CONTANGO OIL & GAS CO
Form DEF 14A
April 06, 2018

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

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

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14a-12

CONTANGO OIL & GAS COMPANY

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

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

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

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(1) Amount Previously Paid:

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(4) Date Filed:

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CONTANGO OIL & GAS COMPANY

717 TEXAS AVENUE, SUITE 2900

HOUSTON, TEXAS 77002

(713) 236-7400

ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD MAY 14, 2018

Dear Contango Stockholder:

April 6, 2018

We are pleased to invite you to attend the 2018 Annual Meeting of Stockholders of Contango Oil & Gas Company. The Annual Meeting will be held on May 14, 2018, at 1:30 p.m., Central Daylight Time, at the Chase Center Auditorium, located at 601 Travis St., Houston, Texas 77002.

The enclosed Notice of Annual Meeting and the accompanying proxy statement describe the various matters to be acted upon during the Annual Meeting. In addition, there will be a report on the state of our business and an opportunity for you to ask questions of our management.

You may vote your shares by submitting a proxy by Internet, by telephone, by completing, signing, dating and returning the enclosed proxy card or by voting your shares in person at the Annual Meeting. The enclosed proxy card describes your voting options in more detail. Our report to the stockholders, including our Annual Report on Form 10-K for the year ended December 31, 2017, also accompanies the enclosed proxy statement.

The Annual Meeting gives us an opportunity to review our business results and discuss the steps we have taken to position our company for the future. We appreciate your ownership of Contango s common stock, and I hope you will be able to join us at the Annual Meeting.

Sincerely,

Allan D. Keel
President and Chief Executive Officer

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CONTANGO OIL & GAS COMPANY

717 TEXAS AVENUE, SUITE 2900

HOUSTON, TEXAS 77002

(713) 236-7400

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS TO BE HELD MAY 14, 2018

The 2018 Annual Meeting of Stockholders (the Annual Meeting) of Contango Oil & Gas Company, a Delaware corporation, will be held on May 14, 2018, at 1:30 p.m., Central Daylight Time, at the Chase Center Auditorium, located at 601 Travis St., Houston, Texas 77002 for the following purposes:

(1) the election of six directors to our Board until the 2019 Annual Meeting of Stockholders;

(2) the ratifying of the appointment of Grant Thornton LLP as our independent registered public accounting firm;

(3) the holding of an advisory vote on named executive officer compensation; and

(4) the transacting of such other business as may arise that can properly be conducted at the Annual Meeting or any adjournment or postponement thereof.

Our Board has fixed the close of business on March 16, 2018 as the record date (the Record Date) for the determination of stockholders entitled to notice of and to vote at the Annual Meeting or any adjournment(s) or postponement(s) thereof. Only stockholders of record at the close of business on the Record Date are entitled to notice of and to vote at the Annual Meeting. A list of stockholders entitled to vote at the Annual Meeting will be available for examination at our offices for 10 calendar days prior to the Annual Meeting. The list will also be available during the Annual Meeting for inspection by stockholders.

EVEN IF YOU PLAN TO ATTEND THE ANNUAL MEETING, PLEASE COMPLETE, SIGN AND MAIL THE ENCLOSED PROXY CARD AS PROMPTLY AS POSSIBLE IN THE ACCOMPANYING ENVELOPE OR USE THE TELEPHONE OR INTERNET VOTING.

By Order of the Board of Directors,

Houston, Texas
April 6, 2018

Sergio Castro
Vice President, Treasurer and Assistant Secretary

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS

FOR THE STOCKHOLDER MEETING TO BE HELD ON MAY 14, 2018

The Notice of Annual Meeting of Stockholders, the Proxy Statement for the 2018 Annual Meeting of Stockholders and the Annual Report to Stockholders for the year ended December 31, 2017 are available at *www.proxyvote.com*

CONTANGO OIL & GAS COMPANY

PROXY STATEMENT

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CONTANGO OIL & GAS COMPANY

717 TEXAS AVENUE, SUITE 2900

HOUSTON, TEXAS 77002

(713) 236-7400

PROXY STATEMENT

FOR

THE 2018 ANNUAL MEETING OF STOCKHOLDERS

Unless the context requires otherwise, references in this proxy statement to Contango, we, us and our are to Contango Oil & Gas Company, a Delaware corporation, and its consolidated subsidiaries. Unless the context otherwise requires, references to the stockholders are to the holders of shares of our common stock, par value $0.04 per share (Common Stock).

The accompanying proxy is solicited by the Board of Directors of Contango (our Board) to be voted at our 2018 Annual Meeting of Stockholders (the Annual Meeting) to be held on May 14, 2018, at the time and place and for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders (the Notice) and at any adjournment(s) or postponement(s) thereof.

This proxy statement and accompanying form of proxy are being mailed to our stockholders on or about April 6, 2018. Our Annual Report on Form 10-K (the Annual Report) covering the year ended December 31, 2017 is enclosed, but does not form any part of the materials for solicitation of proxies.

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

What is the purpose of the Annual Meeting?

