expenses in advance of the final disposition of the proceeding shall be made only upon receipt of an undertaking by such person to repay all amounts advanced if it should be ultimately determined that such person is not entitled to be indemnified under the certificate of incorporation or the bylaws.

If a claim for indemnification or payment of expenses is not paid in full within sixty days after a written claim therefor by an indemnitee has been received by Contango, such person may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action Contango shall have the burden of proving that the such person is not entitled to the requested indemnification or payment of expenses under applicable law.

The rights conferred on any indemnitee by the indemnification provisions of the certificate of incorporation or the bylaws are not exclusive of any other rights which such person may have or acquire.

Contango's obligation, if any, to indemnify or to advance expenses to any indemnitee who was or is serving at its request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, enterprise or nonprofit entity shall be reduced by any amount such person may collect as indemnification or advancement of expenses from such other corporation, partnership, joint venture, trust, enterprise or nonprofit enterprise.



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Crimson may maintain insurance at its expense to protect itself and/or any director, officer, employee or agent of Crimson or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not Crimson would have the power to indemnify such person against such expense liability, or loss under the DGCL.

The indemnification provisions of Crimson's certificate of incorporation and bylaws do not limit the right of Crimson, to the extent and in the manner permitted by law, to indemnify and to advance expenses to persons other than those specifically identified as covered persons when and as authorized by appropriate corporate action.

Any repeal or amendment of the indemnification provisions of Crimson's certificate of incorporation and bylaws, or the adoption of any provision inconsistent therewith, will not diminish or adversely affect any right or protection thereunder of any covered person in respect of any act or omission occurring prior to the time of such repeal, amendment or adoption of such inconsistent provision.

The rights provided to covered persons pursuant to the indemnification provisions of Crimson's bylaws are contract rights, and such rights shall continue as to a covered person who has ceased to be a director, officer, agent or employee and shall inure to the benefit of such person's heirs, executors, and administrators.

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Any repeal or modification of the indemnification provisions of Contango's certificate of incorporation and bylaws will not adversely affect any right or protection thereunder of any indemnitee in respect of any act or omission occurring prior to the time of such repeal or modification.

The indemnification provisions of Contango's certificate of incorporation and bylaws do not limit the right of Contango, to the extent and in the manner permitted by law, to indemnify and to advance expenses to persons other than those specifically identified as indemnitee when and as authorized by appropriate corporate action.

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	<b>CRIMSON</b>	<b>CONTANGO</b>
<b>Certain Business Combination Restrictions</b>	<p>Under §203 of the DGCL, a corporation is prohibited for a three- year period following the time a stockholder becomes an interested stockholder, from engaging in any business combination with an interested stockholder who, together with its affiliates or associates, owns, or who is an affiliate or associate of the corporation and within a three-year period did own, 15% or more of the corporation s voting stock, unless:</p> <p style="padding-left: 40px;">prior to the time the stockholder became an interested stockholder, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;</p> <p style="padding-left: 40px;">the interested stockholder owned at least 85% of the voting stock of the corporation, excluding specified shares, upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder; or</p> <p style="padding-left: 40px;">at or subsequent to the time the stockholder became an interested stockholder, the business combination is approved by the board of directors of the corporation and authorized by the affirmative vote, at an annual or special meeting and not by written consent, of at least 66 2/3% of the outstanding voting shares of the corporation, excluding shares held by that interested stockholder.</p> <p>A business combination generally includes:</p> <p style="padding-left: 40px;">mergers, consolidations and sales or other dispositions of 10% or more of the assets of a corporation to or with an interested stockholder;</p> <p style="padding-left: 40px;">specified transactions resulting in the issuance or transfer to an interested stockholder of any capital stock of the corporation or its subsidiaries; and</p>	<p>Under §203 of the DGCL, a corporation is prohibited for a three- year period following the time a stockholder becomes an interested stockholder, from engaging in any business combination with an interested stockholder who, together with its affiliates or associates, owns, or who is an affiliate or associate of the corporation and within a three-year period did own, 15% or more of the corporation s voting stock, unless:</p> <p style="padding-left: 40px;">prior to the time the stockholder became an interested stockholder, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;</p> <p style="padding-left: 40px;">the interested stockholder owned at least 85% of the voting stock of the corporation, excluding specified shares, upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder; or</p> <p style="padding-left: 40px;">at or subsequent to the time the stockholder became an interested stockholder, the business combination is approved by the board of directors of the corporation and authorized by the affirmative vote, at an annual or special meeting and not by written consent, of at least 66 2/3% of the outstanding voting shares of the corporation, excluding shares held by that interested stockholder.</p> <p>A business combination generally includes:</p> <p style="padding-left: 40px;">mergers, consolidations and sales or other dispositions of 10% or more of the assets of a corporation to or with an interested stockholder;</p> <p style="padding-left: 40px;">specified transactions resulting in the issuance or transfer to an interested stockholder of any capital stock of the corporation or its subsidiaries; and</p>

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other transactions resulting in a disproportionate financial benefit to an interested stockholder.

other transactions resulting in a disproportionate financial benefit to an interested stockholder.

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**CRIMSON**

A corporation may elect not to be governed by §203 of the DGCL. Neither Crimson's certificate of incorporation nor its bylaws contain this election. Therefore, Crimson is governed by §203 of the DGCL.

Crimson has adopted resolutions rendering this statute inapplicable to the merger agreement and the transactions contemplated thereby.

**CONTANGO**

A corporation may elect not to be governed by §203 of the DGCL. Neither Contango's certificate of incorporation nor its bylaws contain this election. Therefore, Contango is governed by §203 of the DGCL.

Contango has adopted resolutions rendering this statute inapplicable to the merger agreement and the transactions contemplated thereby.



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**NO APPRAISAL RIGHTS**

Under Delaware law, as well as the certificate of incorporation and bylaws of each company, neither the holders of Contango capital stock nor the holders of Crimson capital stock, respectively, are entitled to appraisal rights in connection with the merger.

**LEGAL MATTERS**

The validity of the shares of Contango common stock to be issued pursuant to the merger will be passed upon by Morgan, Lewis & Bockius LLP. The material U.S. federal income tax consequences relating to the merger will be passed upon for Contango by Morgan, Lewis & Bockius LLP and for Crimson by Vinson & Elkins L.L.P.

**EXPERTS**

**Contango**

The audited consolidated financial statements of Contango appearing in Contango's Annual Report on Form 10-K for the year ended June 30, 2012, and the effectiveness of Contango's internal control over financial reporting as of June 30, 2012 have been audited by Grant Thornton LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing in giving said reports.

Certain estimates of proved oil and gas reserves for Contango incorporated by reference herein were based in part upon reports by W.D. Von Gonten & Co. and William M. Cobb & Associates, Inc., independent petroleum engineering firms. These estimates are included and incorporated herein in reliance on the authority of such firms as experts in such matters.

**Crimson**

The audited consolidated financial statements, and the related financial statement schedules, incorporated in this joint proxy statement/prospectus by reference from the Annual Report on Form 10-K of Crimson for the year ended December 31, 2012, and the effectiveness of Crimson's internal control over financial reporting have been audited by Grant Thornton LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference. Such consolidated financial statements and financial statement schedules have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing in giving said reports.

Certain estimates of proved oil and gas reserves for Crimson incorporated by reference herein were based in part upon a report prepared by Netherland, Sewell & Associates, Inc., an independent petroleum engineering firm. These estimates are included and incorporated herein in reliance on the authority of such firm as an expert in such matters.

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**FUTURE STOCKHOLDER PROPOSALS**

**Contango**

Contango will hold a regular annual meeting in 2013 regardless of whether the merger is completed.

For inclusion in the proxy statement and form of proxy relating to the Contango 2013 annual meeting, stockholder proposals submitted pursuant to Rule 14a-8 of the Exchange Act must be received by Contango's Secretary not later than June 21, 2013 and must otherwise comply with the requirements of Rule 14a-8. Pursuant to Contango's bylaws, a stockholder must deliver notice, mailed to and received at the principal executive offices of Contango, not less than 60 calendar days nor more than 90 calendar days before the anniversary date of the preceding year's annual meeting. However, if the date of the annual meeting is advanced by more than 20 calendar days, or delayed by more than 60 calendar days, from such anniversary date, a stockholder's notice must be so delivered not earlier than the 90th calendar day prior to such annual meeting and not later than the later of the 60th calendar day prior to such annual meeting or the 10th calendar day following the day on which such notice of the date of the meeting was made or public announcement of which was made. In accordance with these provisions, stockholders must deliver notice to Contango no earlier than September 9, 2013 and no later than October 9, 2013 for their proposals to be considered at the Contango 2013 annual meeting.

In addition to the requirements in Contango's bylaws regarding stockholder proposals generally, the bylaws also provide that a stockholder may nominate a person for election to the Contango board of directors by delivering timely notice in writing to Contango's Secretary. Such stockholder's notice to Contango's Secretary shall set forth (i) as to each person whom the stockholder proposes to nominate for election or re-election as a director, all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, pursuant to Regulation 14A under the Exchange Act (including such person's written consent to being named in the proxy statement as a nominee and to serve as a director if elected), and (ii) as to the stockholder giving the notice (a) the name and address, as they appear on Contango's books, of such stockholder and (b) the class and number of shares of voting stock of Contango that are beneficially owned by such stockholder.

**Crimson**

Crimson has already held its annual meeting of stockholders for 2013. It is not expected that Crimson will hold an annual meeting for 2014 unless the merger is not completed. In order to be considered for inclusion in the proxy statement and form of proxy for the 2014 annual meeting of stockholders, should one be held, stockholder proposals must be submitted in writing and received no later than December 3, 2013 in accordance with the requirement of Rule 14a-8 of the Exchange Act (or, if Crimson holds its 2014 annual meeting on a date that is not within 30 days of May 8, 2014, received no later than a reasonable period of time before Crimson begins to print and send its proxy materials for its 2014 annual meeting).

In addition to the requirements of Rule 14a-8, and as more specifically provided for in Crimson's bylaws, in order for a nomination of persons for election to Crimson's board of directors or a proposal of business to be properly brought before Crimson's annual meeting of stockholders, such nomination or proposal must be either specified in the notice of the meeting given by or at the direction of Crimson's board of directors or by a stockholder entitled to vote who complies with the notice procedures set forth in Crimson's bylaws. A stockholder making a nomination for election to the Crimson board of directors or a proposal of business for the 2014 annual meeting of stockholders must deliver proper notice to Crimson at least 90 days but not more than 120 days prior to the anniversary date of the 2013 annual meeting of stockholders. In other words, for a stockholder nomination for election to Crimson's board of directors or a proposal of business to be considered at the 2014 annual meeting of stockholders, such nomination or proposal should be properly submitted to Crimson no earlier than January 8, 2014 and no later than February 9, 2014.

For each individual that a stockholder proposes to nominate as a director of Crimson, the stockholder's written notice to Crimson must include the candidate's name, contact information, biographical information and

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qualifications. The request must also include the potential candidate's written consent to being named in Crimson's proxy statement as a nominee and to serving as a director if nominated and elected. From time to time, Crimson's Nominating and Governance Committee may request additional information from the nominee or the stockholder. For any other business that a stockholder desires to bring before the 2014 annual meeting, should such meeting be held, the stockholder notice must provide a brief description of such business, the reasons for conducting such business and any material interest in the business of the stockholder and any beneficial owner on whose behalf the stockholder has made the proposal.

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**OTHER MATTERS PRESENTED AT THE MEETINGS**

As of the date of this joint proxy statement/prospectus, neither the Contango board of directors nor the Crimson board of directors knows of any matters that will be presented for consideration at either the Contango special meeting or the Crimson special meeting, respectively, other than as described in this joint proxy statement/prospectus. If any other matters come before either the Contango special meeting or the Crimson special meeting or any adjournment or postponement thereof and shall be voted upon, the proposed proxy will be deemed to confer authority to the individuals named as authorized therein to vote the shares represented by the proxy as to any matters that fall within the purposes set forth in the notice of special meeting. It is intended that the persons named in the enclosed proxy and acting thereunder will vote in accordance with their best judgment on such matters.

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**WHERE YOU CAN FIND MORE INFORMATION**

Contango and Crimson each file annual, quarterly and current reports, proxy statements and other information with the SEC under the Exchange Act. You may read and copy any of this information at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. The SEC also maintains an internet website that contains reports, proxy and information statements, and other information regarding issuers, including Contango and Crimson, who file electronically with the SEC. The address of that site is [www.sec.gov](http://www.sec.gov).

Investors may also consult Contango's or Crimson's website for more information about Contango or Crimson, respectively. Contango's website is [www.contango.com](http://www.contango.com). Crimson's website is [www.crimsonexploration.com](http://www.crimsonexploration.com). Information included on these web sites is not incorporated by reference into this joint proxy statement/prospectus.

Contango has filed with the SEC a registration statement of which this joint proxy statement/prospectus forms a part. The registration statement registers the shares of Contango common stock to be issued to Crimson stockholders pursuant to the merger. The registration statement, including the attached exhibits, contains additional relevant information about Contango and Contango common stock. The rules and regulations of the SEC allow Contango and Crimson to omit certain information included in the registration statement from this joint proxy statement/prospectus.

In addition, the SEC allows Contango and Crimson to disclose important information to you by referring you to other documents filed separately with the SEC. This information is considered to be a part of this joint proxy statement/prospectus.

This joint proxy statement/prospectus incorporates by reference the documents listed below that Contango has previously filed with the SEC (other than information furnished pursuant to Item 2.01 or Item 7.01 of a Current Report on Form 8-K). These documents contain important information about Contango, its financial condition or other matters.

Annual Report on Form 10-K for the fiscal year ended June 30, 2012.

Amendment No. 1 to Annual Report on Form 10-K/A filed August 21, 2013.

Proxy Statement on Schedule 14A filed October 12, 2012.

Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2013.

Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2012.

Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2012.

Current Reports on Form 8-K, filed December 5, 2012, April 24, 2013, April 30, 2013, May 1, 2013, June 14, 2013, August 12, 2013, August 13, 2013 and August 14, 2013.

The description of Contango common stock contained in Contango's registration statement on Form S-3 filed with the SEC under Section 5 of the Securities Act on January 9, 2004, including any subsequently filed amendments and reports updating such description. In addition, Contango incorporates by reference any future filings it makes with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this joint proxy statement/prospectus and prior to the date of the Contango special meeting (other than information furnished pursuant to Item 2.02 or Item 7.01 of any Current Report on Form 8-K, unless expressly stated otherwise therein). Such documents are

considered to be a part of this joint proxy statement/prospectus, effective as of the date such documents are filed.

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You can obtain any of these documents from the SEC through the SEC's website at the address described above, or Contango will provide you with copies of these documents, without charge, upon written or oral request to:

Contango Oil & Gas Company

3700 Buffalo Speedway

Houston, Texas 77098

(713) 960-1901

Attn: Investor Relations

This joint proxy statement/prospectus also incorporates by reference the documents listed below that Crimson has previously filed with the SEC (other than information furnished pursuant to Item 2.02 or Item 7.01 of a Current Report on Form 8-K). These documents contain important information about Crimson, its financial condition or other matters.

Annual Report on Form 10-K for the fiscal year ended December 31, 2012.

Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2013.

Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013.

Proxy Statement on Schedule 14A filed April 3, 2013.

Current Reports on Form 8-K, filed March 26, 2013, April 30, 2013 and May 9, 2013.

In addition, Crimson incorporates by reference any future filings it makes with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this joint proxy statement/prospectus and prior to the date of the Crimson special meeting (other than information furnished pursuant to Item 2.02 or Item 7.01 of any Current Report on Form 8-K, unless expressly stated otherwise therein). Such documents are considered to be a part of this joint proxy statement/prospectus, effective as of the date such documents are filed.

You can obtain any of these documents from the SEC, through the SEC's website at the address described above, or Crimson will provide you with copies of these documents, without charge, upon written or oral request to:

Crimson Exploration Inc.

717 Texas Ave, Suite 2900

Houston, Texas 77002

(713) 236-7400

Attention: Investor Relations

In the event of conflicting information in this joint proxy statement/prospectus in comparison to any document incorporated by reference into this joint proxy statement/prospectus, or among documents incorporated by reference, the information in the latest filed document controls.

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You should rely only on the information contained or incorporated by reference into this joint proxy statement/prospectus. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this joint proxy statement/prospectus. This joint proxy statement/prospectus is dated August 22, 2013. You should not assume that the information contained in this joint proxy statement/prospectus is accurate as of any date other than that date. You should not assume that the information incorporated by reference into this joint proxy statement/prospectus is accurate as of any date other than the date of such incorporated document. Neither our mailing of this joint proxy statement/prospectus to Contango stockholders or Crimson stockholders nor the issuance by Contango of shares of common stock pursuant to the merger will create any implication to the contrary.

This joint proxy statement/prospectus contains a description of the representations and warranties that each of Contango and Crimson made to the other in the merger agreement. Representations and warranties made by



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Contango, Crimson and other applicable parties are also set forth in contracts and other documents (including the merger agreement) that are attached or filed as exhibits to this joint proxy statement/prospectus or are incorporated by reference into this joint proxy statement/prospectus. These materials are included or incorporated by reference only to provide you with information regarding the terms and conditions of the agreements, and not to provide any other factual information regarding Contango, Crimson or their businesses. Accordingly, the representations and warranties and other provisions of the merger agreement should not be read alone, but instead should be read only in conjunction with the other information provided elsewhere in this joint proxy statement/prospectus or incorporated by reference into this joint proxy statement/prospectus.

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**Annex A**

**AGREEMENT AND PLAN OF MERGER**

**AMONG**

**CONTANGO OIL & GAS COMPANY,**

**CONTANGO ACQUISITION, INC.,**

**AND**

**CRIMSON EXPLORATION INC.**

**Dated as of April 29, 2013**

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- Exhibit A Surviving Corporation Bylaws
- Exhibit B Surviving Corporation Certificate of Incorporation
- Exhibit C New Parent Bylaws

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**AGREEMENT AND PLAN OF MERGER**

Agreement and Plan of Merger, dated as of April 29, 2013 (this Agreement ), among Contango Oil & Gas Company, a Delaware corporation (Parent ), Contango Acquisition, Inc., a Delaware corporation and a direct wholly-owned subsidiary of Parent (Merger Sub ), and Crimson Exploration Inc., a Delaware corporation (the Company and, collectively with Parent and Merger Sub, the Parties ).