At the Annual Meeting, our stockholders will act upon the matters outlined in the Notice, including (1) the election of six directors to our Board, each for a term ending on the date of the 2019 Annual Meeting of Stockholders (this proposal is referred to as the Election of Directors), (2) the ratification of the appointment of Grant Thornton LLP as our independent registered public accounting firm (this proposal is referred to as the Ratification of Grant Thornton), (3) holding an advisory vote on named executive officer compensation (this proposal is referred to as the Compensation Advisory Vote) and (4) the transaction of such other business as may arise that can properly be conducted at the Annual Meeting or any adjournment or postponement thereof. Also, management will report on our performance during the last fiscal year and respond to questions from our stockholders.

What is a proxy?

A proxy is another person that you legally designate to vote your stock. If you designate someone as your proxy in a written document, that document is also called a proxy or a proxy card.

What is a proxy statement?

It is a document that regulations of the Securities and Exchange Commission (the SEC) require that we give to you when we ask you to sign a proxy card to vote your stock at the Annual Meeting.

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What is householding and how does it affect me?

One copy of the Notice, this proxy statement and the Annual Report (collectively, the Proxy Materials) will be sent to stockholders who share an address, unless they have notified us that they want to continue receiving multiple packages. This practice, known as householding, is designed to reduce duplicate mailings and save significant printing and postage costs. If you received a householded mailing this year and you would like to have additional copies of the Proxy Materials mailed to you or you would like to opt out of this practice for future mailings, we will promptly deliver such additional copies to you if you submit your request in writing to our Investor Relations Department, at 717 Texas Avenue, Suite 2900, Houston, Texas 77002, or call at (713) 236-7400. You may also contact us in the same manner if you received multiple copies of the Annual Meeting materials and would prefer to receive a single copy in the future. The Proxy Materials are also available at *www.proxyvote.com*.

What should I do if I receive more than one set of voting materials?

Despite our efforts related to householding, you may receive more than one set of voting materials, including multiple copies of the proxy statement and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold shares. Similarly, if you are a stockholder of record and hold shares in a brokerage account, you will receive a proxy card and a voting instruction card. Please complete, sign, date and return each proxy card and voting instruction card that you receive to ensure that all your shares are voted at the Annual Meeting.

What is the record date and what does it mean?

The record date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting is the close of business on March 16, 2018 (the Record Date). The Record Date is established by our Board as required by Delaware law. On the Record Date, we had 25,470,015 shares of Common Stock issued and outstanding.

What is a quorum?

A quorum is the presence at the Annual Meeting, in person or by proxy, of the holders of a majority of the shares of our Common Stock outstanding and entitled to vote as of the Record Date. There must be a quorum for the Annual Meeting to be held. If a quorum is not present, the Annual Meeting may be adjourned from time to time until a quorum is reached. Proxies received but marked as abstentions or broker non-votes will be included in the calculation of votes considered to be present at the Annual Meeting.

Who is entitled to vote at the Annual Meeting?

Subject to the limitations set forth below, stockholders at the close of business on the Record Date may vote at the Annual Meeting.

What are the voting rights of the stockholders?

Each holder of Common Stock is entitled to one vote per common share on all matters to be acted upon at the Annual Meeting. Neither our Certificate of Incorporation, as amended, nor our bylaws allow for cumulative voting rights.

What is the difference between a stockholder of record and a street name holder?

Most stockholders hold their shares through a broker, bank or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned in street name.

Stockholder of Record. If your shares are registered directly in your name with Continental Stock Transfer & Trust Company, our transfer agent, you are considered, with respect to those shares, the stockholder of record. As the stockholder of record, you have the right to grant your voting proxy directly or to vote in person at the Annual Meeting.

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Street Name Stockholder. If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name. As the beneficial owner, you have the right to direct your broker or nominee how to vote and are also invited to attend the Annual Meeting. However, since you are not the stockholder of record, you may not vote these shares in person at the Annual Meeting unless you obtain a signed proxy from the record holder giving you the right to vote the shares.

How do I vote my shares?

Stockholders of Record: Stockholders of record may vote their shares or submit a proxy to have their shares voted by one of the following methods:

By Internet. You may submit a proxy electronically on the Internet by following the instructions provided on the enclosed proxy card. Please have the proxy card in hand when you log onto the website. Internet voting facilities will be available 24 hours a day and will close at 11:59 p.m., Eastern Daylight Time, on May 13, 2018.

By Telephone. If you request paper copies of the proxy materials by mail, you may submit a proxy by telephone (from U.S. and Canada only) using the toll-free number listed on the proxy card. Please have your proxy card in hand when you call. Telephone voting facilities will be available 24 hours a day and will close at 11:59 p.m., Eastern Daylight Time, on May 13, 2018.

By Mail. You may indicate your vote by completing, signing and dating your proxy card and returning it in the enclosed reply envelope.

In Person. You may vote in person at the Annual Meeting by completing a ballot; however, attending the Annual Meeting without completing a ballot will not count as a vote.

Street Name Stockholders: Street name stockholders may generally vote their shares or submit a proxy to have their shares voted by one of the following methods:

By Mail. You may indicate your vote by completing, signing and dating your proxy card or other information forwarded by your bank, broker or other holder of record and returning it in the enclosed reply envelope.

By Methods Listed on Proxy Card. Please refer to your proxy card or other information forwarded by your bank, broker or other holder of record to determine whether you may submit a proxy by telephone or electronically on the Internet, following the instructions on the proxy card or other information provided by the record holder.