**WITNESSETH:**

WHEREAS, the respective Boards of Directors of Parent and Merger Sub have approved this Agreement, and have determined that it is advisable and in the best interests of their respective companies and their stockholders to consummate the strategic business combination transaction provided for in this Agreement, and the Parent Board has determined to recommend to the stockholders of Parent that they approve the issuance of shares of common stock, par value \$0.04 per share, of Parent (the Parent Common Stock ) in connection with the strategic business combination transaction provided for in this Agreement (the Parent Share Issuance ); and

WHEREAS, the Company Board has adopted this Agreement, and has determined that it is advisable and in the best interests of the Company and its stockholders to consummate the strategic business combination transaction provided for in this Agreement and has determined to recommend to the stockholders of the Company that they adopt this Agreement and the combination of the Company and Parent, which shall be effected by, and subject to, the terms of this Agreement through the Merger; and

WHEREAS, for federal income tax purposes, the Parties intend that the Merger will qualify as a reorganization described in Section 368(a) of the Code and that this Agreement shall constitute a plan of reorganization for the purposes of Sections 354 and 361 of the Code; and

WHEREAS, in connection with the execution and delivery of this Agreement by the Parties, certain stockholders of the Company have entered into a Support Agreement (each, a Company Support Agreement ) dated as of the date of this Agreement with Parent and Merger Sub, pursuant to which each of the Applicable Company Stockholders has agreed, among other things, to vote all of the Company Common Stock beneficially owned by it in favor of the adoption of this Agreement, the Merger and the other transactions contemplated by this Agreement, on the terms and subject to the conditions set forth in such Company Support Agreement; and

WHEREAS, in connection with the execution and delivery of this Agreement by the Parties, certain stockholders of Parent have entered into a Support Agreement (each, a Parent Support Agreement ) dated as of the date of this Agreement with the Company, pursuant to which each of the Applicable Parent Stockholders has agreed, among other things, to vote all of the Parent Common Stock beneficially owned by it in favor of approval of the Parent Share Issuance, on the terms and subject to the conditions set forth in such Parent Support Agreement; and

WHEREAS, in connection with the execution and delivery of this Agreement by the Parties, Parent, on the one hand, and OCM GW Holdings, LLC, a Delaware limited liability company, and OCM Crimson Holdings, LLC, a Delaware limited liability company (collectively, the Oaktree Investors ), on the other hand, have entered into a registration rights agreement dated as of the date of this Agreement (the Registration Rights Agreement ), pursuant to which, among other things, Parent agreed, subject to the occurrence of the Closing, to grant to the Oaktree Investors certain registration rights with respect to shares of Parent Common Stock acquired by the Oaktree Investors upon the consummation of the Merger.

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NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth in this Agreement, and intending to be legally bound hereby, the Parties agree as follows:

**ARTICLE I**

**THE MERGER**

Section 1.1 **The Merger**. Upon the terms and subject to the conditions set forth in this Agreement, and in accordance with the General Corporation Law of the State of Delaware (the DGCL ), Merger Sub shall be merged with and into the Company at the Effective Time (the Merger ). Following the Merger, the separate corporate existence of Merger Sub shall cease and the Company shall continue as the surviving corporation (the Surviving Corporation ).

Section 1.2 **Closing**. Upon the terms and subject to the conditions set forth in this Agreement, the closing of the Merger (the Closing ) will take place at 10:00 a.m. Central time on the date that is no later than the next Business Day following the satisfaction or (subject to applicable Law) waiver of the conditions set forth in Article VII (excluding conditions that, by their nature, cannot be satisfied until the Closing Date, but subject to the fulfillment or waiver of those conditions), unless another time or date is agreed to in writing by the Parties (the actual time and date of the Closing being referred to herein as the Closing Date ). The Closing shall be held at the offices of Morgan, Lewis & Bockius LLP, 1000 Louisiana Street, Suite 4000, Houston, Texas 77002, or at such other place as the Parties may agree.

Section 1.3 **Effective Time**. As soon as practicable on the Closing Date, the Company shall (a) file a certificate of merger (the Certificate of Merger ) in such form as is required by, and executed and acknowledged in accordance with, the relevant provisions of the DGCL and (b) make all other filings or recordings required under the DGCL in connection with the Merger. The Merger shall become effective at such time as the Certificate of Merger is duly filed with the Delaware Secretary of State or at such subsequent time as Parent and the Company may agree and as shall be specified in the Certificate of Merger (the date and time the Merger becomes effective being the Effective Time ).

Section 1.4 **Effects of the Merger**. At and after the Effective Time, the Merger will have the effects set forth herein and in the DGCL. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time all the property, rights, privileges, immunities, powers and franchises of the Company and Merger Sub shall be vested in the Surviving Corporation, and all debts, liabilities and duties of the Company and Merger Sub shall become the debts, liabilities and duties of the Surviving Corporation.

Section 1.5 **Bylaws**. The bylaws of Merger Sub, as in effect immediately prior to the Effective Time, shall be the bylaws of the Surviving Corporation and shall read in their entirety as set forth in Exhibit A hereto until thereafter changed or amended as provided therein or by applicable Law (subject to Section 6.7(b)).

Section 1.6 **Certificate of Incorporation**. At the Effective Time, the certificate of incorporation of the Company shall be amended so as to read in its entirety as set forth in Exhibit B hereto and, as so amended, shall be the certificate of incorporation of the Surviving Corporation until thereafter amended in accordance with its terms and as provided by applicable Law (subject to Section 6.7(b)).

Section 1.7 **Officers and Directors**. From and after the Effective Time, until their successors are duly elected or appointed and qualified in accordance with applicable Law, (a) the directors of Merger Sub immediately prior to the Effective Time shall be the directors of the Surviving Corporation until their successors have been duly elected or appointed and qualified, or their earlier death, resignation or removal and (b) the officers of the Company immediately prior to the Effective Time shall be the officers of the Surviving Corporation until their successors have been duly elected or appointed and qualified, or their earlier death, resignation or removal.

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### Section 1.8 Effect on Capital Stock.

- (a) At the Effective Time, by virtue of the Merger and without any action on the part of the holder thereof, each share of common stock, no par value per share, of Merger Sub issued and outstanding immediately prior to the Effective Time, shall be converted into one validly issued, fully paid and non-assessable share of common stock, par value \$0.001 per share, of the Surviving Corporation.
- (b) At the Effective Time, by virtue of the Merger and without any action on the part of the holder thereof, each share of common stock, par value \$0.001 per share, of the Company ( Company Common Stock ) issued and outstanding immediately prior to the Effective Time (including any Company Restricted Stock which has become vested and converted into unrestricted Company Common Stock pursuant to Section 1.9(b), but excluding any shares of Company Common Stock owned directly or indirectly by Parent or held directly or indirectly by the Company, all of which shall be canceled as provided in Section 1.8(d)), shall be converted into the right to receive 0.08288 (such fraction of a share of Parent Common Stock as the same may be adjusted in accordance with Section 1.10 is referred to as the Exchange Ratio ) validly issued, fully paid and non-assessable shares of Parent Common Stock (the Merger Consideration ).
- (c) As a result of the Merger and without any action on the part of the holders thereof, at the Effective Time, all shares of outstanding Company Common Stock shall cease to be outstanding and shall be canceled and retired and shall cease to exist, and each holder of a certificate or certificates which immediately prior to the Effective Time represented any such shares of Company Common Stock (the Certificates ) or book-entry shares which immediately prior to the Effective Time represented shares of Company Common Stock (the Book-Entry Shares ) shall thereafter cease to have any rights with respect to such shares of Company Common Stock except as provided herein or by Law.
- (d) Each share of Company Common Stock owned by Parent, Merger Sub or any of their Subsidiaries or held by the Company or any of its Subsidiaries (including any shares held in the treasury of the Company) at the Effective Time shall, by virtue of the Merger, cease to be outstanding and shall be canceled and retired and no stock of Parent or other consideration shall be delivered in exchange therefor.

### Section 1.9 Company Stock Options and Other Equity-Based Awards.

- (a) By virtue of the Merger, each option to purchase shares of Company Common Stock under the applicable Company Stock Plans that is outstanding immediately prior to the Effective Time, whether or not then vested and exercisable (collectively, the Company Stock Options ) shall cease to represent a right to acquire shares of Company Common Stock and shall be converted, at the Effective Time, into a fully vested and immediately exercisable option to purchase shares of Parent Common Stock (a Parent Stock Option ), on the same terms and conditions as were applicable under such Company Stock Option (but taking into account any changes thereto, including the acceleration thereof, provided for in the Company Stock Plans, in an award agreement or in such Company Stock Option by reason of this Agreement or the transactions contemplated herein), except that: (i) each Parent Stock Option shall have an exercise price per share of Parent Common Stock equal to the exercise price per share of Company Common Stock for such Company Stock Option immediately prior to the Effective Time divided by the Exchange Ratio, rounded, if necessary, up to the nearest whole cent; and (ii) the number of shares of Parent Common Stock which shall be subject to each such Parent Stock Option shall be the number of shares of Company Common Stock subject to each Company Stock Option immediately prior to the Effective Time, multiplied by the Exchange Ratio, rounded, if necessary, down to the nearest whole share of Parent Common Stock; provided, however, that notwithstanding anything to the contrary in this Agreement, in all cases such conversion shall be effected in a manner consistent with the requirements of Section 424(a) of the Code (as modified by Section 409A of the Code with respect to Company Stock Options that are not intended to qualify as incentive stock options within the meaning of Section 422 of the Code).
- (b) Effective immediately prior to the Effective Time, each restricted share of Company Common Stock granted to any employee or director of the Company, any of its Subsidiaries or any of its predecessors

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under any Company Stock Plan that is outstanding immediately prior to the Effective Time (collectively, the Company Restricted Stock ) shall, by virtue of the Merger and without any action on the part of the holder thereof, become a fully vested and unrestricted share of Company Common Stock immediately prior to the Effective Time.

(c) Prior to the Effective Time, the Parent Board (or the appropriate committee thereof) and the Company Board (or the appropriate committee thereof) shall take such action and adopt such resolutions as are required to effectuate the treatment of the Company Stock Options pursuant to the terms of Section 1.9(a) of this Agreement, and to take all actions reasonably required to effectuate any provision of this Section 1.9, including (i) the Parent Board (or the appropriate committee thereof) shall take all corporate action necessary or advisable to assume and continue the Company Stock Plans subject to any amendment or termination in accordance with the terms of such plans; (ii) the Parent Board (or the appropriate committee thereof) shall take all corporate action necessary or advisable to reserve for issuance a sufficient number of shares of Parent Common Stock for delivery upon exercise of a Parent Stock Option; and (iii) the Company Board (or the appropriate committee thereof) shall take all corporate action necessary or advisable to ensure that after the Effective Time, neither the Company nor the Surviving Corporation will be required to deliver shares of Company Common Stock or any other capital stock to any person pursuant to or in settlement of Company Stock Options.

(d) As soon as practicable following the Effective Time, Parent shall file a Form S-8 registration statement (or such other appropriate form), or a post-effective amendment to a registration statement previously filed under the Securities Act, with respect to the shares of Parent Common Stock available for grant and delivery under the Company Stock Plans from and after the Effective Time and shall use its commercially reasonable efforts to maintain the effectiveness of such registration statement (and maintain the current status of the prospectus contained therein) for so long as such shares are available for grant and delivery under the Company Stock Plans. As soon as practicable following the Effective Time, the Company shall file a post-effective amendment to the Form S-8 registration statement originally filed by the Company on June 25, 2008, deregistering all shares of Company Common Stock thereunder.

Section 1.10 Certain Adjustments. If, between the date of this Agreement and the Effective Time, the outstanding shares of Parent Common Stock or Company Common Stock are changed into a different number of shares or different class by reason of any reclassification, recapitalization, stock split, split-up, combination or exchange of shares or a stock dividend or dividend payable in any other securities shall be declared with a record date within such period, or any similar event shall have occurred, the Exchange Ratio shall be appropriately adjusted to proportionally reflect such changes.

Section 1.11 Tax Consequences. For federal income tax purposes, the Merger is intended to constitute a reorganization within the meaning of Section 368(a) of the Code. The Parties hereby adopt this Agreement as a plan of reorganization within the meaning of Sections 1.368-2(g) and 1.368-3(a) of the United States Treasury Regulations.

**ARTICLE II**

**EXCHANGE OF SHARES**

Section 2.1 Exchange Agent. Prior to the Effective Time, Parent shall appoint a commercial bank or trust company to act as exchange agent hereunder (which entity shall be reasonably acceptable to the Company) for the purpose of exchanging Certificates and Book-Entry Shares for the Merger Consideration (the Exchange Agent ). At or prior to the Effective Time, Parent shall deposit with the Exchange Agent, in trust for the benefit of holders of shares of Company Common Stock, Book-Entry Shares (or certificates if requested) representing the Parent Common Stock issuable, pursuant to Section 1.8 in exchange for outstanding shares of Company Common Stock (including Company Restricted Stock). Parent agrees to make available directly or indirectly to the Exchange Agent from time to time as needed, any cash in lieu of fractional shares of Parent Common Stock to be issued or paid in consideration therefor pursuant to Section 2.5 and any dividends or distributions to which

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such holder is entitled pursuant to Section 2.3. Any cash and shares of Parent Common Stock deposited with the Exchange Agent shall hereinafter be referred to as the Exchange Fund.

### Section 2.2 Exchange Procedures.

(a) Promptly after the Effective Time, and in any event not later than the third Business Day following the Effective Time, the Surviving Corporation shall cause the Exchange Agent to mail to each holder of record of a Certificate (i) a letter of transmittal which shall specify that delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon proper delivery of the Certificates to the Exchange Agent, and which letter shall be in customary form and have such other provisions as Parent may reasonably specify (such letter to be reasonably acceptable to the Company prior to the Effective Time) and (ii) instructions for effecting the surrender of such Certificates (or effective affidavits of loss in lieu thereof) in exchange for the Merger Consideration, any cash in lieu of fractional shares of Parent Common Stock to be issued or paid in consideration therefor pursuant to Section 2.5 and any dividends or distributions to which such holder is entitled pursuant to Section 2.3. Upon surrender of a Certificate to the Exchange Agent together with such letter of transmittal, duly executed and completed in accordance with the instructions thereto, and such other documents as may reasonably be required by the Exchange Agent, the holder of such Certificate shall be entitled to receive in exchange therefor (A) one or more shares of Parent Common Stock (which shall be in uncertificated book-entry form unless a physical certificate is requested) representing, in the aggregate, the whole number of shares that such holder has the right to receive pursuant to Section 1.8 (after taking into account all shares of Company Common Stock then held by such holder) and (B) cash in the amount equal to cash that such holder has the right to receive in lieu of any fractional shares of Parent Common Stock pursuant to Section 2.5 and dividends and other distributions pursuant to Section 2.3 (in each case, after taking into account all shares of Company Common Stock then held by such holder).

Notwithstanding anything contained in this Agreement to the contrary, no holders of Book-Entry Shares shall be required to deliver a Certificate or an executed letter of transmittal to the Exchange Agent to receive the Merger Consideration that such holder is entitled to receive pursuant to this Agreement.

(b) No interest will be paid or will accrue on any cash payable pursuant to Section 2.3 or Section 2.5.

(c) In the event of a transfer of ownership of a Certificate representing Company Common Stock that is not registered in the stock transfer records of the Company, the Merger Consideration shall be issued or paid in exchange therefor to a Person other than the Person in whose name the Certificate so surrendered is registered if the Certificate formerly representing such Company Common Stock is properly endorsed or otherwise in proper form for transfer and the Person requesting such payment or issuance pays any transfer or other similar Taxes required by reason of the payment or issuance to a Person other than the registered holder of the Certificate or establish to the satisfaction of Parent that the Tax has been paid or is not applicable.

Section 2.3 Distributions with Respect to Unexchanged Shares. All shares of Parent Common Stock to be issued pursuant to this Agreement shall be deemed issued and outstanding as of the Effective Time and whenever a dividend or other distribution is declared by Parent in respect of the Parent Common Stock, the record date for which is at or after the Effective Time, that declaration shall include dividends or other distributions in respect of all shares issuable pursuant to this Agreement; provided, however, that no dividends or other distributions declared or made in respect of the Parent Common Stock shall be paid to the holder of any unsurrendered Certificate until the holder of such Certificate surrenders such Certificate in accordance with this Article II. Subject to the effect of applicable Laws, following surrender of any such Certificate, there shall be paid to such holder of shares of Parent Common Stock issuable in exchange therefor, without interest, (a) promptly after the time of such surrender, the amount of any cash payable in lieu of fractional shares of Parent Common Stock to which such holder is entitled pursuant to Section 2.5 and the amount of dividends or other distributions with a record date after the Effective Time theretofore paid with respect to such whole shares of Parent Common Stock; and (b) at the appropriate payment date, the amount of dividends or other distributions with a record date at or

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after the Effective Time but prior to such surrender and a payment date subsequent to such surrender payable with respect to such shares of Parent Common Stock.

Section 2.4 No Further Ownership Rights. All shares of Parent Common Stock issued and cash paid upon the conversion of shares of Company Common Stock in accordance with the terms of Article I and this Article II (including any cash paid pursuant to Section 2.3 or Section 2.5) shall be deemed to have been issued or paid in full satisfaction of all rights pertaining to the shares of Company Common Stock (other than any rights with respect to any unpaid dividends with respect to Company Common Stock that were declared prior to the Effective Time with a record date prior to the Effective Time and a payment date after the Effective Time).

Section 2.5 No Fractional Shares of Parent Common Stock.

(a) No certificates or scrip or shares of Parent Common Stock representing fractional shares of Parent Common Stock or book-entry credit of the same shall be issued upon the surrender for exchange of Certificates, and such fractional share interests shall not entitle the owner thereof to vote or to have any rights of a stockholder of Parent or a holder of shares of Parent Common Stock.

(b) Notwithstanding anything contained in this Agreement to the contrary, each holder of shares of Company Common Stock exchanged pursuant to the Merger who would otherwise have been entitled to receive a fraction of a share of Parent Common Stock (after taking into account all Certificates delivered by such holder) shall receive, in lieu thereof, cash (without interest) in an amount equal to the product of (i) such fractional part of a share of Parent Common Stock multiplied by (ii) the Parent Share Cash Value.

(c) As promptly as practicable after the determination of the amount of cash, if any, to be paid to holders of fractional interests, the Exchange Agent shall so notify Parent, and Parent shall promptly deposit or cause the Surviving Corporation to deposit such amount with the Exchange Agent and shall cause the Exchange Agent to forward payments to such holders of fractional interests subject to and in accordance with the terms hereof.