In Person with a Proxy from the Record Holder. You may vote in person at the Annual Meeting if you obtain a legal proxy from your bank, broker or other nominee. Please consult the voting form or other information sent to you by your bank, broker or other nominee to determine how to obtain a legal proxy in order to vote in person at the Annual Meeting.

Can I revoke my proxy?

Yes. If you are a stockholder of record, you can revoke your proxy at any time before it is exercised by:

- submitting written notice of revocation to our company, Attn: Corporate Secretary, 717 Texas Avenue, Suite 2900, Houston, Texas, 77002, no later than May 13, 2018;
- submitting another proxy with new voting instructions by mail, telephone or the Internet voting system; or
- attending the Annual Meeting and voting your shares in person.

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If you are a street name stockholder and you vote by proxy, you may change your vote by submitting new voting instructions to your bank, broker or nominee in accordance with that entity s procedures.

May I vote confidentially?

Yes. We treat all stockholder meeting proxies, ballots and voting tabulations confidentially if the stockholder has requested confidentiality on the proxy or ballot.

If you so request, your proxy will not be available for examination nor will your vote be disclosed prior to the tabulation of the final vote at the Annual Meeting except (1) to meet applicable legal requirements or (2) to allow the independent election inspectors to count and certify the results of the vote. The independent election inspectors may, however, at any time inform us whether or not a stockholder has voted.

What is the effect of broker non-votes and abstentions and what vote is required to approve each proposal?

If you hold your shares in street name, you will receive instructions from your broker or other nominee describing how to vote your shares. If you do not instruct your broker or nominee how to vote your shares, they may vote your shares as they decide as to each matter for which they have discretionary authority under the rules of the NYSE American exchange (the NYSE American).

There are also non-discretionary matters for which brokers and other nominees do not have discretionary authority to vote unless they receive timely instructions from you. When a broker or other nominee does not have discretion to vote on a particular matter, you have not given timely instructions on how the broker or other nominee should vote your shares and the broker or other nominee indicates it does not have authority to vote such shares on its proxy, a broker non-vote results. Although any broker non-vote would be counted as present at the Annual Meeting for purposes of determining a quorum, it would be treated as not entitled to vote with respect to non-discretionary matters.

Abstentions occur when stockholders are present at the Annual Meeting but fail to vote or voluntarily withhold their vote for any of the matters upon which the stockholders are voting.

If your shares are held in street name and you do not give voting instructions, the record holder will not be permitted to vote your shares with respect to Proposal 1 *(Election of Directors)*, and your shares will be considered broker non-votes with respect to this proposal. If your shares are held in street name and you do not give voting instructions, the record holder will nevertheless be entitled to vote your shares with respect to Proposal 2 *(Ratification of Grant Thornton)* in the discretion of the record holder. If your shares are held in street name and you do not give voting instructions, the record holder will not be permitted to vote your shares with respect to Proposal 3 *(The Compensation Advisory Vote)*.

Proposal 1 (Election of Directors): To be elected, each nominee for election as a director must receive the affirmative vote of a majority of the votes cast by the holders of our Common Stock, present in person or represented by proxy at the Annual Meeting and entitled to vote on the proposal. Votes may be cast in favor of or withheld from the election of each nominee. Votes that are withheld from a director s election will be counted toward a quorum, but will not affect the outcome of the vote on the election of a director. Broker non-votes will not be counted as votes cast, and, accordingly, will have no effect on the outcome of the vote for directors.

Proposal 2 (Ratification of Grant Thornton): Ratification of the appointment of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2018 requires the affirmative vote of the holders of a majority of the votes cast by the holders of our Common Stock present in person or represented by proxy at the Annual Meeting and entitled to vote thereon. Abstentions and broker non-votes will not be voted either for or against this proposal, and, accordingly, will not affect the outcome of this proposal.

Proposal 3 (The Compensation Advisory Vote): Approval of the Compensation Advisory Vote requires the affirmative vote of the majority of the votes of the shares of common stock cast on this proposal at the annual meeting. Abstentions and broker non-votes will not be voted either for or against this proposal, and, accordingly, will not affect the outcome of this proposal. While this vote is required by law, it will neither be binding on our company or the Board nor will it create or imply any change in the fiduciary duties of, or impose any additional fiduciary duty on, our company or the Board. However, the views of our stockholders are important to us, and our Compensation Committee will take into account the outcome of the vote when considering future executive compensation decisions. We urge you to read the section entitled *Compensation Discussion and Analysis*, which discusses in detail how our executive compensation program implements our compensation philosophy.

Our Board has appointed Allan D. Keel and E. Joseph Grady as the management proxy holders for the Annual Meeting. If you are a stockholder of record, your shares will be voted by the management proxy holders in accordance with the instructions on the proxy card you submit by mail, or the instructions provided for any proxy submitted by telephone or Internet, as applicable. For stockholders who have their shares voted by duly submitting a proxy by mail, telephone or Internet, the management proxy holders will vote all shares represented by such valid proxies as our Board recommends, unless a stockholder appropriately specifies otherwise.

Our Board recommends a vote:

FOR each of the nominees for director;

FOR the ratification of the appointment of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2018;

FOR the advisory vote to approve named executive officer compensation;

What happens if additional proposals are presented at the Annual Meeting?