Section 2.6 Termination of Exchange Fund. Any portion of the Exchange Fund which remains undistributed to the holders of shares of Company Common Stock for 12 months after the Effective Time shall be delivered to Parent or otherwise on the instruction of Parent, and any holders of shares of Company Common Stock who have not theretofore complied with this Article II shall thereafter look only to Parent for, and Parent shall remain liable for, the Merger Consideration to which such holders are entitled pursuant to Section 1.8 and Section 2.2, and any cash in lieu of fractional shares of Parent Common Stock to which such holders are entitled pursuant to Section 2.5 and any dividends or distributions with respect to shares of Parent Common Stock to which such holders are entitled pursuant to Section 2.3. Any such portion of the Exchange Fund remaining unclaimed by holders of shares of Company Common Stock five years after the Effective Time (or such earlier date immediately prior to such time as such amounts would otherwise escheat to or become property of any Governmental Entity) shall, to the extent permitted by Law, become the property of the Surviving Corporation free and clear of any claims or interest of any Person previously entitled thereto.

Section 2.7 No Liability. None of Parent, Merger Sub, the Company, the Surviving Corporation or the Exchange Agent shall be liable to any Person in respect of any Merger Consideration from the Exchange Fund delivered to a public official pursuant to any applicable abandoned property, escheat or similar Law.

Section 2.8 Investment of the Exchange Fund. The Exchange Agent shall invest any cash included in the Exchange Fund as directed by Parent on a daily basis in (a) short term direct obligations of the United States of America with maturities of no more than 30 days, (b) short term obligations for which the full faith and credit of the United States of America is pledged to provide for payment of all principal and interest or (c) commercial paper obligations receiving the highest rating from either Moody's Investor Services, Inc. or Standard & Poor's; provided, however, that no gain or loss thereon shall affect the amounts payable to the Company stockholders

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pursuant to Article I and the other provisions of this Article II. If for any reason (including losses) the cash in the Exchange Fund will be insufficient to fully satisfy all of the payment obligations to be made in cash by the Exchange Agent hereunder, Parent shall promptly deposit cash into the Exchange Fund in an amount equal to the deficiency in the amount of cash required to fully satisfy such cash payment obligations. Any interest and other income resulting from such investments shall promptly be paid to Parent.

Section 2.9 Lost Certificates. If any Certificate has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Certificate to be lost, stolen or destroyed and, if required by the Surviving Corporation, the posting by such Person of a bond in such reasonable amount as the Surviving Corporation may direct as indemnity against any claim that may be made against it with respect to such Certificate, the Exchange Agent shall deliver in exchange for such lost, stolen or destroyed Certificate the Merger Consideration with respect to the shares of Company Common Stock formerly represented thereby, any cash in lieu of fractional shares of Parent Common Stock to which such holders are entitled pursuant to Section 2.5 and unpaid dividends and distributions on shares of Parent Common Stock to which such holders are entitled pursuant to Section 2.3, as the case may be, deliverable in respect thereof, pursuant to this Agreement.

Section 2.10 Withholding Rights. Each of the Surviving Corporation, Parent and the Exchange Agent shall be entitled to deduct and withhold from the consideration otherwise payable pursuant to this Agreement to any holder of shares of Company Common Stock, Company Stock Options, Company Restricted Stock or any other Equity Interests in the Company such amounts as it is required to deduct and withhold with respect to the making of such payment under the Code and the rules and regulations promulgated thereunder, or any provision of state, local or foreign Tax Law. To the extent that amounts are so withheld by the Surviving Corporation, Parent or the Exchange Agent, as the case may be, such withheld amounts shall be remitted to the applicable Governmental Entity and such amounts shall be treated for all purposes of this Agreement as having been paid to the holder of shares of Company Common Stock, Company Stock Options, Company Restricted Stock or other Equity Interests in the Company, as the case may be, in respect of which such deduction and withholding was made by the Surviving Corporation or Parent.

Section 2.11 Further Assurances. After the Effective Time, the officers and directors of the Surviving Corporation will be authorized to execute and deliver, in the name and on behalf of the Company or Merger Sub, any deeds, bills of sale, assignments or assurances and to take and do, in the name and on behalf of the Company or Merger Sub, any other actions and things to vest, perfect or confirm of record or otherwise in the Surviving Corporation any and all right, title and interest in, to and under any of the rights, properties or assets acquired or to be acquired by the Surviving Corporation as a result of, or in connection with, the Merger.

Section 2.12 Stock Transfer Books. The stock transfer books of the Company shall be closed at the close of business on the day on which the Effective Time occurs and there shall be no further registration of transfers of shares of Company Common Stock thereafter on the records of the Company. On or after the Effective Time, any Certificates presented to the Exchange Agent or Parent for any reason shall be converted into the Merger Consideration with respect to the shares of Company Common Stock or formerly represented thereby (including any cash in lieu of fractional shares of Parent Common Stock to which the holders thereof are entitled pursuant to Section 2.5) and any dividends or other distributions to which the holders thereof are entitled pursuant to Section 2.3.

## **ARTICLE III**

### **REPRESENTATIONS AND WARRANTIES OF THE COMPANY**

Except (i) as disclosed in the Company SEC Documents filed since January 1, 2012 but prior to the date of this Agreement (but excluding any risk factor disclosures contained under the heading "Risk Factors" or "forward-looking statements") or (ii) as set forth in the Company Disclosure Letter delivered by the Company to



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Parent prior to or concurrent with the execution of this Agreement (the Company Disclosure Letter ), which identifies items of disclosure by reference to a particular section or subsection of this Agreement (provided, however, that any information set forth in one section of such Company Disclosure Letter also shall be deemed to apply to each other section and subsection of this Agreement to which its relevance is reasonably apparent), the Company hereby represents and warrants to Parent and Merger Sub as follows:

### Section 3.1 Organization, Good Standing and Qualification.

(a) Each of the Company and its Subsidiaries is a corporation duly organized, validly existing and in good standing (with respect to jurisdictions that recognize the concept of good standing) under the Laws of its respective jurisdiction of organization and has all requisite corporate or similar power and authority to own, lease and operate its properties and assets and to carry on its business as presently conducted, except with respect to the Company's Subsidiaries, where the failure to be so organized, qualified or in good standing, or to have such power or authority when taken together with all other such failures, has not, and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. Each of the Company and its Subsidiaries is duly qualified or licensed to do business and is in good standing (with respect to jurisdictions that recognize the concept of good standing) as a foreign corporation in each jurisdiction where the ownership, leasing or operation of its assets or properties or conduct of its business requires such qualification, except where the failure to be so organized, qualified or in good standing, or to have such power or authority when taken together with all other such failures, has not, and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(b) The Company has delivered or made available to Parent and Merger Sub a true and complete copy of the Company's currently effective certificate of incorporation and bylaws, as amended and restated to the date of this Agreement. The Company's certificate of incorporation and bylaws so delivered are in full force and effect and the Company is not in violation of its certificate of incorporation or bylaws.

(c) Section 3.1(c) of the Company Disclosure Letter lists, as of the date of this Agreement, (i) each Subsidiary of the Company and (ii) each Related Entity of the Company.

### Section 3.2 Capital Structure.

(a) As of the close of business on April 29, 2013 (the Capitalization Date ), the authorized capital stock of the Company consisted of (i) 200,000,000 shares of Company Common Stock, par value \$0.001 per share, of which 46,623,161 shares were outstanding (inclusive of 1,982,687 shares of unvested Company Restricted Stock granted pursuant to the Company Stock Plans) and 267,781 shares were held in the treasury of the Company and (ii) 10,000,000 shares of preferred stock of the Company, par value \$0.01 per share (Company Preferred Stock ), of which no shares were outstanding. There are no other classes of capital stock of the Company authorized or outstanding. All issued and outstanding shares of the capital stock of the Company are duly authorized, validly issued, fully paid and non-assessable, and no class of capital stock is entitled to preemptive rights.

(b) From the close of business on the Capitalization Date through the date of this Agreement, there have been no issuances of shares of the capital stock or equity securities of the Company or any other securities of the Company other than issuances of shares of Company Common Stock pursuant to the exercise of Company Stock Options outstanding as of the Capitalization Date under the Company Stock Plans. There were outstanding as of the Capitalization Date, no options, warrants, calls, commitments, agreements, arrangements, undertakings or any other rights to acquire capital stock from the Company other than Company Stock Options as set forth in Section 3.2(b) of the Company Disclosure Letter. Section 3.2(b) of the Company Disclosure Letter sets forth a complete and correct list, as of the Capitalization Date, of the number of shares of Company Common Stock subject to Company Stock Options, Company Restricted Stock or any other rights to purchase or receive Company Common Stock granted under the Company Stock Plans or otherwise, the dates of grant, the extent to

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which such options are vested and, where applicable, the exercise prices thereof. Except as set forth in Section 3.2(b) of the Company Disclosure Letter, since the Capitalization Date through the date of this Agreement, the Company has not issued or awarded, or authorized the issuance or award of, any options, restricted stock or other equity-based awards under the Company Stock Plans or otherwise. Immediately prior to the Closing, the Company will have provided to Parent a complete and correct list, as of the Closing, of the number of shares of Company Common Stock subject to Company Stock Options, Company Restricted Stock or any other rights to purchase or receive Company Common Stock granted under the Company Stock Plans or otherwise, the dates of grant, the extent to which such options are vested and, where applicable, the exercise prices thereof. No options, warrants, restricted stock units, calls, commitments, agreements, arrangements, undertakings or other rights to acquire capital stock from the Company, or other equity-based awards, have been issued or granted on or after the Capitalization Date through the date of this Agreement.

(c) No bonds, debentures, notes or other Indebtedness of the Company having the right to vote (or convertible into or exercisable for securities having the right to vote) on any matters on which holders of capital stock of the Company may vote are issued or outstanding.

(d) Except as otherwise set forth in this Section 3.2 or in Section 3.2(d) of the Company Disclosure Letter, as of the date of this Agreement, (i) there are no outstanding obligations of the Company or any of its Subsidiaries to repurchase, redeem or otherwise acquire any shares of capital stock of the Company or any of its Subsidiaries except for purchases, redemptions or other acquisitions of capital stock or other securities (A) required by the terms of the Company Benefit Plans, (B) in order to pay Taxes or satisfy withholding obligations in respect of such Taxes in connection with the exercise of Company Stock Options or the vesting of Company Restricted Stock, or (C) as required by the terms of, or necessary for the administration of, any plans, arrangements or agreements existing on the date of this Agreement between the Company or any of its Subsidiaries and any director or employee of the Company or any of its Subsidiaries and (ii) there are no outstanding stock-appreciation rights, security-based performance units, shares of phantom stock or other security rights or other agreements, arrangements or commitments of any character (contingent or otherwise) pursuant to which any Person is or may be entitled to receive any payment or other value based on the stock price performance of the Company or any of its Subsidiaries (other than under the Company Stock Plans) or to cause the Company or any of its Subsidiaries to file a registration statement under the Securities Act of 1933, as amended (the Securities Act ).

(e) Except as set forth in this Section 3.2 or in Section 3.2(e) of the Company Disclosure Letter, as of the date of this Agreement, there are no outstanding obligations of the Company or any of its Subsidiaries (i) restricting the transfer of, (ii) affecting the voting rights of, (iii) requiring the sale, issuance, repurchase, redemption or disposition of, or containing any right of first refusal with respect to, (iv) requiring the registration for sale of or (v) granting any preemptive or antidilutive rights with respect to any shares of Company Common Stock, Company Preferred Stock or other Equity Interests in the Company or any of its Subsidiaries.

(f) Section 3.2(f) of the Company Disclosure Letter sets forth, as of the date of this Agreement, for each of the Company's Subsidiaries, (i) its authorized capital stock or other Equity Interests, (ii) the number of its outstanding shares of capital stock or other Equity Interests and type(s) of such outstanding shares of capital stock or other Equity Interests and (iii) the record owner(s) thereof. The Company owns directly or indirectly, beneficially and of record, all of the issued and outstanding shares of capital stock or other Equity Interests of each of the Company's Subsidiaries, free and clear of any Liens other than Permitted Liens, and all of such shares of capital stock or other Equity Interests have been duly authorized and validly issued and are fully paid, non-assessable and free of preemptive rights. Except for the ownership of Equity Interests in (A) the Company's Subsidiaries and Related Entities and (B) investments in marketable securities and cash equivalents, none of the Company or any of its Subsidiaries owns directly or indirectly any Equity Interest in any Person, or has any obligation or has made any commitment to acquire any such Equity Interest, to provide funds to, or to make any investment (in the form of a loan, capital contribution or otherwise) in, any of its Subsidiaries or any other Person

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that is or would reasonably be expected to be material to the Company and its Subsidiaries, taken as a whole. No Subsidiary of the Company owns any Company Common Stock or other Equity Interest in the Company.

### Section 3.3 Corporate Authority.

(a) The Company has all requisite corporate power and authority and has taken all corporate action necessary in order to execute, deliver and perform its obligations under this Agreement and to consummate the transactions contemplated hereby, subject, assuming the accuracy of the representations and warranties of Parent and Merger Sub set forth in Section 4.23, only to the adoption of this Agreement by the affirmative vote of the holders of a majority of the outstanding capital stock of the Company entitled to vote thereon (the Company Stockholder Approval ), and to the filing and recording of the Certificate of Merger under the provisions of the DGCL. The Company Stockholder Approval is the only vote of the holders of any class or series of capital stock of the Company necessary to adopt, approve or authorize this Agreement, the Merger and the other transactions contemplated by this Agreement. This Agreement has been duly authorized and validly executed and delivered by the Company and, assuming due authorization, execution and delivery by Parent and Merger Sub, constitutes a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar Laws of general applicability relating to or affecting creditors' rights and to general equity principles (the Bankruptcy and Equity Exception ).

(b) As of the date of this Agreement, the Company Board, by resolution duly adopted at a meeting duly called and held, has (i) approved and declared advisable this Agreement and the Merger and the other transactions contemplated by this Agreement; (ii) resolved to recommend adoption of this Agreement to the stockholders of the Company; and (iii) directed that this Agreement be submitted to the stockholders of the Company for adoption.

(c) Assuming the accuracy of the representations and warranties of Parent and Merger Sub set forth in Section 4.23, no fair price, moratorium, control share acquisition or other similar anti-takeover statute or regulation (each, a Takeover Statute ) or any anti-takeover provision in the Company's certificate of incorporation and bylaws is, or at the Effective Time will be, applicable to the Company Common Stock, the Merger or the other transactions contemplated by this Agreement. Assuming the accuracy of the representations and warranties of Parent and Merger Sub set forth in Section 4.23, the Company Board has taken all action so that Parent will not be prohibited from entering into a business combination with the Company (as such term is used in Section 203 of the DGCL) as a result of the execution of this Agreement, or the consummation of the Merger or the other transactions contemplated hereby, without any further action on the part of the Company stockholders or the Company Board.

### Section 3.4 Governmental Filings; No Violations, Etc.

(a) Except for the reports, registrations, consents, approvals, permits, authorizations, notices and/or filings (i) pursuant to Section 1.3, (ii) under the Securities Act and the Securities Exchange Act of 1934, as amended (the Exchange Act ), (iii) required to be made with the NASDAQ Stock Market (NASDAQ ), (iv) for or pursuant to other applicable foreign securities Law approvals, state securities, takeover and blue sky Laws, and (v) as set forth in Section 3.4(a) of the Company Disclosure Letter, no notices, reports or other filings are required to be made by the Company with, nor are any registrations, consents, approvals, permits or authorizations required to be obtained by the Company from, any governmental or regulatory authority, agency, commission, body or other governmental entity (Governmental Entity ), in connection with the execution and delivery of this Agreement by the Company and the consummation by the Company of the Merger and the other transactions contemplated by this Agreement, except those that the failure to make or obtain would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(b) None of the execution, delivery or performance of this Agreement by the Company, the consummation by the Company of the Merger or any other transaction contemplated by this Agreement, or the

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Company's compliance with any of the provisions of this Agreement will (with or without notice or lapse of time, or both), (i) subject to obtaining the Company Stockholder Approval, conflict with or violate any provision of the Company's certificate of incorporation or bylaws or any equivalent organizational or governing documents of any of the Company's Subsidiaries; (ii) assuming that all consents, approvals, authorizations and permits described in this Section 3.4 have been obtained and all filings and notifications described in this Section 3.4 have been made and any waiting periods thereunder have terminated or expired, conflict with or violate any Law or Order applicable to the Company or any of its Subsidiaries or any of their respective properties or assets; or (iii) require any consent or approval under, violate, conflict with, result in any breach of or any loss of any benefit under, or constitute a default under, or result in termination or give to others any right of termination, vesting, amendment, acceleration or cancellation of, or result in the creation of a Lien, other than Permitted Liens, upon any of the respective properties or assets of the Company or any of its Subsidiaries pursuant to, any Contract, permit or other instrument or obligation to which the Company or any of its Subsidiaries is a party or by which they or any of their respective properties or assets may be bound or affected, except, with respect to clauses (ii) and (iii), for any such conflicts, violations, consents, approvals, authorizations, permits, breaches, losses, defaults, other occurrences or Liens which would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

**Section 3.5 Company Reports: Financial Statements.**

(a) Except as set forth in Section 3.5(a) of the Company Disclosure Letter, since January 1, 2011, the Company has timely filed or otherwise furnished (as applicable) all registration statements, prospectuses, forms, reports, definitive proxy statements, schedules, statements and documents required to be filed by it under the Securities Act or the Exchange Act, as the case may be, together with all certifications required pursuant to the Sarbanes-Oxley Act of 2002 (the Sarbanes-Oxley Act) (such documents and any other documents filed by the Company or any of its Subsidiaries with the Securities and Exchange Commission (the SEC), including exhibits and other information incorporated therein as they have been supplemented, modified or amended since the time of filing, collectively, the Company SEC Documents). As of their respective filing dates (or, if amended or superseded by a filing prior to the date of this Agreement, then on the date of such filing), the Company SEC Documents (i) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading and (ii) complied in all material respects with the applicable requirements of the Exchange Act or the Securities Act, as the case may be, the Sarbanes-Oxley Act and the applicable rules and regulations of the SEC thereunder. Each Company SEC Document to be filed subsequent to the date of this Agreement will have complied in all material respects with the Securities Act, the Exchange Act and the Sarbanes-Oxley Act, as the case may be. None of the Company's Subsidiaries is required to make any filings with the SEC. All of the audited consolidated financial statements and unaudited consolidated interim financial statements of the Company included in the Company SEC Documents (together with the related notes and schedules thereto, collectively, the Company Financial Statements) (A) have been prepared from, and are in accordance with, the books and records of the Company and the Company's Subsidiaries in all material respects, (B) have been prepared in accordance with GAAP applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto or, in the case of interim financial statements, for normal and recurring year-end adjustments) and (C) fairly present in all material respects the consolidated financial position and the consolidated results of operations, cash flows and changes in stockholders' equity of the Company and its Subsidiaries as of the dates and for the periods referred to therein.

(b) The Company is in compliance in all material respects with (i) the applicable provisions of the Sarbanes-Oxley Act and (ii) the applicable listing and corporate governance rules and regulations of NASDAQ.