Other than the matters specified in the Notice, we do not expect any matters to be presented for a vote at the Annual Meeting. If you grant a proxy, the management proxy holders will have the discretion to vote your shares on any additional matters properly presented for a vote at the Annual Meeting. Under our bylaws, the deadline for notifying us of any additional proposals to be presented at the Annual Meeting has passed and, accordingly, stockholders may not present proposals at the Annual Meeting.

Who will bear the cost of soliciting votes for the Annual Meeting?

We will bear all expenses of soliciting proxies. We have engaged Broadridge Financial Solutions to aid in the distribution of proxy materials and to provide voting and tabulation services for the Annual Meeting for a fee of approximately $9,000, plus reimbursement for reasonable out-of-pocket expenses. Our directors, officers and employees may also solicit proxies in person or by other means of communication. Such directors, officers and employees will not be additionally compensated but may be reimbursed for reasonable out-of-pocket expenses in connection with such solicitation. In addition, we may reimburse brokerage firms, custodians, nominees, fiduciaries and other persons representing beneficial owners of our Common Stock for their reasonable expenses in forwarding solicitation material to such beneficial owners.

May I propose actions for consideration at the 2019 Annual Meeting of Stockholders or nominate individuals to serve as directors?

You may submit proposals for consideration at future stockholder meetings, including director nominations. Please read Stockholder Proposals and Director Nominations for the 2019 Annual Meeting for information regarding the submission of stockholder proposals and director nominations for consideration at next year s annual meeting.

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CORPORATE GOVERNANCE AND OUR BOARD

General

The Company s Certificate of Incorporation and bylaws provide for the annual election of directors. At each annual meeting of stockholders, our directors will be elected for a one-year term and serve until their respective successors have been elected and qualified.

Our Board held eight meetings during 2017. During 2017, no directors attended fewer than 75% of the total number of meetings of our Board and committees on which that director served.

We encourage, but do not require, our directors to attend annual meetings of stockholders. At our 2017 Annual Meeting of Stockholders, five out of the six serving members of our Board attended.

Board Independence

As required under the listing standards of the NYSE American, a majority of the members of our Board must qualify as independent, as affirmatively determined by our Board. Our Nominating Committee evaluated all relevant transactions and relationships between each director nominated for election at the Annual Meeting, or any of his or her family members, and our company, senior management and independent registered accounting firm. Based on this evaluation and the recommendation of our Nominating Committee, our Board has determined that B.A. Berilgen, B. James Ford, Lon McCain, Joseph J. Romano and Charles M. Reimer are each an independent director, as that term is defined in the listing standards of the NYSE American.

Board Committees

Our Board has the authority to appoint committees to perform certain management and administrative functions. Our Board has established a Compensation Committee, Audit Committee, Nominating Committee and Investment Committee. Our Board, in its business judgment, has determined that the Compensation Committee, Audit Committee and Nomination Committee are comprised entirely of independent directors as currently required under the listing standards of the NYSE American and applicable rules and requirements of the SEC. The Board may also delegate certain duties and responsibilities to the committees it establishes; for example, the Board may delegate the duty of determining appropriate salaries for our executive officers from time to time.

Audit Committee

The Audit Committee was established to oversee and appraise the audit efforts of our independent registered public accounting firm, and monitor our accounts, procedures and internal controls. During 2017, the Audit Committee consisted of Messrs. McCain (Committee Chairman), Berilgen and Ford. Following the Annual Meeting, it is expected that the Audit Committee will consist of Messrs. McCain (Committee Chairman), Berilgen and Ford. Each member of our Audit Committee is considered independent as described above and can read and understand financial statements, as required by Section 803B(2) of the NYSE American company guide. The Audit Committee met four times during 2017. Upon review by and recommendation of our Nominating Committee, our Board has determined that Mr. McCain was an audit committee financial expert as defined under applicable rules and regulations of the SEC. Our Audit Committee has adopted a charter, which is posted on our website *www.contango.com* under *Corporate - Charters for Board Committees.*

Compensation Committee

The responsibilities of the Compensation Committee, which are discussed in detail in the Compensation Committee Charter that is posted on our website at *www.contango.com* under *Corporate - Charters for Board Committees*, include among other things, the responsibility to:

- Periodically review the compensation, employee benefit plans and fringe benefits paid to, or provided for, executive officers of the Company;

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Review, recommend to the full Board for approval or approve, as applicable, the annual salaries, bonuses and share-based awards paid to the Company s executive officers;

Periodically review and recommend to the full Board total compensation for each non-employee director for services as a member of the Board and its committees; and

Exercise oversight of all matters of executive compensation policy.

The Compensation Committee is delegated all authority of the Board as may be required or advisable to fulfill the purposes of the Compensation Committee. The Compensation Committee may form and delegate some or all of its authority to subcommittees when it deems appropriate. Meetings may, at the discretion of the Compensation Committee, include members of the Company s management, other members of the Board, consultants or advisors, and such other persons as the Compensation Committee or its chairperson may determine.

The Compensation Committee has the sole authority to retain, amend the engagement with, and terminate any compensation consultant to be used to assist in the evaluation of director, CEO or executive officer compensation, including employment contracts and change in control provisions. The Compensation Committee has sole authority to approve the consultant s fees and other retention terms and has authority to cause the Company to pay the fees and expenses of such consultants.