(c) The Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act), as required by Rules 13a-15(a) and 15d-15(a) of the Exchange Act, are reasonably designed to ensure that all material information required to be disclosed by the Company in the reports it files or furnishes under the Exchange Act is made known to the chief executive officer and the chief financial officer of the

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Company by others within the Company to allow timely decisions regarding required disclosure as required under the Exchange Act and is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms. The Company has evaluated the effectiveness of the Company's disclosure controls and procedures and, to the extent required by applicable Law, presented in any applicable Company SEC Document that is a report on Form 10-K or Form 10-Q, or any amendment thereto, its conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by such report or amendment based on such evaluation. The Company has disclosed, based on its most recent evaluation of internal control over financial reporting, to its outside auditors and the audit committee of the Company Board (i) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting that would reasonably be expected to adversely affect the Company's ability to record, process, summarize and report financial information and (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting. There has not been any such disclosure made by management to the Company's outside auditors or the audit committee of the Company Board since January 1, 2011.

(d) To the Company's Knowledge, none of the Company SEC Documents (other than confidential treatment requests) is the subject of ongoing SEC review. The Company has made available to Parent true and complete copies of all written comment letters from the staff of the SEC received since January 1, 2011 through the date of this Agreement relating to the Company SEC Documents and all written responses of the Company thereto through the date of this Agreement other than with respect to requests for confidential treatment. As of the date of this Agreement, there are no outstanding or unresolved comments in comment letters received from the SEC staff with respect to any Company SEC Documents other than confidential treatment requests. To the Company's Knowledge, as of the date of this Agreement, there are no SEC inquiries or investigations, other governmental inquiries or investigations or internal investigations pending or threatened, in each case regarding any accounting practices of the Company.

Section 3.6 Absence of Certain Changes. Since December 31, 2012 through the date of this Agreement, (a) the business of the Company and its Subsidiaries has been conducted in the ordinary course in all material respects and (b) there has not been any event, occurrence, development or state of circumstances or facts or condition that has had or would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

Section 3.7 No Undisclosed Material Liabilities. There are no liabilities or obligations of the Company or any of its Subsidiaries, whether accrued, absolute, determined or contingent, except for (a) liabilities or obligations disclosed and provided for in the balance sheets included in the Company Financial Statements (or in the notes thereto) filed and publicly available prior to the date of this Agreement; (b) liabilities or obligations incurred in accordance with or in connection with this Agreement; (c) liabilities or obligations incurred since December 31, 2012 in the ordinary course of business consistent with past practice; and (d) liabilities or obligations that have not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. Neither the Company nor any of its Subsidiaries is a party to, or has any commitment to become a party to, any joint venture, off-balance sheet partnership or any similar Contract or arrangement (including any Contract relating to any transaction or relationship between or among the Company and any of its Subsidiaries, on the one hand, and any unconsolidated Affiliate, including any structured finance, special purpose or limited purpose entity or Person, on the other hand), or any off-balance sheet arrangements (as defined in Item 303(a) of Regulation S-K under the Exchange Act), where the result, purpose or effect of such Contract or arrangement is to avoid disclosure of any material transaction involving, or material liabilities of, the Company or any of its Subsidiaries, in the Company Financial Statements or the Company SEC Documents.

Section 3.8 Litigation.

(a) As of the date of this Agreement, except as set forth in Section 3.8(a) of the Company Disclosure Letter, there are no civil, criminal or administrative actions, suits, claims, hearings, investigations or proceedings

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by or before any Governmental Entity or arbitrator (collectively, Actions ) pending or, to the Company's Knowledge, threatened against the Company or any of its Subsidiaries or any of their respective assets or properties that if determined adversely to the Company would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(b) As of the date of this Agreement, neither the Company nor any of its Subsidiaries or, to the Company's Knowledge, any of their respective assets or properties, is subject to any outstanding Order, writ, injunction, decree or arbitration ruling, award or other finding that would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(c) For the avoidance of doubt, the provisions of this Section 3.8 do not apply to Environmental Laws, Environmental Permits or Hazardous Materials, as representations and warranties made by the Company and its Subsidiaries with regard to all environmental matters, including Environmental Laws, Environmental Permits and Hazardous Materials are solely and exclusively made in Section 3.17 of this Agreement.

Section 3.9 Compliance with Laws.

(a) The Company and each of its Subsidiaries are in compliance with all Laws or Orders, except where any such failure to be in compliance has not had, or would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. To the Company's Knowledge, no investigation or review by any Governmental Entity with respect to the Company or any of its Subsidiaries is pending or threatened, nor has any Governmental Entity indicated an intention to conduct the same which, in each case, would reasonably be expected to have a Company Material Adverse Effect. To the Company's Knowledge, the Company is in material compliance with the Foreign Corrupt Practices Act of 1977, as amended, and any rules and regulations thereunder.

(b) For the avoidance of doubt, the provisions of this Section 3.9 do not apply to Environmental Laws, Environmental Permits or Hazardous Materials, as representations and warranties made by the Company and its Subsidiaries with regard to all environmental matters, including Environmental Laws, Environmental Permits and Hazardous Materials are solely and exclusively made in Section 3.17.

Section 3.10 Properties.

(a) Except as would not have, or would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, the Company or one of its Subsidiaries, as the case may be, (i) holds good and valid title to all of the properties and assets reflected in the December 31, 2012 balance sheet included in the Company SEC Documents as being owned by the Company or one of its Subsidiaries or acquired after the date thereof that are material to the Company's business on a consolidated basis (except for properties and assets sold or otherwise disposed of since the date thereof in the ordinary course of business) (collectively, with respect to real property, the Owned Real Property ), free and clear of all Liens, except for Permitted Liens and other matters described in Section 3.10(a) of the Company Disclosure Letter; (ii) holds the Owned Real Property, or any portion thereof or interest therein, free of any outstanding options or rights of first refusal or offer to purchase or lease; (iii) is the lessee or permittee of all leasehold estates reflected in the December 31, 2012 financial statements included in the Company SEC Documents or acquired after the date thereof that are material to the Company's business on a consolidated basis (except for leases that have expired by their terms since the date thereof or been assigned, terminated or otherwise disposed of in the ordinary course of business) (collectively, with respect to real property, the Leased Real Property ); (iv) is in possession of the Leased Real Property, and each lease underlying the Leased Real Property is valid and in full force and effect, constitutes a valid and binding obligation of the Company or the applicable Subsidiary of the Company, subject to the Bankruptcy and Equity Exception; and (v) has not received any written notice of termination or cancellation of or of a breach or default in connection with the Company Leased Real Property.

(b) For the avoidance of doubt, the provisions of this Section 3.10 do not apply to the Oil and Gas Properties of the Company or its Subsidiaries, as representations and warranties made by the Company and its Subsidiaries with regard to all oil and gas matters are solely and exclusively made in Section 3.15.

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Section 3.11 Contracts.

(a) As of the date of this Agreement, except as set forth as an exhibit to the Company SEC Documents or on Section 3.11(a) of the Company Disclosure Letter, neither the Company nor any of its Subsidiaries is a party to or bound by any:

(i) Contracts relating to Indebtedness for borrowed money or any guarantee of any Indebtedness for borrowed money (other than in respect of Indebtedness for borrowed money of a wholly-owned Subsidiary of the Company) in excess of \$1,000,000;

(ii) Non-competition agreements or any other agreements or arrangements that materially limit or otherwise materially restrict the Company or any of its Subsidiaries or any of their respective Affiliates or any successor thereto or that, to the Company's Knowledge, would, after the Effective Time, limit or restrict Parent or any of its Subsidiaries (including the Surviving Corporation) or any successor thereto, in each case from engaging or competing in any line of business or in any geographic area, which agreement or arrangements would reasonably be expected to materially limit, materially restrict or materially conflict with the business of Parent and its Subsidiaries, taken as a whole (including for purposes of such determination, the Surviving Corporation and its Subsidiaries), after giving effect to the Merger;

(iii) Contracts required to be filed as an exhibit to the Company's Annual Report on Form 10-K pursuant to Item 601(b)(10) of Regulation S-K under the Securities Act;

(iv) Contracts, including Company Oil and Gas Agreements, where the Company or any of its Subsidiaries has received or expects to receive \$1,000,000 or more in revenues pursuant to such agreements in the current fiscal year;

(v) Contracts with respect to the receipt of any goods and services involving a payment of \$1,000,000 or more per annum;

(vi) Joint venture, alliance, partnership or limited liability company agreements or similar Contracts relating to the formation, creation, operation, management or control of any joint venture, alliance, partnership or limited liability company that (A) is material to the Company, any of its Subsidiaries or any of the Oil and Gas Properties of the Company or any of its Subsidiaries; (B) is material to any investment in, or other commitment to, any Related Entity of the Company; or (C) would reasonably be expected to require the Company or its Subsidiaries to make expenditures in excess of \$1,000,000 or more in the current fiscal year; or

(vii) Contracts that would prevent, materially delay or materially impede the consummation of the transactions contemplated by this Agreement.

(b) All Contracts to which the Company or any of its Subsidiaries is a party to or bound by as of the date of this Agreement that are either (i) of the type described in clause (a) above or (ii) material Company Oil and Gas Agreements relating to Oil and Gas Properties of the Company and its Subsidiaries are referred to herein as the Company Material Contracts. Except, in each case, as has not, and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, (i) all Company Material Contracts are valid and binding on the Company and/or the relevant Subsidiary of the Company that is a party thereto and, to the Company's Knowledge, each other party thereto, subject to the Bankruptcy and Equity Exception, (ii) all Company Material Contracts are in full force and effect, (iii) the Company and each of its Subsidiaries has performed all material obligations required to be performed by them under the Company Material Contracts to which they are parties, (iv) to the Company's Knowledge, each other party to a Company Material Contract has performed all material obligations required to be performed by it under such Company Material Contract and (v) no party to any Company Material Contract has given the Company or any of its Subsidiaries written notice of its intention to cancel, terminate, change the scope of rights under or fail to renew any Company Material

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Contract and neither the Company nor any of its Subsidiaries, nor, to the Company's Knowledge, any other party to any Company Material Contract, has repudiated in writing any material provision thereof. Neither the Company nor any of its Subsidiaries has Knowledge of, or has received written notice of, any violation of or default under (or any condition which with the passage of time or the giving of notice would cause such a violation of or default under or permit termination, modification or acceleration under) any Company Material Contract or any other Contract to which the Company or any of its Subsidiaries is a party or by which the Company, any of its Subsidiaries or any of their respective material properties or assets is bound, except for violations or defaults that are not, individually or in the aggregate, reasonably likely to result in a Company Material Adverse Effect.

Section 3.12 Employee Benefit Plans.

(a) Section 3.12(a) of the Company Disclosure Letter, sets forth a true, complete and correct list of each material employee benefit plan as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder (ERISA) (whether or not subject to ERISA), and any other material plan, policy, program, practice, agreement, understanding or arrangement (whether written or oral) providing compensation or other benefits to any current or former director, officer, employee or consultant (or to any dependent or beneficiary thereof) of the Company or any ERISA Affiliate, which are now maintained, sponsored or contributed to by the Company or any ERISA Affiliate, or under which the Company or any ERISA Affiliate has any material obligation or liability, whether actual or contingent, including all incentive, bonus, deferred compensation, vacation, holiday, cafeteria, medical, disability, stock purchase, stock option, stock appreciation, phantom stock, restricted stock, restricted stock unit, stock-based compensation, change-in-control, retention, employment, consulting, personnel or severance policies, programs, practices, Contracts or arrangements (each, a Company Benefit Plan), excluding Foreign Benefit Plans. For purposes of this Agreement, the term Foreign Benefit Plans shall mean those Company Benefit Plans maintained, sponsored or contributed to primarily for the benefit of current or former employees of the Company or any ERISA Affiliate who are or were regularly employed outside the United States (but which shall exclude any such Company Benefit Plans to the extent required by applicable foreign Law to be so maintained, sponsored or contributed to). Not more than 20 Business Days after the date of this Agreement, the Company shall deliver a true, complete and correct list of each Foreign Benefit Plan to Parent. For purposes of this Section 3.12 and Section 4.12, ERISA Affiliate shall mean any entity (whether or not incorporated) that, together with any other entity, is considered under common control and treated as one employer under Sections 414(b) or (c) of the Code. The Company has no express or implied commitment to terminate or modify or change any Company Benefit Plan, other than with respect to a termination, modification or change required by ERISA or the Code or which would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect.

(b) Except as set forth in Section 3.12(b) of the Company Disclosure Letter, with respect to each Company Benefit Plan (other than any Foreign Benefit Plan), the Company has made available to Parent true, complete and correct copies of the following (as applicable): (i) the written document evidencing such Company Benefit Plan or, with respect to any such plan that is not in writing, a written description of the material terms thereof; (ii) the summary plan description; (iii) the most recent annual report, financial statement and/or actuarial report; (iv) the most recent determination letter from the Internal Revenue Service (the IRS); (v) the most recent Form 5500 required to have been filed with the IRS, including all schedules thereto; (vi) any related trust agreements, insurance contracts or other funding arrangements; (vii) any notices to or from the IRS or any office or Representative of the Department of Labor, Pension Benefit Guaranty Corporation (PBGC) or any other Governmental Entity relating to any unresolved compliance issues in respect of any such Company Benefit Plan; and (viii) all material amendments, modifications or supplements to any Company Benefit Plan. With respect to each Foreign Benefit Plan, the Company will provide to Parent not more than 20 Business Days after the date of this Agreement the items identified in each of clauses (i) through (viii) above, to the extent applicable.



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(c) Except as set forth in Section 3.12(c) of the Company Disclosure Letter, each Company Benefit Plan has been administered in all material respects in accordance with its terms, applicable Law (including Section 409A of the Code) and any applicable collective bargaining agreement, including, in all material respects, timely filing of all Tax, annual reporting and other governmental filings required by ERISA and the Code and timely contribution (or, if not yet due, proper financial reporting) of any amounts required to be made under the terms of any of the Company Benefit Plans as of the date of this Agreement. With respect to the Company Benefit Plans, no event has occurred and there exists no condition or set of circumstances in connection with which the Company or any of its Subsidiaries would be subject to any liability that, individually or in the aggregate, would reasonably be expected to be material to the Company and its Subsidiaries, taken as a whole. Each Company Benefit Plan that is intended to be qualified under Section 401 of the Code has received a favorable determination letter from the IRS to such effect and, to the Company's Knowledge, no fact, circumstance or event has occurred or exists since the date of such determination letter that would reasonably be expected to adversely affect the qualified status of any such Company Benefit Plan. None of the Company or any of its Subsidiaries has received notice of and, to the Company's Knowledge, there are no audits or investigations by any Governmental Entity with respect to, or other Actions against or involving any Company Benefit Plan or asserting rights or claims to benefits under any Company Benefit Plan (other than routine claims for benefits payable in the normal course). Other than as set forth in Section 3.12(c) of the Company Disclosure Letter, each Company Benefit Plan subject to ERISA that provides retiree healthcare or life insurance benefits in the United States provides by its terms that it may be amended or terminated without material liability to the Company or any of its Subsidiaries at any time after the Effective Time (other than as required by applicable Law).

(d) Except as set forth in Section 3.12(d) of the Company Disclosure Letter, no Company Benefit Plan is a multiemployer plan (as defined in Sections 3(37) and 4001(a)(3) of ERISA) or a multiple employer plan within the meaning of Sections 4063/4064 of ERISA or Section 413(c) of the Code and neither the Company nor any ERISA Affiliate has sponsored or contributed to or been required to contribute to, or has any liability with respect to, a multiemployer plan or multiple employer plan.

(e) Except as set forth in Section 3.12(e) of the Company Disclosure Letter, neither the Company nor any ERISA Affiliate maintains or contributes to, or in the past has maintained or contributed to, any employee benefit plan within the meaning of Section 3(3) of ERISA that is subject to Section 412 of the Code or Section 302 or Title IV of ERISA. With respect to each plan set forth in Section 3.12(e) of the Company Disclosure Letter that is subject to Section 412 of the Code or Section 302 of Title IV of ERISA, except to the extent that the event or condition in question would not give rise to a Company Material Adverse Effect, (i) there does not exist any accumulated funding deficiency within the meaning of Section 412 of the Code or Section 302 of ERISA, whether or not waived; (ii) there has been no reportable event within the meaning of Section 4043 of ERISA and the regulations thereunder which required a notice to the PBGC which has not been fully and accurately reported in a timely fashion, as required, or which, whether or not reported, would constitute grounds for the PBGC to institute involuntary termination proceedings with respect to any Company Benefit Plan that is subject to Title IV of ERISA; (iii) all premiums to the PBGC have been timely paid in full; (iv) there has not been a partial termination; and (v) none of the following events has occurred: (A) the filing of a notice of intent to terminate, (B) the treatment of an amendment to such a Company Benefit Plan as a termination under Section 4041 of ERISA or (C) the commencement of proceedings by the PBGC to terminate such a Company Benefit Plan and, to the Company's Knowledge, no condition exists that presents a substantial risk that such proceedings will be instituted or which would constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any such plan.

(f) Except as set forth in Section 3.12(f) of the Company Disclosure Letter, the execution of this Agreement or the consummation of the Merger will not constitute an event that, either alone or in conjunction with any other event, will or may result in (i) any payment, acceleration, termination, forgiveness of Indebtedness, vesting, distribution, increase in compensation or benefits or obligation to fund benefits with respect to any current or former employee or other personnel of the Company or any of its Subsidiaries, (ii) any amount failing to be deductible by reason of Section 280G of the Code or (iii) the provision of any reimbursement of excise Taxes under Section 4999 of the Code or any income Taxes under the Code.

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(g) (i) Each Foreign Benefit Plan has been established, maintained and administered in compliance with its terms and all applicable Laws and Orders of any controlling Governmental Entity; (ii) each Foreign Benefit Plan required to be registered has been registered and has been maintained in good standing with applicable regulatory authorities; and (iii) each Foreign Benefit Plan required to be funded and/or book reserved is funded and/or book reserved, as appropriate, in accordance with applicable Law.

Section 3.13 Labor Matters. Each of the Company and its Subsidiaries is in material compliance with all applicable Laws of the United States, or of any state or local government or any subdivision thereof or of any foreign government respecting employment and employment practices, terms and conditions of employment, wages and hours and occupational safety and health, including the Immigration Reform and Control Act, the Worker Adjustment Retraining and Notification Act, any Laws respecting employment discrimination, sexual harassment, disability rights or benefits, equal opportunity, plant closure issues, affirmative action, workers' compensation, employee benefits, severance payments, COBRA, labor relations, employee leave issues, wage and hour standards, occupational safety and health requirements and unemployment insurance and related matters. Except as specifically identified on Section 3.13 of the Company Disclosure Letter, neither the Company nor any of its Subsidiaries is a party to or bound by any labor union or collective bargaining agreement. There is no unfair labor practice charge pending or, to the Company's Knowledge, threatened which if determined adversely to the Company or its Subsidiaries would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. To the Company's Knowledge, there are no organizational campaigns, petitions or other activities or proceedings of any labor union, workers' council or labor organization (a) seeking recognition of a collective bargaining unit with respect to any of the employees of the Company or any of its Subsidiaries or (b) compelling the Company or any of its Subsidiaries to bargain with any such labor union, works council or labor organization. There are no material strikes, slowdowns, walkouts, work stoppages or other labor-related controversies pending or, to the Company's Knowledge, threatened and neither the Company nor any of its Subsidiaries has experienced any such strike, slowdown, walkout, work stoppage or other labor-related controversy within the past three years.