From time to time the Compensation Committee engages the services of compensation consulting firms. With respect to the 2017 year, the Compensation Committee engaged Meridian Compensation Partners, LLC (Meridian), an experienced compensation consulting firm with significant energy industry experience, to provide compensation-related services to the Compensation Committee. In selecting Meridian as its independent compensation consultant, the Compensation Committee assessed the independence of Meridian pursuant to SEC rules and considered, among other things, whether Meridian provides any other services to us, the policies of Meridian that are designed to prevent any conflict of interest between Meridian, the Compensation Committee and us, any personal or business relationship between Meridian and a member of the Compensation Committee or one of our executive officers and whether Meridian owns any shares of our common stock. Meridian is engaged by, and reports only to, the Compensation Committee and will perform the compensation advisory services requested by the Compensation Committee. Meridian does not provide any other services to the Company, and the Compensation Committee has concluded that we do not have any conflicts of interest with Meridian. The services that Meridian performed for the Compensation Committee with respect to the 2017 year are described in more detail below.

The Compensation Committee annually compares our executive compensation program to those of other companies within the oil and gas industry through the use of energy industry compensation surveys from Effective Compensation Inc. (ECI). ECI surveys are utilized as they are industry-specific and derive their data from direct contributions from a large number of participating companies. The ECI surveys compile data from many companies that we currently consider to be in our peer group, as well as companies somewhat larger than us but with which we compete for talent. The surveys were used to compare our executive compensation program against companies (the Peer Group) that have comparable market capitalization, revenues, capital expenditure budgets, geographic focus and number of employees. The Compensation Committee regularly reviews and refines the Peer Group as appropriate. When we refer to peers, Peer Group or peer companies or similar phrases, we are referring to this list of companies, as it may be updated by the Compensation Committee from time to time.

During 2017, the members of the Compensation Committee were Messrs. Ford (Committee Chairman), Berilgen and Reimer. Each member of the Compensation Committee during 2017 was an outside director as defined under section

162(m) of the Code and was independent as defined in the applicable rules of the NYSE American and the SEC. The Compensation Committee held two meetings during 2017.

Nominating Committee

The principal function of the Nominating Committee, which is discussed in detail in the Nominating Committee Charter that is posted on our website at *www.contango.com* under *Corporate - Charters for Board Committees*, is to oversee, identify, evaluation and select qualified candidates for election to the Board. The Nominating Committee identifies individuals qualified to become Board members and recommends to the Board nominees for election as directors of the Company, taking into account that the Board as a whole shall have competency in industry knowledge, accounting and finance, and business judgment. While the Company does not have a formal diversity policy, the Nominating Committee seeks members from diverse backgrounds so that the Board consists of members with a broad spectrum of experience and expertise and with a reputation for integrity. Directors should have experience in positions with a high degree of responsibility, be leaders in the companies or institutions with which they are affiliated, and be selected based upon contributions that they can make to the Company. The Nominating Committee shall give the same consideration to candidates for director nominees recommended by Company stockholders as those candidates recommended by others.

During 2017, the members of the Nominating Committee were Messrs. Berilgen (Committee Chairman), Reimer and McCain. Each member of the Nominating Committee during 2017 was independent as defined in the applicable rules of the NYSE American and the SEC. The Nominating Committee held one meeting during 2017.

Because the Nominating Committee believes that director nominees should be considered on a case-by-case basis on each nominee s merits, regardless of who recommended the nominee, it has not adopted a formal policy with regard to the consideration of any director candidates recommended by stockholders. For a description of the procedures that stockholders must follow in order to timely nominate director candidates, please see *Stockholder Proposals and Director Nominations for the 2019 Annual Meeting*.

Investment Committee

The Investment Committee was created by the Board on October 1, 2013 in connection with the closing of the Company s merger (the Merger) with Crimson Exploration Inc. (Crimson). The purpose of the Investment Committee, which is discussed in detail in the Investment Committee Charter that is posted on our website at *www.contango.com* under *Corporate - Charters for Board Committees*, is to allocate, subject to Board approval, the amount and nature of all capital expenditures of the Company and its subsidiaries, and review and discuss the plan for such capital expenditures with Company management. The members of the Investment Committee are Messrs. Romano (Chairman) and Keel. The Investment Committee did not hold any formal meetings during 2017 although the members of the Investment Committee met frequently on an informal basis and the full Board was active in the evaluation and approval of potential capital expenditures by the Company.

Code of Ethics

We have adopted a code of ethics as defined by the applicable rules of the SEC, and it is posted on our website: *www.contango.com* under *Corporate Code of Business Conduct*. Any amendment to the code of ethics will be posted promptly on our website.

Board Leadership Structure

The Chairman of the Board is selected by the members of the Board. The positions of Chairman and CEO were separated at the closing of the Merger. The Board has determined that the current structure is appropriate at this time in that it enables Mr. Keel to focus on his role as CEO of the Company, while enabling Mr. Romano, the Chairman of our Board, to continue to provide leadership on policy at the Board level. Although the roles of CEO and Chairman are currently separated, the Board has not adopted a formal policy requiring such separation. The Board believes that the right Board leadership structure should, among other things, be informed by the needs and circumstances of the Company and the then current membership of the Board, and that the Board should remain adaptable to shaping the leadership structure as those needs and circumstances change.