Section 3.14 Tax.

(a) Except to the extent reserved for in the most recent Company Financial Statements, the Company and each of its Subsidiaries have timely filed, or have caused to be timely filed, all material Tax Returns required to be filed, all such Tax Returns are true, complete and accurate in all material respects, and all material amounts of Taxes shown to be due on such Tax Returns, or otherwise owed, have been or will be timely paid. The Company and each of its Subsidiaries, with respect to all income and other material Tax Returns filed by or with respect to any of them, have not waived any statute of limitations with respect to Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency other than an extension attributable to an extension to file any such Tax Returns. The Company and each of its Subsidiaries have withheld and paid to the appropriate taxing authority all material Taxes required to have been withheld and paid in connection with amounts paid or owing to any current or former employee, independent contractor, creditor, stockholder or other Third Party and have complied in all material respects with all applicable Laws, rules and regulations relating to the payment and withholding of Taxes.

(b) Except as would not have and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, (i) no Tax Authority has asserted, or threatened in writing to assert, a Tax liability (exclusive of interest) in connection with an audit or other administrative or court proceeding involving Taxes of the Company or any of its Subsidiaries, (ii) neither the Company nor any of its Subsidiaries has distributed stock of another corporation or has had its stock distributed in a transaction that was purported or intended to be governed, in whole or in part, by Section 355 or Section 361 of the Code within the preceding five years, (iii) neither the Company nor any of its Subsidiaries has participated, or is currently participating, in a listed transaction as defined in Treasury Regulations Section 1.6011-4(b), (iv) neither the Company nor any of its Subsidiaries is a party to any agreement or arrangement relating to the apportionment, sharing, assignment or allocation of Taxes (other than an agreement or arrangement solely among the members

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of a group the common parent of which is the Company or any of its Subsidiaries), or has any liability for Taxes of any Person (other than the Company or any of its Subsidiaries) under Treasury Regulations Section 1.1502-6 or any similar provision of state, local or foreign Law, as a transferee or successor, by contract or otherwise, and (v) except as set forth in Section 3.14(b) of the Company Disclosure Letter, neither the Company nor any of its Subsidiaries has any net operating losses or other Tax attributes presently subject to limitation under Sections 382, 383 or 384 of the Code or the federal consolidated return regulations (or any corresponding or similar provision of the state, local or foreign income Tax Law), other than limitations as a result of the transactions contemplated by this Agreement.

Section 3.15 Oil and Gas Matters.

(a) For purposes of this Agreement, Company Oil and Gas Agreements means the following types of Contracts to which the Company or any of its Subsidiaries is a party, whether as an original party, by succession or assignment or otherwise, with respect to the Oil and Gas Properties forming the basis for the reserves reflected in the Company Reserve Report: oil and gas leases, joint ventures, farm-in and farm-out agreements, agreements providing for an overriding royalty interest, agreements providing for a royalty interest, agreements providing for a net profits interest, crude oil or natural gas sales or purchase contracts, joint operating agreements, unit operating agreements, unit agreements, field equipment leases, agreements involving gas gathering, gas purchasing, or the marketing, transportation and/or processing of production, agreements containing obligations to drill additional wells or conduct other material development operations after the Effective Time, and agreements providing for an area of mutual interest or restricting the Company's ability to operate, obtain, explore for or develop interests in a particular geographic area. Complete copies of all material Company Oil and Gas Agreements related to Oil and Gas Properties of the Company and its Subsidiaries have been made available to Parent.

(b) Except as, individually or in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect, the factual, non-interpretive data provided by the Company to Netherland, Sewell & Associates, Inc. (NSAI) relating to the Oil and Gas Properties of the Company and its Subsidiaries on which the reserve report prepared by NSAI referred to in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2012 (the Company Reserve Report) relied was accurate in all material respects at the time such data was provided to NSAI. With respect to the proved reserves reflected in the Company Reserve Report, the Company Reserve Report conforms in all material respects with Rule 4-10 of Regulation S-X promulgated by the SEC. Except as, individually or in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect, with respect to each lease, unit or well, the Company and its Subsidiaries are (i) entitled to not less than the net revenue interest and (ii) obligated to bear a percentage of the costs and expenses relating to the maintenance, development, operation and production of Hydrocarbons in an amount not greater than the working interest, in each case as shown on the Company Reserve Report. Except as set forth in Section 3.15(b) of the Company Disclosure Letter and except for changes (including changes in Hydrocarbon commodity prices) generally affecting the oil and gas industry, capital investment and normal depletion by production, and except as, individually or in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect, there has been no change in respect of the matters addressed in the Company Reserve Report.

(c) Except as, individually or in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect, all material items of operating equipment, pipelines and facilities owned or leased by the Company or any of its Subsidiaries and used in the operation of the Oil and Gas Properties forming the basis for the reserves reflected in the Company Reserve Report are, in the aggregate, in a state of repair so as to be adequate to carry on the businesses of the Company and its Subsidiaries as presently conducted.

(d) Except as, individually or in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect, and except for goods and other property sold, used or otherwise disposed of since the date of the Company Reserve Report in the ordinary course of business or reflected as having been sold, used or

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otherwise disposed of in the Company SEC Documents, as of the date of this Agreement, the Company and its Subsidiaries own or have valid leases in or contractual rights to use all material operating equipment, pipelines and facilities used in the operation of their respective Oil and Gas Properties forming the basis for the reserves reflected in the Company Reserve Report in the manner in which such properties were operated as of the date of this Agreement.

(e) Except for property sold or otherwise disposed of since the date of the Company Reserve Report in the ordinary course of business or reflected as having been sold or otherwise disposed of in the Company SEC Documents, as of the date of this Agreement, the Company and its Subsidiaries have Defensible Title to all Oil and Gas Properties forming the basis for the reserves reflected in the Company Reserve Report, in each case relating to the interests referred to therein as of the date of such report, and in each case as attributable to interests owned by the Company and its Subsidiaries, free and clear of any Liens, except (i) Liens reflected in the Company SEC Documents filed prior to the date of this Agreement, (ii) Permitted Liens, and (iii) such imperfections of title, easements, Liens, government or tribal approvals or other matters and failures of title as could not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect.

(f) Except as, individually or in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect or as set forth in Section 3.15(f) of the Company Disclosure Letter, the Company and its Subsidiaries have paid all material royalties, overriding royalties and other burdens on production due by the Company and its Subsidiaries with respect to their respective Oil and Gas Properties forming the basis for the reserves reflected in the Company Reserve Report (other than items that are being held in suspense).

(g) There are no assets constituting the Company's Oil and Gas Properties (i) that are currently required to be Decommissioned pursuant to Laws or applicable Contracts that have not been Decommissioned, which failure to Decommission constitutes a Company Material Adverse Effect; (ii) that formerly produced but that are currently shut in or temporarily abandoned not in compliance with Laws and applicable Contracts, which noncompliance constitutes a Company Material Adverse Effect; or (iii) that have been Decommissioned but that have not been Decommissioned in compliance with Laws and applicable Contracts, which noncompliance constitutes a Company Material Adverse Effect.

(h) The letters of credit and bonds set forth on Section 3.15(h) of the Company Disclosure Letter are all of the bonds, letters of credit and any other form of financial assurance ( Financial Assurance ) posted or provided by the Company and its Subsidiaries with or to any Governmental Entity or Third Party which are required to be posted or provided in compliance with Laws or applicable Contracts and related to the Oil and Gas Properties operated by the Company or any of its Subsidiaries.

(i) To the Company's Knowledge, none of the material Oil and Gas Properties of the Company and its Subsidiaries forming the basis for the reserves reflected in the Company Reserve Report is subject to any preferential purchase, consent or similar right that would become operative as a result of the transactions contemplated by this Agreement.

(j) Except as disclosed in Section 3.15(j) of the Company Disclosure Letter, to the Company's Knowledge, none of the Oil and Gas Properties of the Company and its Subsidiaries forming the basis for the reserves reflected in the Company Reserve Report is subject to any tax partnership agreement or other provisions requiring a partnership income Tax Return to be filed under Subchapter K of Chapter 1 of Subtitle A of the Code.

(k) None of the Company or any of its Subsidiaries has received any material advance, take-or-pay or other similar payments that entitle purchasers of production from the Oil and Gas Properties forming the basis for the reserves reflected in the Company Reserve Report to receive deliveries of Hydrocarbons without paying therefor.

(l) Except as, individually or in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect, none of the Company or any of its Subsidiaries has made any election as of the date of

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this Agreement to not participate in any operation or activity proposed with respect to their Oil and Gas Properties which could result in their interests in such Oil and Gas Properties being subject to a penalty or forfeiture as a result of such election not to participate in such operation or activity.

(m) Section 3.15(m) of the Company Disclosure Letter sets forth, as of the date of this Agreement, a true and complete list of all authorities for expenditures or capital commitments relating to the Oil and Gas Properties of the Company and its Subsidiaries that bind the Company or its Subsidiary to spend, individually or in the aggregate, more than \$1,000,000 on drilling or reworking wells or on other capital projects from and after the date of this Agreement.

Section 3.16 Intellectual Property.

(a) Except as, individually or in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect, (i) to the Company's Knowledge, the Company and each of its Subsidiaries owns, or is licensed to use (in each case, free and clear of any Liens, other than Permitted Liens), all Intellectual Property used in its business as currently conducted; (ii) to the Company's Knowledge, the conduct of its business as currently conducted, including the use of any Intellectual Property by the Company and its Subsidiaries, does not infringe on, misappropriate or otherwise violate the rights of any Person and is in accordance with any applicable license pursuant to which the Company or any Subsidiary acquired the right to use any Intellectual Property; (iii) to the Company's Knowledge, no Person is challenging, infringing on, misappropriating or otherwise violating any right of the Company or any of its Subsidiaries with respect to any Intellectual Property owned by the Company or its Subsidiaries; and (iv) to the Company's Knowledge, neither the Company nor any of its Subsidiaries has received any written notice or otherwise has Knowledge of any pending claim, Order or proceeding with respect to any Intellectual Property used by the Company and its Subsidiaries and to its Knowledge no Intellectual Property owned by the Company or its Subsidiaries is being used or enforced in a manner that would reasonably be expected to result in the abandonment, cancellation or unenforceability of such Intellectual Property.

(b) The Company and its Subsidiaries have taken reasonable steps to protect the confidentiality and value of all material trade secrets and any other material confidential information that are owned, used or held by the Company and its Subsidiaries in confidence, including entering into licenses and Contracts that require licensees, contractors, and other Persons with access to trade secrets or other confidential information to safeguard and maintain the secrecy and confidentiality of such trade secrets. To the Company's Knowledge, such trade secrets have not been used, disclosed to or discovered by any Person except pursuant to a valid and appropriate non-disclosure agreement, license or any other appropriate Contract which has not been breached.

(c) The consummation of the transactions contemplated by this Agreement will not diminish or terminate the ownership of or rights in any material Intellectual Property owned or used by the Company or its Subsidiaries in their respective businesses as currently conducted and, except as would not reasonably be expected to have a Company Material Adverse Effect, to the Company's Knowledge, after the Closing Date the Company and its Subsidiaries will have the right to use such Intellectual Property on the same basis as prior to the consummation of the transactions contemplated by this Agreement.

Section 3.17 Environmental Matters.

(a) The Company and its Subsidiaries are in compliance with all Environmental Laws, and to the Company's Knowledge, with respect to any surviving time periods specified in all applicable statutes of limitation, any past noncompliance by the Company and its Subsidiaries with Environmental Laws has been resolved, except for any failure to comply or to resolve past noncompliance that would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(b) Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, (i) each of the Company and its Subsidiaries has, as applicable, developed and

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submitted or obtained, maintained and complied with all Environmental Permits necessary for the conduct and operation of its business as currently conducted and operated, and the Company or any applicable Subsidiary of the Company has not received any notice that any such Environmental Permit is not in full force and effect; and (ii) no such Environmental Permit is or will be subject to review, revision, major modification, voidance or prior consent by any Governmental Entity as a result of the consummation of the transactions contemplated by this Agreement.

(c) None of the Company or any of its Subsidiaries has received any notice of any violation of, or liability under, Environmental Laws or Environmental Permits or with respect to Hazardous Materials or the posting or provision of the Company's Financial Assurance or performance of Decommissioning for Oil and Gas Properties operated by the Company or any of its Subsidiaries as required under Laws or applicable Contracts, which violations or liabilities would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(d) Except as set forth in Section 3.17(d) of the Company Disclosure Letter, there are no pending or, to the Company's Knowledge, threatened civil, criminal or administrative Actions, notices of violation, arbitrations or demand letters pursuant to Environmental Laws or Environmental Permits or with respect to Hazardous Materials or the posting or provision of the Company's Financial Assurance or performance of Decommissioning for Oil and Gas Properties operated by the Company or any of its Subsidiaries as required under Laws or applicable Contracts, which, in each instance, is alleged against the Company or any of its Subsidiaries or, to the Company's Knowledge, related to the Owned Real Property or the Leased Real Property or any other property previously owned or operated by the Company or any of its Subsidiaries for which the Company or any of its Subsidiaries retains any liabilities and that would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(e) Neither the Company nor any of its Subsidiaries has received written notice of a release and, to the Company's Knowledge, none of them has other notice of a release of any Hazardous Materials on, at, or from the Owned Real Property, the Leased Real Property, or their Oil and Gas Properties, except for any release (i) that is (A) in compliance with Environmental Laws or Environmental Permits and (B) occurring in a manner or in quantities or locations that would not require any investigation or remediation of soil or groundwater or any other environmental media, including in an offshore environment, under Environmental Laws, or (ii) that would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(f) Neither the Company nor any of its Subsidiaries has transported or disposed of, or arranged for the transport or disposal of any Hazardous Material at or to any off-site location which, to the Company's Knowledge, has resulted in, or would reasonably be expected to result in, a liability to the Company that has had, or would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(g) To the Company's Knowledge, there are no Liens applicable to any Owned Real Property, Leased Real Property or its Oil and Gas Properties arising out of or pursuant to Environmental Laws that have had, or would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(h) To the Company's Knowledge, there are no other circumstances or conditions relating to the Company's Owned Real Property, Leased Real Property or its Oil and Gas Properties or the Company's operations associated therewith, including with respect to Environmental Permits, Hazardous Materials, the Company's Financial Assurances and Decommissioning that have resulted in or would reasonably be expected to result in, the Company incurring a liability or obligation, pursuant to any Environmental Laws and that has had, or would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(i) The Company has provided to Parent true and complete copies of, or access to, all written environmental assessment reports that have been prepared by or on behalf of the Company or any of its Subsidiaries and that are in the Company's or any of its Subsidiaries' possession.

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Section 3.18 Insurance. Except as has not had, and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, (a) each insurance policy under which the Company or any of its Subsidiaries is an insured or otherwise the principal beneficiary of coverage (collectively, the Insurance Policies ) is in full force and effect, all premiums due thereon have been paid in full and the Company and its Subsidiaries are in compliance with the terms and conditions of such Insurance Policy; (b) neither the Company nor any of its Subsidiaries is in breach or default under any Insurance Policy; and (c) no event has occurred which, with notice or lapse of time, would constitute such breach or default, or permit termination or modification, under any Insurance Policy.

Section 3.19 Regulatory Matters: Permits.

(a) Neither the Company nor any of its Subsidiaries is (i) an investment company or a company controlled by an investment company within the meaning of the Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder or (ii) a holding company, a subsidiary company of a holding company, an affiliate of a holding company, a public utility or a public-utility company, as each such term is defined in the Public Utility Holding Company Act of 2005. All natural gas pipeline systems and related facilities constituting the Company's or any of its Subsidiaries' properties are (A) gathering facilities that are exempt from regulation by the Federal Energy Regulatory Commission (FERC) under the Natural Gas Act of 1938, as amended; and (B) not subject to rate regulation or comprehensive nondiscriminatory access regulation under the laws of any state or other local jurisdiction.

(b) Except as has not had, and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, each of the Company and its Subsidiaries holds all licenses, permits, franchises, variances, registrations, exemptions, Orders and other governmental authorizations, consents, approvals and clearances, and has submitted notices to, all Governmental Entities necessary for the lawful operating of the businesses of the Company or any of its Subsidiaries as currently conducted (the Company Permits ), and all such Company Permits are valid, and in full force and effect. Since January 1, 2011, there has not occurred any violation of, default (with or without notice or lapse of time or both) under, or event giving to others any right of termination, amendment or cancellation of, with or without notice or lapse of time or both, any Company Permit except as has not had, and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. The Company and each of its Subsidiaries are in compliance in all material respects with the terms of all Company Permits, and no event has occurred that, to the Company's Knowledge, would reasonably be expected to result in the revocation, cancellation, non-renewal or adverse modification of any Company Permit, in each case, except as has not had, and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(c) For the avoidance of doubt, the provisions of this Section 3.19 do not apply to Environmental Laws, Environmental Permits or Hazardous Materials, as representations and warranties made by the Company and its Subsidiaries with regard to all environmental matters, including Environmental Laws, Environmental Permits and Hazardous Materials, are solely and exclusively made in Section 3.17 of this Agreement.

Section 3.20 Interested Party Transactions. Except as disclosed in Section 3.20 of the Company Disclosure Letter, since January 1, 2011, there have been no transactions, agreements, arrangements or understandings between the Company or any of its Subsidiaries on the one hand, and the Affiliates of the Company on the other hand (other than the Company's Subsidiaries), that would be required to be disclosed under Item 404 of Regulation S-K under the Exchange Act and that has not been so disclosed.

Section 3.21 Company Information. The information relating to the Company or any Subsidiary of the Company to be included or incorporated by reference in the Joint Proxy Statement and the Form S-4 will not, at the time the Form S-4 is declared effective, the time the Joint Proxy Statement is first mailed to stockholders of the Company and Parent and the time of the Company Stockholder Meeting and the Parent Stockholder Meeting, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements

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therein, in light of the circumstances in which they are made, not misleading. The information relating to the Company or any Subsidiary of the Company that is provided or to be provided by the Company or its Representatives for inclusion in any document (other than the Form S-4) filed with any other Governmental Entity in connection with the transactions contemplated by this Agreement will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances in which they are made, not misleading. All documents that the Company is responsible for filing with the SEC in connection with the Merger or the other transactions contemplated hereby (including the Joint Proxy Statement and the Form S-4) (except for such portions thereof that relate only to Parent, Merger Sub or any of their Subsidiaries) will comply as to form and substance in all material respects with the provisions of the Securities Act and the Exchange Act.