Board Risk Assessment and Control

Our risk management program is overseen by our Board and its committees, with support from our management. Our Board oversees an enterprise-wide approach to oil and gas industry risk management, designed to support the achievement of organizational objectives, including strategic objectives, to improve long-term organizational performance and enhance stockholder value. A fundamental part of risk management is a thorough understanding of the risks a company faces, understanding of the level of risk appropriate for our company and the steps needed to manage those risks effectively. The involvement of the full Board in setting our business strategy is a key part of its overall responsibilities and together with management determines what constitutes an appropriate level of risk for our company. Our Board believes that the practice of including all members of our management

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team in our risk assessments allows the Board to more directly and effectively evaluate management capabilities and performance, allows the Board to more effectively and efficiently communicate its concerns and wishes to the entire management team and provides all members of management with a direct communication avenue to the Board.

While our Board has the ultimate oversight responsibility for the risk management process, other committees of our Board also have responsibility for specific risk management activities. In particular, the Audit Committee focuses on financial risk, including internal controls, and oversees compliance with regulatory requirements. In setting compensation, the Compensation Committee approves compensation programs for the officers and other key employees to encourage an appropriate level of risk-taking behavior consistent with our business strategy.

More information about the Company s corporate governance practices and procedures is available on the Company s website at *www.contango.com*.

Communications with our Board

Stockholders desiring to communicate with our Board, or any director in particular, may do so by mail addressed as follows: Attn: Board of Directors, Contango Oil & Gas Company, 717 Texas Avenue, Suite 2900, Houston, Texas 77002. Our Chief Executive Officer, Chief Financial Officer or Corporate Secretary review each such communication received from stockholders and other interested parties and will forward the communication, as expeditiously as reasonably practicable, to the Board (or individual director) if: (1) the communication complies with the requirements of any applicable policy adopted by us relating to the subject matter; or (2) the communication falls within the scope of matters generally considered by our Board.

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EXECUTIVE OFFICERS

The following table sets forth the names, ages and titles, as of March 16, 2018, of each of our executive officers.

Name	Age	Position
Allan D. Keel	58	President, Chief Executive Officer and Director
E. Joseph Grady	65	Senior Vice President and Chief Financial Officer
Jay S. Mengle	64	Senior Vice President Operations and Engineering
Thomas H. Atkins	59	Senior Vice President Exploration

The following provides summary information regarding the experiences of our President and Chief Executive Officer, our Senior Vice President and Chief Financial Officer and our three most highly compensated current executive officers. The named executive officer profiles exclude James J. Metcalf Jr. who served as Senior Vice President Operations until his resignation from such position on September 6, 2017. Due to his role as Senior Vice President Operations during the 2017 year, he is required to be identified as a named executive for 2018 in the compensation disclosures that follow these biographies.

Allan D. Keel s biographical information may be found on page 32 of this proxy statement.

E. Joseph Grady Mr. Grady was appointed Senior Vice President and Chief Financial Officer on October 1, 2013 following the closing of the Merger. Mr. Grady had previously served as Senior Vice President and Chief Financial Officer of Crimson from March 2005 until the closing of the Merger. Mr. Grady has over 40 years of financial, operational and administrative experience, including over 30 years in the oil and gas industry. Prior to joining Crimson, Mr. Grady was managing director of Vision Fund Advisors, Inc., a financial advisory firm which he co-founded in 2001, until its dissolution in June 2008. He was formerly Senior Vice President-Finance and Chief Financial Officer of Texas Petrochemicals Holdings, Inc. from April 2003 to July 2004, Vice President-Chief Financial Officer and Treasurer of Forcenergy Inc. from 1995 to 2001, and he held various financial management positions with Pelto Oil Company from 1980 to 1990, including Vice President-Finance from 1988 to 1990. Mr. Grady is a CPA and received a Bachelor of Science degree in Accounting from Louisiana State University.

Jay S. Mengle Mr. Mengle was appointed Senior Vice President Engineering on October 1, 2013 following the closing of the Merger and appointed Senior Vice President Operations and Engineering on September 6, 2017. Mr. Mengle had previously served as Senior Vice President Operations and Engineering of Crimson from April 2005 until May 2010 and Senior Vice President Engineering from May 2010 until the closing of the Merger. Mr. Mengle joined Crimson after serving as the Shelf Asset Manager Gulf of Mexico for Kerr-McGee Corporation subsequent to its 2004 merger with Westport Resources Corporation (Westport). Mr. Mengle was with Westport Resources from 1998 to 2004, where he started Westport s Gulf Coast/Gulf of Mexico drilling and production operations. Prior to joining Westport, Mr. Mengle also served in various drilling, production and marketing management capacities at Norcen Energy Resources, Kirby Exploration and Mobil Oil Corp. Mr. Mengle received his Bachelor of Science degree in Petroleum Engineering from the University of Texas.

Thomas H. Atkins Mr. Atkins was appointed Senior Vice President Exploration on October 1, 2013 following the closing of the Merger. Mr. Atkins had previously served as Vice President Exploration of Crimson from April 2005 until the closing of the Merger. Mr. Atkins served as the General Manager Gulf of Mexico for Newfield Exploration Company where he was employed from 1998 until joining Crimson. Prior to his tenure at Newfield, Mr. Atkins served in various exploration capacities with EOG Resources and its predecessor companies from 1984 to 1998, including prospect generator, development geologist and finally as Exploration Manager. Mr. Atkins also worked at the

Superior Oil Company from 1981 through 1984. Mr. Atkins received a Bachelor of Science degree in Geology from the University of Oklahoma.

Our executive officers are elected annually by our Board and serve one-year terms or until their death, resignation or removal by our Board. There are no family relationships between any of our directors and executive officers. In addition, there are no arrangements or understandings between any of our executive officers and any other person pursuant to which any person was selected as an executive officer.

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COMPENSATION DISCUSSION AND ANALYSIS

The following Compensation Discussion and Analysis contains statements regarding future individual and company performance targets and goals. These targets and goals are disclosed in the limited context of our executive compensation program and should not be understood to be statements of management s expectations or estimates of results or other guidance. We specifically caution stockholders not to apply these statements to other contexts.

Introduction

This Compensation Discussion and Analysis (1) provides an overview of our compensation policies and programs; (2) explains our compensation objectives, policies and practices with respect to our executive officers; and (3) identifies the elements of compensation for each of the individuals identified in the following table (our principal executive officer, principal financial officer and the three most highly compensated executive officers), whom we refer to in this proxy statement as our named executive officers.

Name	Principal Position
Allan D. Keel	Chief Executive Officer and President
E. Joseph Grady	Senior Vice President and Chief Financial Officer
Jay S. Mengle	Senior Vice President Engineering
Thomas H. Atkins	Senior Vice President Exploration
James J. Metcalf Jr.	Senior Vice President Operations

Mr. Metcalf resigned effective September 6, 2017, at which time Mr. Mengle took over the responsibilities of the Senior Vice President Operations.

Objectives and Philosophy of Our Executive Compensation Program

Our executive compensation program is designed to attract and retain highly qualified executives and to motivate them to maximize shareholder return. We strive to achieve a balance between cash and non-cash compensation similar to that of our peers and believe a significant portion of the compensation for each of our named executive officers should be incentive-based to emphasize a pay-for-performance philosophy. Therefore, overall competitive compensation levels and incentive pay levels vary based on the achievement of company-wide performance objectives and individual performance. Specifically, our compensation program is designed to:

- Attract and retain individuals with superior ability;
- Align named executive officers incentives with our corporate strategies, business objectives and the long-term interests of our shareholders; and
- Increase the incentive to achieve key strategic and financial corporate performance measures by linking incentive award opportunities to the achievement of performance objectives in these areas.

To achieve these objectives, we focused in 2017 on the following corporate performance objectives:

Attaining a forecasted level of production;

Attaining a forecasted level of cash flow;

Attaining a specific (reduced) level of operating costs;

Minimizing negative revisions to on-shore proved reserve estimates;

Minimizing the cost of, and exposure to, liabilities associated with adverse health, safety and environmental activity;

Obtaining accretive shareholder return; and

Accomplishing strategic initiatives.

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The Compensation Committee from time to time adjusts and/or replaces objectives and assigns relative weights or rankings to the applicable factors, but also from time to time makes subjective determinations of compensation levels based upon a consideration of all of these factors.

Key 2017 Actions

Due to the difficult and uncertain conditions facing the oil and gas industry, we took the following actions to manage executive compensation in alignment with shareholder interests during 2017:

- Paid an average performance-based cash incentive bonus to the named executive officers at 43% of target as compared to paying an average of 74% of target to the named executive officers for 2016;

- Maintained base salary levels flat for the named executive officers for the 5^{th} straight year;

- Reduced the long-term incentive grant values for the named executive officers by 25% (based on the value at grant date) as compared to the 2016 grants; and

- Maintained our long-term equity incentive grants on a prospective-looking basis with vesting of such awards for the named executive officers contingent upon continued employment and attainment of long-term performance targets as opposed to strictly time-based vesting which was in place prior to 2016.

In recent years we have also implemented various best practice standards for our compensation program, as follows:

- **Clawback on Incentive Awards** - Incentive awards are subject to clawback or other recovery policies maintained by the Company and its subsidiaries, including, without limitation, any clawback policies adopted by the Company as required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the Sarbanes-Oxley Act of 2002, or any other applicable law.

- **Incentives Tied to Company Performance and Vesting Periods** Beginning in October 2016, fifty percent (50%) of our long-term equity incentive compensation awards are subject to a performance vesting condition based upon our total shareholder return compared to an industry index or peer group, as applicable, over a three-year performance period.

- **No Single Trigger Vesting of Equity-Based Awards for Executive Employment Agreements** In connection with the amendment of the employment agreements in late 2016 (described in more detail below), we determined that the named executive officers should not receive immediate vesting of equity-based awards upon a change in control event or non-renewal of their employment agreement. The amended employment agreements provide that vesting for equity-based awards will only occur upon a change of control followed by termination of the named executive officer s employment for specified reasons, as defined in such named executive s employment agreement. This provision will apply to all awards granted following the adoption of the amended employment agreements.