Section 3.22 Derivatives. Section 3.22 of the Company Disclosure Letter contains an accurate and complete list of all outstanding Derivative positions of the Company and its Subsidiaries, including Hydrocarbon and financial Derivative positions attributable to the production and marketing of the Company and its Subsidiaries, as of the date reflected therein.

Section 3.23 Company Ownership of Parent Securities. Prior to the Parent Board approving this Agreement, the Merger and the other transactions contemplated hereby for purposes of the applicable provisions of the DGCL, neither the Company nor any of its Subsidiaries, alone or together with any other Person, was at any time, or became, an interested stockholder (as such term is defined in Section 203 of the DGCL) thereunder or has taken any action that would cause any anti-takeover statute under the DGCL or other applicable state Law to be applicable to this Agreement, the Merger, or any of the transactions contemplated hereby. None of the Company or any of its Subsidiaries has any direct or indirect beneficial ownership, or sole or shared voting power, with respect to any shares of Parent Common Stock.

Section 3.24 Opinion of Financial Advisor. The Company has received the opinion of Barclays Capital Inc., financial advisor to the Company (the Company Financial Advisor), to the effect that, as of the date of this Agreement, and based upon and subject to the factors and assumptions set forth therein, the Exchange Ratio is fair to the Company's stockholders from a financial point of view.

Section 3.25 Brokers and Finders. Neither the Company nor any of its Subsidiaries has employed any broker or finder or incurred any liability for any brokerage fees, commissions or finder's fees in connection with the Merger or the other transactions contemplated by this Agreement, except that the Company has retained the Company Financial Advisor, and the Company has heretofore made available to Parent a true and complete copy of all agreements between the Company and the Company Financial Advisor pursuant to which such firm would be entitled to any payment relating to the Merger and the other transactions contemplated by this Agreement.

Section 3.26 Related Entity Representations.

(a) Except as set forth in Section 3.26(a) of the Company Disclosure Letter, neither the Company nor any of its Subsidiaries has (i) any obligation or has made any commitment to acquire any Equity Interest, to provide funds to, or to make any investment (in the form of a loan, capital contribution or otherwise) in any of the Company's Related Entities or any Subsidiary of any such Related Entities; (ii) any indemnity obligations, or any guarantees of any Indebtedness for borrowed money with respect to any of the Company's Related Entities or any Subsidiary of any such Related Entities; or (iii) as of the date of this Agreement, any material outstanding payables, receivables, loans, advances or other accounts, in each case with respect to any of the Company's Related Entities or any Subsidiary of any such Related Entities.

(b) Except as set forth in Section 3.26(b) of the Company Disclosure Letter, to the Company's Knowledge, neither the Company nor any of its Subsidiaries has any obligations or liabilities, whether actual or contingent, with respect to any incentive, bonus, deferred compensation, vacation, holiday, cafeteria, medical, disability, stock purchase, stock option, stock appreciation, phantom stock, restricted stock, restricted stock unit,



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stock-based compensation, change-in-control, retention, employment, consulting, personnel or severance policies, programs, practices, Contracts or arrangements with respect to any of the Company's Related Entities or any Subsidiary of any such Related Entities.

(c) Section 3.26(c) of the Company Disclosure Letter sets forth a true and correct list of all Contracts between the Company and/or any of its Subsidiaries and any of the Company's Related Entities or any Subsidiary of any such Related Entities (the Company Related Entity Contracts). Except, in each case, as has not, and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, (i) all Company Related Entity Contracts are valid and binding on the Company and/or the relevant Subsidiary of the Company that is a party thereto and, to the Company's Knowledge, each other party thereto, subject to the Bankruptcy and Equity Exception; (ii) all Company Related Entity Contracts are in full force and effect; (iii) the Company and each of its Subsidiaries have performed all material obligations required to be performed by them under the material Company Related Entity Contracts to which they are parties; and (iv) to the Company's Knowledge, each other party to a material Company Related Entity Contract has performed all material obligations required to be performed by it under such material Company Related Entity Contract.

(d) Section 3.26(d) of the Company Disclosure Letter sets forth, as of the date of this Agreement, for each of the Company's Related Entities, the number of outstanding shares of capital stock or other Equity Interests and type(s) of such shares or other Equity Interests owned by the Company or its Subsidiaries. The Company owns directly or indirectly, beneficially and of record, all of such shares of capital stock or other Equity Interests, free and clear of any Liens other than Permitted Liens and Liens created under the applicable Company Related Entity Contracts.

Section 3.27 No Additional Representations.

(a) Except for the representations and warranties made in this Article III, neither the Company nor any other Person makes any express or implied representation or warranty with respect to the Company or its Subsidiaries or Related Entities or their respective businesses, operations, assets, liabilities, conditions (financial or otherwise) in connection with this Agreement or the transactions contemplated hereby, and the Company hereby disclaims any such other representations or warranties. In particular, without limiting the foregoing disclaimer, neither the Company nor any other Person makes or has made any representation or warranty to Parent, Merger Sub, or any of their Affiliates or Representatives with respect to (a) any financial projection, forecast, estimate, budget or prospect information relating to the Company, any of its Subsidiaries or Related Entities or their respective businesses; or (b) except for the representations and warranties made by the Company in this Article III, any oral or written information presented to Parent, Merger Sub or any of their Affiliates or Representatives in the course of their due diligence investigation of the Company, the negotiation of this Agreement or in the course of the transactions contemplated hereby.

(b) The Company acknowledges and agrees that it has (i) had the opportunity to meet with the management of Parent and to discuss the business, assets and liabilities of Parent and its Subsidiaries and Related Entities; (ii) been afforded the opportunity to ask questions of and receive answers from officers of Parent; and (iii) conducted its own independent investigation of Parent and its Subsidiaries and Related Entities, their respective businesses, assets, liabilities and the transactions contemplated by this Agreement.

(c) Notwithstanding anything contained in this Agreement to the contrary, the Company acknowledges and agrees that none of Parent, Merger Sub or any other Person has made or is making any representations or warranties relating to Parent or its Subsidiaries (including Merger Sub) or Related Entities whatsoever, express or implied, beyond those expressly given by Parent and Merger Sub in Article IV, including any implied representation or warranty as to the accuracy or completeness of any information regarding Parent furnished or made available to the Company, or any of its Representatives. Without limiting the generality of the foregoing, the Company acknowledges that no representations or warranties are made with respect to any projections, forecasts, estimates, budgets or prospect information that may have been made available to the Company or any of its Representatives.

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**ARTICLE IV**

**REPRESENTATIONS AND WARRANTIES OF PARENT AND MERGER SUB**

Except (i) as disclosed in the Parent SEC Documents filed since June 30, 2012 but prior to the date of this Agreement (but excluding any risk factor disclosures contained under the heading "Risk Factors" or "forward-looking statements") or (ii) as set forth in the Parent Disclosure Letter delivered by Parent to the Company prior to or concurrent with the execution of this Agreement (the "Parent Disclosure Letter"), which identifies items of disclosure by reference to a particular section or subsection of this Agreement (provided, however, that any information set forth in one section of such Parent Disclosure Letter also shall be deemed to apply to each other section and subsection of this Agreement to which its relevance is reasonably apparent), each of Parent and Merger Sub hereby represents and warrants to the Company as follows:

Section 4.1 Organization, Good Standing and Qualification.

(a) Each of Parent and Merger Sub and Parent's Subsidiaries is a corporation duly organized, validly existing and in good standing (with respect to jurisdictions that recognize the concept of good standing) under the Laws of its respective jurisdiction of organization and has all requisite corporate or similar power and authority to own, lease and operate its properties and assets and to carry on its business as presently conducted, except with respect to Parent's Subsidiaries, where the failure to be so organized, qualified or in good standing, or to have such power or authority when taken together with all other such failures, has not, and would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect. Each of Parent and its Subsidiaries is duly qualified or licensed to do business and is in good standing (with respect to jurisdictions that recognize the concept of good standing) as a foreign corporation in each jurisdiction where the ownership, leasing or operation of its assets or properties or conduct of its business requires such qualification, except where the failure to be so organized, qualified or in good standing, or to have such power or authority when taken together with all other such failures, has not, and would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(b) Parent has delivered or made available to the Company a true and complete copy of Parent's currently effective certificate of incorporation and bylaws, as amended and restated to the date of this Agreement. Parent's certificate of incorporation and bylaws so delivered are in full force and effect and Parent is not in violation of its certificate of incorporation or bylaws.

(c) Section 4.1(c) of the Parent Disclosure Letter lists, as of the date of this Agreement, (i) each Subsidiary of Parent and (ii) each Related Entity of Parent.

Section 4.2 Capital Structure.

(a) As of the close of business on the Capitalization Date, the authorized capital stock of Parent consisted of (i) 50,000,000 shares of Parent Common Stock, of which 15,194,952 shares were outstanding and 4,940,155 shares were held in the treasury of Parent and (ii) 5,000,000 shares of preferred stock of Parent, par value \$0.04 per share ("Parent Preferred Stock"), of which no shares were outstanding or held in the treasury of Parent. There are no other classes of capital stock of Parent authorized or outstanding. All issued and outstanding shares of the capital stock of Parent are, and when shares of Parent Common Stock are issued in connection with the Merger or pursuant to Section 1.8 and Section 1.9, such shares will be, duly authorized, validly issued, fully paid and non-assessable, and no class of capital stock is entitled to preemptive rights.

(b) From the close of business on the Capitalization Date through the date of this Agreement, there have been no issuances of shares of the capital stock or equity securities of Parent or any other securities of

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Parent other than issuances of shares of Parent Common Stock pursuant to the exercise of Parent Stock Options outstanding as of the Capitalization Date under the Company Stock Plans. There were outstanding as of the Capitalization Date, no options, warrants, calls, commitments, agreements, arrangements, undertakings or any other rights to acquire capital stock from Parent other than Parent Stock Options as set forth in Section 4.2(b) of the Parent Disclosure Letter. Section 4.2(b) of the Parent Disclosure Letter sets forth a complete and correct list, as of the Capitalization Date, of the number of shares of Parent Common Stock subject to Parent Stock Options, restricted shares of Parent Common Stock (Parent Restricted Stock) or any other rights to purchase or receive Parent Common Stock granted under the Parent Stock Plans or otherwise, the dates of grant, the extent to which such options are vested and, where applicable, the exercise prices thereof. Except as set forth in Section 4.2(b) of the Parent Disclosure Letter, since the Capitalization Date through the date of this Agreement, Parent has not issued or awarded, or authorized the issuance or award of, any options, restricted stock or other equity-based awards under the Parent Stock Plans or otherwise. Immediately prior to the Closing, Parent will have provided to the Company a complete and correct list, as of the Closing, of the number of shares of Parent Common Stock subject to Parent Stock Options, Parent Restricted Stock or any other rights to purchase or receive Parent Common Stock granted under the Parent Stock Plans or otherwise, the dates of grant, the extent to which such options are vested and, where applicable, the exercise prices thereof. No options, warrants, restricted stock units, calls, commitments, agreements, arrangements, undertakings or other rights to acquire capital stock from Parent, or other equity-based awards, have been issued or granted on or after the Capitalization Date through the date of this Agreement.

(c) No bonds, debentures, notes or other Indebtedness of Parent having the right to vote (or convertible into or exercisable for securities having the right to vote) on any matters on which holders of capital stock of Parent may vote are issued or outstanding.

(d) Except as otherwise set forth in this Section 4.2 or in Section 4.2(d) of the Parent Disclosure Letter, as of the date of this Agreement, (i) there are no outstanding obligations of Parent or any of its Subsidiaries to repurchase, redeem or otherwise acquire any shares of capital stock of Parent or any of its Subsidiaries except for purchases, redemptions or other acquisitions of capital stock or other securities (A) required by the terms of the Parent Benefit Plans, (B) in order to pay Taxes or satisfy withholding obligations in respect of such Taxes in connection with the exercise of Parent Stock Options or the vesting of Parent Restricted Stock, or (C) as required by the terms of, or necessary for the administration of, any plans, arrangements or agreements existing on the date of this Agreement between Parent or any of its Subsidiaries and any director or employee of Parent or any of its Subsidiaries and (ii) there are no outstanding stock-appreciation rights, security-based performance units, shares of phantom stock or other security rights or other agreements, arrangements or commitments of any character (contingent or otherwise) pursuant to which any Person is or may be entitled to receive any payment or other value based on the stock price performance of Parent or any of its Subsidiaries (other than under the Parent Stock Plans) or to cause Parent or any of its Subsidiaries to file a registration statement under the Securities Act.

(e) Except as set forth in this Section 4.2 or in Section 4.2(e) of the Parent Disclosure Letter, as of the date of this Agreement, there are no outstanding obligations of Parent or any of its Subsidiaries (i) restricting the transfer of, (ii) affecting the voting rights of, (iii) requiring the sale, issuance, repurchase, redemption or disposition of, or containing any right of first refusal with respect to, (iv) requiring the registration for sale of or (v) granting any preemptive or antidilutive rights with respect to any shares of Parent Common Stock, Parent Preferred Stock or other Equity Interests in Parent or any of its Subsidiaries.

(f) Section 4.2(f) of the Parent Disclosure Letter sets forth, as of the date of this Agreement, for each of Parent's Subsidiaries, (i) its authorized capital stock or other Equity Interests, (ii) the number of its outstanding shares of capital stock or other Equity Interests and type(s) of such outstanding shares of capital stock or other Equity Interests and (iii) the record owner(s) thereof. Parent owns directly or indirectly, beneficially and of record, all of the issued and outstanding shares of capital stock or other Equity Interests of each of Parent's Subsidiaries, free and clear of any Liens other than Permitted Liens, and all of such shares of capital stock or other Equity Interests have been duly authorized and validly issued and are fully paid, non-assessable and free of

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preemptive rights. Except for the ownership of Equity Interests in (A) Parent's Subsidiaries and Related Entities and (B) investments in marketable securities and cash equivalents, none of Parent or any of its Subsidiaries owns directly or indirectly any Equity Interest in any Person, or has any obligation or has made any commitment to acquire any such Equity Interest, to provide funds to, or to make any investment (in the form of a loan, capital contribution or otherwise) in, any of its Subsidiaries or any other Person that is or would reasonably be expected to be material to Parent and its Subsidiaries, taken as a whole. No Subsidiary of Parent owns any Parent Common Stock or other Equity Interest in Parent.

(g) The authorized capital stock of Merger Sub consists of 3,000 shares of common stock, no par value per share, of which 100 shares are outstanding. All of the issued and outstanding capital stock of Merger Sub is, and at the Effective Time will be, owned by Parent, and there are (i) no other shares of capital stock or voting securities of Merger Sub, (ii) no securities of Merger Sub convertible into or exchangeable for shares of capital stock or voting securities of Merger Sub and (iii) no options or other rights to acquire from Merger Sub, and no obligations of Merger Sub to issue, any capital stock, voting securities or securities convertible into or exchangeable for capital stock or voting securities of Merger Sub.

Section 4.3 Corporate Authority.

(a) Each of Parent and Merger Sub has all requisite corporate power and authority and has taken all corporate action necessary in order to execute, deliver and perform its obligations under this Agreement and to consummate the transactions contemplated hereby, subject, assuming the accuracy of the representations and warranties of the Company set forth in Section 3.23, only to the approval of the Parent Share Issuance by the affirmative vote of the holders of a majority of the capital stock of Parent entitled to vote thereon present in person or by proxy at a meeting duly called for such purpose (the Parent Stockholder Approval), and to the filing and recording of the Certificate of Merger under the provisions of the DGCL. Parent, as the sole stockholder of Merger Sub, will adopt and approve this Agreement and the transactions contemplated hereby immediately following execution of this Agreement by the Parties hereto. The Parent Stockholder Approval is the only vote of the holders of any class or series of capital stock of Parent or Merger Sub necessary to adopt, approve or authorize this Agreement, the Merger, the Parent Share Issuance and the other transactions contemplated by this Agreement. This Agreement has been duly authorized and validly executed and delivered by Parent and Merger Sub and, assuming due authorization, execution and delivery by the Company, constitutes a legal, valid and binding obligation of Parent and Merger Sub enforceable against Parent and Merger Sub in accordance with its terms, subject to the Bankruptcy and Equity Exception.

(b) As of the date of this Agreement, the Parent Board, by resolution duly adopted at a meeting duly called and held, has (i) approved and declared advisable this Agreement, the Merger, the Parent Share Issuance and the other transactions contemplated by this Agreement; (ii) resolved to recommend approval of the Parent Share Issuance to the stockholders of Parent; and (iii) directed that the Parent Share Issuance be submitted to the stockholders of Parent for approval.

(c) Assuming the accuracy of the representations and warranties of the Company set forth in Section 3.23, no Takeover Statute or any anti-takeover provision in Parent's certificate of incorporation and bylaws is, or at the Effective Time will be, applicable to the Parent Common Stock, the Merger or the other transactions contemplated by this Agreement. Assuming the accuracy of the representations and warranties of the Company set forth in Section 3.23, the Parent Board has taken all action so that the Company will not be prohibited from entering into a business combination with Parent (as such term is used in Section 203 of the DGCL) as a result of the execution of this Agreement, or the consummation of the Merger or the other transactions contemplated hereby, without any further action on the part of Parent stockholders or the Parent Board.

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Section 4.4 Governmental Filings; No Violations, Etc.

(a) Except for the reports, registrations, consents, approvals, permits, authorizations, notices and/or filings (i) pursuant to Section 1.3, (ii) under the Securities Act and the Exchange Act, (iii) required to be made with the New York Stock Exchange (the NYSE ), (iv) for or pursuant to other applicable foreign securities Law approvals, state securities, takeover and blue sky Laws, and (v) as set forth in Section 4.4(a) of the Parent Disclosure Letter, no notices, reports or other filings are required to be made by Parent or Merger Sub with, nor are any registrations, consents, approvals, permits or authorizations required to be obtained by Parent or Merger Sub from, any Governmental Entity, in connection with the execution and delivery of this Agreement by Parent or Merger Sub and the consummation by Parent or Merger Sub of the Merger and the other transactions contemplated by this Agreement, except those that the failure to make or obtain would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(b) None of the execution, delivery or performance of this Agreement by Parent or Merger Sub, the consummation by Parent of the Merger or any other transaction contemplated by this Agreement, or Parent's or Merger Sub's compliance with any of the provisions of this Agreement will (with or without notice or lapse of time, or both), (i) subject to obtaining the Parent Stockholder Approval, conflict with or violate any provision of Parent's or Merger Sub's certificate of incorporation or bylaws or any equivalent organizational or governing documents of any of Parent's or Merger Sub's Subsidiaries; (ii) assuming that all consents, approvals, authorizations and permits described in this Section 4.4 have been obtained and all filings and notifications described in this Section 4.4 have been made and any waiting periods thereunder have terminated or expired, conflict with or violate any Law or Order applicable to Parent, Merger Sub, or any of their Subsidiaries or any of their respective properties or assets; or (iii) require any consent or approval under, violate, conflict with, result in any breach of or any loss of any benefit under, or constitute a default under, or result in termination or give to others any right of termination, vesting, amendment, acceleration or cancellation of, or result in the creation of a Lien, other than Permitted Liens, upon any of the respective properties or assets of Parent or any of its Subsidiaries pursuant to, any Contract, permit or other instrument or obligation to which Parent, Merger Sub or any of their Subsidiaries is a party or by which they or any of their respective properties or assets may be bound or affected, except, with respect to clauses (ii) and (iii), for any such conflicts, violations, consents, approvals, authorizations, permits, breaches, losses, defaults, other occurrences or Liens which would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

Section 4.5 Parent Reports; Financial Statements.

(a) Except as set forth in Section 4.5(a) of the Parent Disclosure Letter, since July 1, 2010, each of Parent and Merger Sub has timely filed or otherwise furnished (as applicable) all registration statements, prospectuses, forms, reports, definitive proxy statements, schedules, statements and documents required to be filed by it under the Securities Act or the Exchange Act, as the case may be, together with all certifications required pursuant to the Sarbanes-Oxley Act (such documents and any other documents filed by Parent or any of its Subsidiaries with the SEC, including exhibits and other information incorporated therein as they have been supplemented, modified or amended since the time of filing, collectively, the Parent SEC Documents ). As of their respective filing dates (or, if amended or superseded by a filing prior to the date of this Agreement, then on the date of such filing), the Parent SEC Documents (i) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading and (ii) complied in all material respects with the applicable requirements of the Exchange Act or the Securities Act, as the case may be, the Sarbanes-Oxley Act and the applicable rules and regulations of the SEC thereunder. Each Parent SEC Document to be filed subsequent to the date of this Agreement will have complied in all material respects with the Securities Act, the Exchange Act and the Sarbanes-Oxley Act, as the case may be. None of Parent's Subsidiaries is required to make any filings with the SEC. All of the audited consolidated financial statements and unaudited consolidated interim financial statements of Parent included in the Parent SEC Documents (together with the related notes and schedules thereto, collectively, the Parent Financial Statements ) (A) have been prepared from, and are in accordance with, the books and records of Parent and Parent's Subsidiaries in all

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material respects, (B) have been prepared in accordance with GAAP applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto or, in the case of interim financial statements, for normal and recurring year-end adjustments) and (C) fairly present in all material respects the consolidated financial position and the consolidated results of operations, cash flows and changes in stockholders equity of Parent and its Subsidiaries as of the dates and for the periods referred to therein.

(b) Parent is in compliance in all material respects with (i) the applicable provisions of the Sarbanes-Oxley Act and (ii) the applicable listing and corporate governance rules and regulations of the NYSE.

(c) Parent's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act), as required by Rules 13a-15(a) and 15d-15(a) of the Exchange Act, are reasonably designed to ensure that all material information required to be disclosed by Parent in the reports it files or furnishes under the Exchange Act is made known to the chief executive officer and the chief financial officer of Parent by others within Parent to allow timely decisions regarding required disclosure as required under the Exchange Act and is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms. Parent has evaluated the effectiveness of Parent's disclosure controls and procedures and, to the extent required by applicable Law, presented in any applicable Parent SEC Document that is a report on Form 10-K or Form 10-Q, or any amendment thereto, its conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by such report or amendment based on such evaluation. Parent has disclosed, based on its most recent evaluation of internal control over financial reporting, to its outside auditors and the audit committee of the Parent Board (i) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting that would reasonably be expected to adversely affect Parent's ability to record, process, summarize and report financial information and (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in Parent's internal control over financial reporting. There has not been any such disclosure made by management to Parent's outside auditors or the audit committee of the Parent Board since July 1, 2010.

(d) To Parent's Knowledge, none of the Parent SEC Documents (other than confidential treatment requests) is the subject of ongoing SEC review. Parent has made available to the Company true and complete copies of all written comment letters from the staff of the SEC received since January 1, 2011 through the date of this Agreement relating to the Parent SEC Documents and all written responses of Parent thereto through the date of this Agreement other than with respect to requests for confidential treatment. As of the date of this Agreement, there are no outstanding or unresolved comments in comment letters received from the SEC staff with respect to any Parent SEC Documents other than confidential treatment requests. To Parent's Knowledge, as of the date of this Agreement, there are no SEC inquiries or investigations, other governmental inquiries or investigations or internal investigations pending or threatened, in each case regarding any accounting practices of Parent.

Section 4.6 Absence of Certain Changes. Since June 30, 2012 through the date of this Agreement, (a) the business of Parent and its Subsidiaries has been conducted in the ordinary course in all material respects and (b) there has not been any event, occurrence, development or state of circumstances or facts or condition that has had or would reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

Section 4.7 No Undisclosed Material Liabilities. There are no liabilities or obligations of Parent or any of its Subsidiaries, whether accrued, absolute, determined or contingent, except for (a) liabilities or obligations disclosed and provided for in the balance sheets included in the Parent Financial Statements (or in the notes thereto) filed and publicly available prior to the date of this Agreement; (b) liabilities or obligations incurred in accordance with or in connection with this Agreement; (c) liabilities or obligations incurred since December 31, 2012 in the ordinary course of business consistent with past practice; and (d) liabilities or obligations that have not had and would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect. Neither Parent nor any of its Subsidiaries is a party to, or has any commitment to become a party to, any joint venture, off-balance sheet partnership or any similar Contract or arrangement (including any Contract relating to any transaction or relationship between or among Parent and any of its Subsidiaries, on the one hand, and any unconsolidated Affiliate, including any structured finance, special purpose or limited purpose

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entity or Person, on the other hand), or any off-balance sheet arrangements (as defined in Item 303(a) of Regulation S-K under the Exchange Act), where the result, purpose or effect of such Contract or arrangement is to avoid disclosure of any material transaction involving, or material liabilities of, Parent or any of its Subsidiaries, in the Parent Financial Statements or the Parent SEC Documents.

### Section 4.8 Litigation.

(a) As of the date of this Agreement, except as set forth in Section 4.8(a) of the Parent Disclosure Letter, there are no Actions pending or, to Parent's Knowledge, threatened against Parent or Merger Sub or any of their Subsidiaries or any of their respective assets or properties that if determined adversely to Parent would reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(b) As of the date of this Agreement, neither Parent nor any of its Subsidiaries or, to Parent's Knowledge, any of their respective assets or properties, is subject to any outstanding Order, writ, injunction, decree or arbitration ruling, award or other finding that would reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(c) For the avoidance of doubt, the provisions of this Section 4.8 do not apply to Environmental Laws, Environmental Permits or Hazardous Materials, as representations and warranties made by Parent and its Subsidiaries with regard to all environmental matters, including Environmental Laws, Environmental Permits and Hazardous Materials are solely and exclusively made in Section 4.17 of this Agreement.

### Section 4.9 Compliance with Laws.

(a) Parent and each of its Subsidiaries are in compliance with all Laws or Orders, except where any such failure to be in compliance has not had, or would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect. To Parent's Knowledge, no investigation or review by any Governmental Entity with respect to Parent or any of its Subsidiaries is pending or threatened, nor has any Governmental Entity indicated an intention to conduct the same which, in each case, would reasonably be expected to have a Parent Material Adverse Effect. To Parent's Knowledge, Parent is in material compliance with the Foreign Corrupt Practices Act of 1977, as amended, and any rules and regulations thereunder.

(b) For the avoidance of doubt, the provisions of this Section 4.9 do not apply to Environmental Laws, Environmental Permits or Hazardous Materials, as representations and warranties made by Parent and its Subsidiaries with regard to all environmental matters, including Environmental Laws, Environmental Permits and Hazardous Materials are solely and exclusively made in Section 4.17.

### Section 4.10 Properties.

(a) Except as would not have, or would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect, Parent or one of its Subsidiaries, as the case may be, (i) holds good and valid title to all of the properties and assets reflected in the December 31, 2012 balance sheet included in the Parent SEC Documents as being owned by Parent or one of its Subsidiaries or acquired after the date thereof that are material to Parent's business on a consolidated basis (except for properties and assets sold or otherwise disposed of since the date thereof in the ordinary course of business) (collectively, with respect to real property, the Parent Owned Real Property), free and clear of all Liens, except for Permitted Liens and other matters described in Section 4.10(a) of the Parent Disclosure Letter; (ii) holds the Parent Owned Real Property, or any portion thereof or interest therein, free of any outstanding options or rights of first refusal or offer to purchase or lease; (iii) is the lessee or permittee of all leasehold estates reflected in the December 31, 2012 financial statements included in the Parent SEC Documents or acquired after the date thereof that are material to Parent's business on a consolidated basis (except for leases that have expired by their terms since the date thereof or been assigned, terminated or otherwise disposed of in the ordinary course of business) (collectively, with respect to real property, the Parent Leased Real Property); (iv) is in possession of the Parent Leased Real Property, and

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each lease underlying the Parent Leased Real Property is valid and in full force and effect, constitutes a valid and binding obligation of Parent or the applicable Subsidiary of Parent, subject to the Bankruptcy and Equity Exception; and (v) has not received any written notice of termination or cancellation of or of a breach or default in connection with the Parent Leased Real Property.

(b) For the avoidance of doubt, the provisions of this Section 4.10 do not apply to the Oil and Gas Properties of Parent or its Subsidiaries, as representations and warranties made by Parent and its Subsidiaries with regard to all oil and gas matters are solely and exclusively made in Section 4.15.

Section 4.11 Contracts.

(a) As of the date of this Agreement, except as set forth as an exhibit to the Parent SEC Documents and on Section 4.11(a) of the Parent Disclosure Letter, neither Parent nor any of its Subsidiaries is a party to or bound by any:

(i) Contracts relating to Indebtedness for borrowed money or any guarantee of any Indebtedness for borrowed money (other than in respect of Indebtedness for borrowed money of a wholly-owned Subsidiary of Parent) in excess of \$4,000,000;

(ii) Non-competition agreements or any other agreements or arrangements that materially limit or otherwise materially restrict Parent or any of its Subsidiaries or any of their respective Affiliates or any successor thereto or that, to Parent's Knowledge, would, after the Effective Time, limit or restrict Parent or any of its Subsidiaries (including the Surviving Corporation) or any successor thereto, in each case from engaging or competing in any line of business or in any geographic area, which agreement or arrangements would reasonably be expected to materially limit, materially restrict or materially conflict with the business of Parent and its Subsidiaries, taken as a whole (including for purposes of such determination, the Surviving Corporation and its Subsidiaries), after giving effect to the Merger;

(iii) Contracts required to be filed as an exhibit to Parent's Annual Report on Form 10-K pursuant to Item 601(b)(10) of Regulation S-K under the Securities Act;

(iv) Contracts, including Parent Oil and Gas Agreements, where Parent or any of its Subsidiaries has received or expects to receive \$4,000,000 or more in revenues pursuant to such agreements in the current fiscal year;

(v) Contracts with respect to the receipt of any goods and services involving a payment of \$4,000,000 or more in the current fiscal year;

(vi) Joint venture, alliance, partnership or limited liability company agreements or similar Contracts relating to the formation, creation, operation, management or control of any joint venture, alliance, partnership or limited liability company that (A) is material to Parent, its Subsidiaries or any of the Oil and Gas Properties of Parent or any of its Subsidiaries; (B) is material to any investment in, or other commitment to, any Related Entity of Parent; or (C) would reasonably be expected to require Parent or its Subsidiaries to make expenditures in excess of \$4,000,000 or more per annum; or

(vii) Contracts that would prevent, materially delay or materially impede the consummation of the transactions contemplated by this Agreement.

(b) All Contracts to which Parent or any of its Subsidiaries is a party to or bound by as of the date of this Agreement that are either (i) of the type described in clause (a) above or (ii) material Parent Oil and Gas Agreements relating to Oil and Gas Properties of Parent and its Subsidiaries are referred to herein as the Parent Material Contracts. Except, in each case, as has not, and would not reasonably be expected to have, individually



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or in the aggregate, a Parent Material Adverse Effect, (i) all Parent Material Contracts are valid and binding on Parent and/or the relevant Subsidiary of Parent that is a party thereto and, to Parent's Knowledge, each other party thereto, subject to the Bankruptcy and Equity Exception, (ii) all Parent Material Contracts are in full force and effect, (iii) Parent and each of its Subsidiaries has performed all material obligations required to be performed by them under the Parent Material Contracts to which they are parties, (iv) to Parent's Knowledge, each other party to a Parent Material Contract has performed all material obligations required to be performed by it under such Parent Material Contract and (v) no party to any Parent Material Contract has given Parent or any of its Subsidiaries written notice of its intention to cancel, terminate, change the scope of rights under or fail to renew any Parent Material Contract and neither Parent nor any of its Subsidiaries, nor, to Parent's Knowledge, any other party to any Parent Material Contract, has repudiated in writing any material provision thereof. Neither Parent nor any of its Subsidiaries has Knowledge of, or has received written notice of, any violation of or default under (or any condition which with the passage of time or the giving of notice would cause such a violation of or default under or permit termination, modification or acceleration under) any Parent Material Contract or any other Contract to which Parent or any of its Subsidiaries is a party or by which Parent, any of its Subsidiaries or any of their respective material properties or assets is bound, except for violations or defaults that are not, individually or in the aggregate, reasonably likely to result in a Parent Material Adverse Effect.

Section 4.12 Employee Benefit Plans.

(a) Section 4.12(a) of the Parent Disclosure Letter, sets forth a true, complete and correct list of each material employee benefit plan as defined in Section 3(3) of ERISA (whether or not subject to ERISA), and any other material plan, policy, program, practice, agreement, understanding or arrangement (whether written or oral) providing compensation or other benefits to any current or former director, officer, employee or consultant (or to any dependent or beneficiary thereof) of Parent or any ERISA Affiliate, which are now maintained, sponsored or contributed to by Parent or any ERISA Affiliate, or under which Parent or any ERISA Affiliate has any material obligation or liability, whether actual or contingent, including all incentive, bonus, deferred compensation, vacation, holiday, cafeteria, medical, disability, stock purchase, stock option, stock appreciation, phantom stock, restricted stock, restricted stock unit, stock-based compensation, change-in-control, retention, employment, consulting, personnel or severance policies, programs, practices, Contracts or arrangements (each, a Parent Benefit Plan), excluding Foreign Benefit Plans. Not more than 20 Business Days after the date of this Agreement, Parent shall deliver a true, complete and correct list of each Foreign Benefit Plan to the Company. Parent has no express or implied commitment to terminate or modify or change any Parent Benefit Plan, other than with respect to a termination, modification or change required by ERISA or the Code or which would not, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect.

(b) Except as set forth in Section 4.12(b) of the Parent Disclosure Letter, with respect to each Parent Benefit Plan (other than any Foreign Benefit Plan), Parent has made available to the Company true, complete and correct copies of the following (as applicable): (i) the written document evidencing such Parent Benefit Plan or, with respect to any such plan that is not in writing, a written description of the material terms thereof; (ii) the summary plan description; (iii) the most recent annual report, financial statement and/or actuarial report; (iv) the most recent determination letter from the IRS; (v) the most recent Form 5500 required to have been filed with the IRS, including all schedules thereto; (vi) any related trust agreements, insurance contracts or other funding arrangements; (vii) any notices to or from the IRS or any office or Representative of the Department of Labor, PBGC or any other Governmental Entity relating to any unresolved compliance issues in respect of any such Parent Benefit Plan; and (viii) all material amendments, modifications or supplements to any Parent Benefit Plan. With respect to each Foreign Benefit Plan, Parent will provide to the Company not more than 20 Business Days after the date of this Agreement the items identified in each of clauses (i) through (viii) above, to the extent applicable.

(c) Except as set forth in Section 4.12(c) of the Parent Disclosure Letter, each Parent Benefit Plan has been administered in all material respects in accordance with its terms, applicable Law (including Section 409A of the Code) and any applicable collective bargaining agreement, including, in all material respects, timely filing

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of all Tax, annual reporting and other governmental filings required by ERISA and the Code and timely contribution (or, if not yet due, proper financial reporting) of any amounts required to be made under the terms of any of the Parent Benefit Plans as of the date of this Agreement. With respect to the Parent Benefit Plans, no event has occurred and there exists no condition or set of circumstances in connection with which Parent or any of its Subsidiaries would be subject to any liability that, individually or in the aggregate, would reasonably be expected to be material to Parent and its Subsidiaries, taken as a whole. Each Parent Benefit Plan that is intended to be qualified under Section 401 of the Code has received a favorable determination letter from the IRS to such effect and, to Parent's Knowledge, no fact, circumstance or event has occurred or exists since the date of such determination letter that would reasonably be expected to adversely affect the qualified status of any such Parent Benefit Plan. None of Parent or any of its Subsidiaries has received notice of and, to Parent's Knowledge, there are no audits or investigations by any Governmental Entity with respect to, or other Actions against or involving any Parent Benefit Plan or asserting rights or claims to benefits under any Parent Benefit Plan (other than routine claims for benefits payable in the normal course). Other than as set forth in Section 4.12(c) of the Parent Disclosure Letter, each Parent Benefit Plan subject to ERISA that provides retiree healthcare or life insurance benefits in the United States provides by its terms that it may be amended or terminated without material liability to Parent or any of its Subsidiaries at any time after the Effective Time (other than as required by applicable Law).

(d) Except as set forth in Section 4.12(d) of the Parent Disclosure Letter, no Parent Benefit Plan is a multiemployer plan (as defined in Sections 3(37) and 4001(a)(3) of ERISA) or a multiple employer plan within the meaning of Sections 4063/4064 of ERISA or Section 413(c) of the Code and neither Parent nor any ERISA Affiliate has sponsored or contributed to or been required to contribute to, or has any liability with respect to, a multiemployer plan or multiple employer plan.

(e) Except as set forth in Section 4.12(e) of the Parent Disclosure Letter, neither Parent nor any ERISA Affiliate maintains or contributes to, or in the past has maintained or contributed to, any employee benefit plan within the meaning of Section 3(3) of ERISA that is subject to Section 412 of the Code or Section 302 or Title IV of ERISA. With respect to each plan set forth in Section 4.12(e) of the Parent Disclosure Letter that is subject to Section 412 of the Code or Section 302 of Title IV of ERISA, except to the extent that the event or condition in question would not give rise to a Parent Material Adverse Effect, (i) there does not exist any accumulated funding deficiency within the meaning of Section 412 of the Code or Section 302 of ERISA, whether or not waived; (ii) there has been no reportable event within the meaning of Section 4043 of ERISA and the regulations thereunder which required a notice to the PBGC which has not been fully and accurately reported in a timely fashion, as required, or which, whether or not reported, would constitute grounds for the PBGC to institute involuntary termination proceedings with respect to any Parent Benefit Plan that is subject to Title IV of ERISA; (iii) all premiums to the PBGC have been timely paid in full; (iv) there has not been a partial termination; and (v) none of the following events has occurred: (A) the filing of a notice of intent to terminate, (B) the treatment of an amendment to such a Parent Benefit Plan as a termination under Section 4041 of ERISA or (C) the commencement of proceedings by the PBGC to terminate such a Parent Benefit Plan and, to Parent's Knowledge, no condition exists that presents a substantial risk that such proceedings will be instituted or which would constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any such plan.

(f) Except as set forth in Section 4.12(f) of the Parent Disclosure Letter, the execution of this Agreement or the consummation of the Merger will not constitute an event that, either alone or in conjunction with any other event, will or may result in (i) any payment, acceleration, termination, forgiveness of Indebtedness, vesting, distribution, increase in compensation or benefits or obligation to fund benefits with respect to any current or former employee or other personnel of Parent or any of its Subsidiaries, (ii) any amount failing to be deductible by reason of Section 280G of the Code or (iii) the provision of any reimbursement of excise Taxes under Section 4999 of the Code or any income Taxes under the Code.

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(g) (i) Each Foreign Benefit Plan has been established, maintained and administered in compliance with its terms and all applicable Laws and Orders of any controlling Governmental Entity; (ii) each Foreign Benefit Plan required to be registered has been registered and has been maintained in good standing with applicable regulatory authorities; and (iii) each Foreign Benefit Plan required to be funded and/or book reserved is funded and/or book reserved, as appropriate, in accordance with applicable Law.

Section 4.13 Labor Matters. Each of Parent and its Subsidiaries is in material compliance with all applicable Laws of the United States, or of any state or local government or any subdivision thereof or of any foreign government respecting employment and employment practices, terms and conditions of employment, wages and hours and occupational safety and health, including the Immigration Reform and Control Act, the Worker Adjustment Retraining and Notification Act, any Laws respecting employment discrimination, sexual harassment, disability rights or benefits, equal opportunity, plant closure issues, affirmative action, workers' compensation, employee benefits, severance payments, COBRA, labor relations, employee leave issues, wage and hour standards, occupational safety and health requirements and unemployment insurance and related matters. Except as specifically identified on Section 4.13 of the Parent Disclosure Letter, neither Parent nor any of its Subsidiaries is a party to or bound by any labor union or collective bargaining agreement. There is no unfair labor practice charge pending or, to Parent's Knowledge, threatened which if determined adversely to Parent or its Subsidiaries would reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect. To Parent's Knowledge, there are no organizational campaigns, petitions or other activities or proceedings of any labor union, workers' council or labor organization (a) seeking recognition of a collective bargaining unit with respect to any of the employees of Parent or any of its Subsidiaries or (b) compelling Parent or any of its Subsidiaries to bargain with any such labor union, works council or labor organization. There are no material strikes, slowdowns, walkouts, work stoppages or other labor-related controversies pending or, to Parent's Knowledge, threatened and neither Parent nor any of its Subsidiaries has experienced any such strike, slowdown, walkout, work stoppage or other labor-related controversy within the past three years.

Section 4.14 Tax.

(a) Except to the extent reserved for in the most recent Parent Financial Statements, Parent and each of its Subsidiaries have timely filed, or have caused to be timely filed, all material Tax Returns required to be filed, all such Tax Returns are true, complete and accurate in all material respects, and all material amounts of Taxes shown to be due on such Tax Returns, or otherwise owed, have been or will be timely paid. Parent and each of its Subsidiaries, with respect to all income and other material Tax Returns filed by or with respect to any of them, have not waived any statute of limitations with respect to Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency other than an extension attributable to an extension to file any such Tax Returns. Parent and each of its Subsidiaries have withheld and paid to the appropriate taxing authority all material Taxes required to have been withheld and paid in connection with amounts paid or owing to any current or former employee, independent contractor, creditor, stockholder or other Third Party and have complied in all material respects with all applicable Laws, rules and regulations relating to the payment and withholding of Taxes.

(b) Except as would not have and would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect, (i) no Tax Authority has asserted, or threatened in writing to assert, a Tax liability (exclusive of interest) in connection with an audit or other administrative or court proceeding involving Taxes of Parent or any of its Subsidiaries, (ii) neither Parent nor any of its Subsidiaries has distributed stock of another corporation or has had its stock distributed in a transaction that was purported or intended to be governed, in whole or in part, by Section 355 or Section 361 of the Code within the preceding five years, (iii) neither Parent nor any of its Subsidiaries has participated, or is currently participating, in a listed transaction as defined in Treasury Regulations Section 1.6011-4(b), (iv) neither Parent nor any of its Subsidiaries is a party to any agreement or arrangement relating to the apportionment, sharing, assignment or allocation of Taxes (other than an agreement or arrangement solely among the members of a group the common

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parent of which is Parent or any of its Subsidiaries), or has any liability for Taxes of any Person (other than Parent or any of its Subsidiaries) under Treasury Regulations Section 1.1502-6 or any similar provision of state, local or foreign Law, as a transferee or successor, by contract or otherwise, and (v) except as set forth in Section 4.14(b) of the Parent Disclosure Letter, neither Parent nor any of its Subsidiaries has any net operating losses or other Tax attributes presently subject to limitation under Sections 382, 383 or 384 of the Code or the federal consolidated return regulations (or any corresponding or similar provision of the state, local or foreign income Tax Law), other than limitations as a result of the transactions contemplated by this Agreement.

Section 4.15 Oil and Gas Matters.

(a) For purposes of this Agreement, Parent Oil and Gas Agreements means the following types of Contracts to which Parent or any of its Subsidiaries is a party, whether as an original party, by succession or assignment or otherwise, with respect to the Oil and Gas Properties forming the basis for the reserves reflected in the Parent Reserve Report: oil and gas leases, joint ventures, farm-in and farm-out agreements, agreements providing for an overriding royalty interest, agreements providing for a royalty interest, agreements providing for a net profits interest, crude oil or natural gas sales or purchase contracts, joint operating agreements, unit operating agreements, unit agreements, field equipment leases, agreements involving gas gathering, gas purchasing, or the marketing, transportation and/or processing of production, agreements containing obligations to drill additional wells or conduct other material development operations after the Effective Time, and agreements providing for an area of mutual interest or restricting Parent's ability to operate, obtain, explore for or develop interests in a particular geographic area. Complete copies of all material Parent Oil and Gas Agreements related to Oil and Gas Properties of Parent and its Subsidiaries have been made available to the Company.

(b) Except as, individually or in the aggregate, would not reasonably be expected to have a Parent Material Adverse Effect, the factual, non-interpretive data provided by Parent to William M. Cobb & Associates (Cobb) relating to the Oil and Gas Properties of Parent and its Subsidiaries on which the reserve report prepared by Cobb referred to in Parent's Annual Report on Form 10-K for the fiscal year ended June 30, 2012 (the Parent Reserve Report) relied was accurate in all material respects at the time such data was provided to Cobb. With respect to the proved reserves reflected in the Parent Reserve Report, the Parent Reserve Report conforms in all material respects with Rule 4-10 of Regulation S-X promulgated by the SEC. Except as, individually or in the aggregate, would not reasonably be expected to have a Parent Material Adverse Effect, with respect to each lease, unit or well, Parent and its Subsidiaries are (i) entitled to not less than the net revenue interest and (ii) obligated to bear a percentage of the costs and expenses relating to the maintenance, development, operation and production of Hydrocarbons in an amount not greater than the working interest, in each case as shown on the Parent Reserve Report. Except as set forth in Section 4.15(b) of the Parent Disclosure Letter and except for changes (including changes in Hydrocarbon commodity prices) generally affecting the oil and gas industry, capital investment and normal depletion by production, and except as, individually or in the aggregate, would not reasonably be expected to have a Parent Material Adverse Effect, there has been no change in respect of the matters addressed in the Parent Reserve Report.

(c) Except as, individually or in the aggregate, would not reasonably be expected to have a Parent Material Adverse Effect, all material items of operating equipment, pipelines and facilities owned or leased by Parent or any of its Subsidiaries and used in the operation of the Oil and Gas Properties forming the basis for the reserves reflected in the Parent Reserve Report are, in the aggregate, in a state of repair so as to be adequate to carry on the businesses of Parent and its Subsidiaries as presently conducted.

(d) Except as, individually or in the aggregate, would not reasonably be expected to have a Parent Material Adverse Effect, and except for goods and other property sold, used or otherwise disposed of since the date of the Parent Reserve Report in the ordinary course of business or reflected as having been sold, used or otherwise disposed of in the Parent SEC Documents, as of the date of this Agreement, Parent and its Subsidiaries own or have valid leases in or contractual rights to use all material operating equipment, pipelines and facilities used in the operation of their respective Oil and Gas Properties forming the basis for the reserves reflected in the Parent Reserve Report in the manner in which such properties were operated as of the date of this Agreement.

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(e) Except for property sold or otherwise disposed of since the date of the Parent Reserve Report in the ordinary course of business or reflected as having been sold or otherwise disposed of in the Parent SEC Documents, as of the date of this Agreement, Parent and its Subsidiaries have Defensible Title to all Oil and Gas Properties forming the basis for the reserves reflected in the Parent Reserve Report, in each case relating to the interests referred to therein as of the date of such report, and in each case as attributable to interests owned by Parent and its Subsidiaries, free and clear of any Liens, except (i) Liens reflected in the Parent SEC Documents filed prior to the date of this Agreement, (ii) Permitted Liens, and (iii) such imperfections of title, easements, Liens, government or tribal approvals or other matters and failures of title as could not, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect.

(f) Except as, individually or in the aggregate, would not reasonably be expected to have a Parent Material Adverse Effect or as set forth in Section 4.15(f) of the Parent Disclosure Letter, Parent and its Subsidiaries have paid all material royalties, overriding royalties and other burdens on production due by Parent and its Subsidiaries with respect to their respective Oil and Gas Properties forming the basis for the reserves reflected in the Parent Reserve Report (other than items that are being held in suspense).

(g) There are no assets constituting Parent's Oil and Gas Properties (i) that are currently required to be Decommissioned pursuant to Laws or applicable Contracts that have not been Decommissioned, which failure to Decommission constitutes a Parent Material Adverse Effect; (ii) that formerly produced but that are currently shut in or temporarily abandoned not in compliance with Laws and applicable Contracts, which noncompliance constitutes a Parent Material Adverse Effect; or (iii) that have been Decommissioned but that have not been Decommissioned in compliance with Laws and applicable Contracts, which noncompliance constitutes a Parent Material Adverse Effect.

(h) The letters of credit and bonds set forth on Section 4.15(h) of the Parent Disclosure Letter are all Financial Assurance posted or provided by Parent and its Subsidiaries with or to any Governmental Entity or Third Party which are required to be posted or provided in compliance with Laws or applicable Contracts and related to the Oil and Gas Properties operated by Parent or any of its Subsidiaries.

(i) To Parent's Knowledge, none of the material Oil and Gas Properties of Parent and its Subsidiaries forming the basis for the reserves reflected in the Parent Reserve Report is subject to any preferential purchase, consent or similar right that would become operative as a result of the transactions contemplated by this Agreement.

(j) Except as disclosed in Section 4.15(j) of the Parent Disclosure Letter, to Parent's Knowledge, none of the Oil and Gas Properties of Parent and its Subsidiaries forming the basis for the reserves reflected in the Parent Reserve Report is subject to any tax partnership agreement or other provisions requiring a partnership income Tax Return to be filed under Subchapter K of Chapter 1 of Subtitle A of the Code.

(k) None of Parent or any of its Subsidiaries has received any material advance, take-or-pay or other similar payments that entitle purchasers of production from the Oil and Gas Properties forming the basis for the reserves reflected in the Parent Reserve Report to receive deliveries of Hydrocarbons without paying therefor.

(l) Except as, individually or in the aggregate, would not reasonably be expected to have a Parent Material Adverse Effect, none of Parent or any of its Subsidiaries has made any election as of the date of this Agreement to not participate in any operation or activity proposed with respect to their Oil and Gas Properties which could result in their interests in such Oil and Gas Properties being subject to a penalty or forfeiture as a result of such election not to participate in such operation or activity.

(m) Section 4.15(m) of the Parent Disclosure Letter sets forth, as of the date of this Agreement, a true and complete list of all authorities for expenditures or capital commitments relating to the Oil and Gas Properties of Parent and its Subsidiaries that bind Parent or its Subsidiary to spend, individually or in the aggregate, more than \$4,000,000 on drilling or reworking wells or on other capital projects from and after the date of this Agreement.

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Section 4.16 Intellectual Property.

(a) Except as, individually or in the aggregate, would not reasonably be expected to have a Parent Material Adverse Effect, (i) to Parent's Knowledge, Parent and each of its Subsidiaries owns, or is licensed to use (in each case, free and clear of any Liens, other than Permitted Liens), all Intellectual Property used in its business as currently conducted; (ii) to Parent's Knowledge, the conduct of its business as currently conducted, including the use of any Intellectual Property by Parent and its Subsidiaries, does not infringe on, misappropriate or otherwise violate the rights of any Person and is in accordance with any applicable license pursuant to which Parent or any Subsidiary acquired the right to use any Intellectual Property; (iii) to Parent's Knowledge, no Person is challenging, infringing on, misappropriating or otherwise violating any right of Parent or any of its Subsidiaries with respect to any Intellectual Property owned by Parent or its Subsidiaries; and (iv) to Parent's Knowledge, neither Parent nor any of its Subsidiaries has received any written notice or otherwise has Knowledge of any pending claim, Order or proceeding with respect to any Intellectual Property used by Parent and its Subsidiaries and to its Knowledge no Intellectual Property owned by Parent or its Subsidiaries is being used or enforced in a manner that would reasonably be expected to result in the abandonment, cancellation or unenforceability of such Intellectual Property.

(b) Parent and its Subsidiaries have taken reasonable steps to protect the confidentiality and value of all material trade secrets and any other material confidential information that are owned, used or held by Parent and its Subsidiaries in confidence, including entering into licenses and Contracts that require licensees, contractors, and other Persons with access to trade secrets or other confidential information to safeguard and maintain the secrecy and confidentiality of such trade secrets. To Parent's Knowledge, such trade secrets have not been used, disclosed to or discovered by any Person except pursuant to a valid and appropriate non-disclosure agreement, license or any other appropriate Contract which has not been breached.

(c) The consummation of the transactions contemplated by this Agreement will not diminish or terminate the ownership of or rights in any material Intellectual Property owned or used by Parent or its Subsidiaries in their respective businesses as currently conducted and, except as would not reasonably be expected to have a Parent Material Adverse Effect, to Parent's Knowledge, after the Closing Date Parent and its Subsidiaries will have the right to use such Intellectual Property on the same basis as prior to the consummation of the transactions contemplated by this Agreement.

Section 4.17 Environmental Matters.

(a) Parent and its Subsidiaries are in compliance with all Environmental Laws, and to Parent's Knowledge, with respect to any surviving time periods specified in all applicable statutes of limitation, any past noncompliance by Parent and its Subsidiaries with Environmental Laws has been resolved, except for any failure to comply or to resolve past noncompliance that would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(b) Except as would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect, (i) each of Parent and its Subsidiaries has, as applicable, developed and submitted or obtained, maintained and complied with all Environmental Permits necessary for the conduct and operation of its business as currently conducted and operated, and Parent or any applicable Subsidiary of Parent has not received any notice that any such Environmental Permit is not in full force and effect; and (ii) no such Environmental Permit is or will be subject to review, revision, major modification, voidance or prior consent by any Governmental Entity as a result of the consummation of the transactions contemplated by this Agreement.

(c) None of Parent or any of its Subsidiaries has received any notice of any violation of, or liability under, Environmental Laws or Environmental Permits or with respect to Hazardous Materials or the posting or provision of Parent's Financial Assurance or performance of Decommissioning for Oil and Gas Properties operated by Parent or any of its Subsidiaries as required under Laws or applicable Contracts, which violations or liabilities would reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

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(d) Except as set forth in Section 4.17(d) of the Parent Disclosure Letter, there are no pending or, to Parent's Knowledge, threatened civil, criminal or administrative Actions, notices of violation, arbitrations or demand letters pursuant to Environmental Laws or Environmental Permits or with respect to Hazardous Materials or the posting or provision of Parent's Financial Assurance or performance of Decommissioning for Oil and Gas Properties operated by Parent or any of its Subsidiaries as required under Laws or applicable Contracts, which, in each instance, is alleged against Parent or any of its Subsidiaries or, to Parent's Knowledge, related to the Parent Owned Real Property or the Parent Leased Real Property or any other property previously owned or operated by Parent or any of its Subsidiaries for which Parent or any of its Subsidiaries retains any liabilities and that would reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(e) Neither Parent nor any of its Subsidiaries has received written notice of a release and, to Parent's Knowledge, none of them has other notice of a release of any Hazardous Materials on, at, or from the Parent Owned Real Property, the Parent Leased Real Property, or their Oil and Gas Properties, except for any release (i) that is (A) in compliance with Environmental Laws or Environmental Permits and (B) occurring in a manner or in quantities or locations that would not require any investigation or remediation of soil or groundwater or any other environmental media, including in an offshore environment, under Environmental Laws, or (ii) that would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(f) Neither Parent nor any of its Subsidiaries has transported or disposed of, or arranged for the transport or disposal of any Hazardous Material at or to any off-site location which, to Parent's Knowledge, has resulted in, or would reasonably be expected to result in, a liability to Parent that has had, or would reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(g) To Parent's Knowledge, there are no Liens applicable to any Parent Owned Real Property, Parent Leased Real Property or its Oil and Gas Properties arising out of or pursuant to Environmental Laws that have had, or would reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(h) To Parent's Knowledge, there are no other circumstances or conditions relating to Parent's Owned Real Property, Leased Real Property or its Oil and Gas Properties or Parent's operations associated therewith, including with respect to Environmental Permits, Hazardous Materials, Parent's Financial Assurances and Decommissioning that have resulted in or would reasonably be expected to result in, Parent incurring a liability or obligation, pursuant to any Environmental Laws and that has had, or would reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.