Setting Executive Compensation

On behalf of our Board, the Compensation Committee reviews and evaluates all compensation for our executive officers, including our compensation philosophy, policies and plans. The Board has final approval of all compensation decisions made by the Compensation Committee with respect to our senior executive officers, unless and to the extent that a certain decision or element of compensation has been fully delegated to the Compensation Committee. Our Chief Executive Officer and Chief Financial Officer also typically play important roles in the executive compensation process, including evaluating the other executive officers and assisting in the development of performance target goals, although the Compensation Committee or the Board, as applicable, has the final decision-making authority over compensation decisions. The Compensation Committee takes into consideration our named executive officers total compensation, including base salary, annual incentives and long-term incentives, both cash and equity, when considering market-based adjustments to our named executive officers compensation.

The Compensation Committee also has the authority to retain a compensation consultant from time to time, as further described above under the heading Corporate Governance and Our Board Compensation Committee, to

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review our compensation policies and programs to determine our competitiveness within the oil and gas industry and advise the Compensation Committee as to whether modifications should be adopted in order to attract, motivate and retain key employees.

At the beginning of 2017, the Compensation Committee engaged Meridian Compensation Partners, LLC (Meridian). Meridian assisted the Compensation Committee in 2017 with the following items: determining appropriate cash performance-based incentive bonuses for the 2016 year to be paid in 2017, determining an appropriate peer group with respect to general 2017 compensation (listed below), determining an appropriate peer group for our performance-based equity awards (listed below), creating a cash bonus structure for the 2017 year, providing guidance on 2017 equity-based incentive award levels and award design, and determining the number of additional shares to be added to our Amended and Restated 2009 Incentive Compensation Plan (the 2009 Plan) (which was the subject of an approved shareholder proposal at last year s 2017 annual meeting of shareholders). In selecting Meridian as its independent compensation consultant, the Compensation Committee assessed the independence of Meridian pursuant to SEC rules and considered, among other things, whether Meridian provides any other services to us, the policies of Meridian that are designed to prevent any conflict of interest between Meridian, the Compensation Committee and us, any personal or business relationship between Meridian and a member of the Compensation Committee or one of our executive officers and whether Meridian owns any shares of our common stock. Meridian is engaged by, and reports only to, the Compensation Committee and will perform the compensation advisory services requested by the Compensation Committee. Meridian does not provide any other services to the Company, and the Compensation Committee has concluded that we do not have any conflicts of interest with Meridian.

Our peer group for purposes of determining general 2017 compensation decisions consisted of the following twelve companies: Sanchez Energy Corp; Ring Energy Inc.; W&T Offshore Inc.; Abraxas Petroleum Corp/NV; Earthstone Energy Inc.; Jones Energy Inc.; Gastar Exploration Inc.; Exco Resources Inc.; Comstock Resources Inc.; Approach Resources Inc.; Petroquest Energy Inc.; and Rex Energy Corp. We believe that each of the peer companies has a similar market cap and are companies with which we compete for executive talent.

At our 2017 annual meeting of shareholders, we presented shareholders with a vote to approve, on an advisory basis, the compensation paid to our named executive officers as disclosed in the Executive Compensation section of our proxy statement relating to that meeting (referred to as a say-on-pay proposal). Approximately 96% of the votes cast on the say-on-pay proposal voted in favor of the proposal. We believe this strongly affirms shareholders support of our approach to executive compensation, and we did not make any material changes to our program solely due to the advisory vote received. At our 2016 annual meeting we also presented our shareholders with an advisory vote to approve the frequency that we would present our shareholders with a say-on-pay proposal, and we recommended that our shareholders approve an annual vote because we believe that periodic shareholder advisory votes on executive compensation are appropriate and our Compensation Committee values the feedback provided by our shareholders through such votes. Our shareholders agreed and provided an advisory vote for an annual say-on-pay proposal. We will take the advisory vote on say-on-pay that we conduct at this year s annual meeting into consideration when making compensation decisions in the future.

Elements of our Executive Compensation Program

General

The principal components of our executive compensation program include:

base salary;

short-term cash incentive compensation;

long-term equity-based incentive compensation;

severance benefits; and

other health and fringe benefits.

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Base Salary

We provide base salaries to our executive officers to compensate them for services rendered during the year at levels that we believe are competitive in the oil and gas industry and that are designed to allow us to attract, motivate and retain executive officers. Base salaries are a major component of the total annual cash compensation paid to our executive officers and are reviewed annually by the Compensation Committee. Unless delegated to the Compensation Committee, base salary determinations are made by our Board taking into consideration salary recommendations from the Compensation Committee. The Compensation Committee considers senior management s recommendations as to appropriate compensation for members of management reporting to them.

All of our executive officers were subject to employment agreements that provided for a fixed base salary during the 2017 year. The revised employment agreements we entered into with Messrs. Keel, Grady, Mengle and Atkins in late 2016 also contain a fixed base salary amount that is at the same level as the original 2013 agreements. These salaries were originally determined by the Compensation Committee and Board in 2013 in connection with the Merger after consultation with its then-current compensation consultant Longnecker & Associates and taking into account many factors, including:

- the responsibilities of the officer;
- the scope, level of expertise and experience required for the officer s position;
- the strategic impact of the officer s position;
- the potential future contribution and demonstrated individual performance of the officer; and
- salaries paid for comparable positions at similarly-situated companies.

The table discloses the annual base salaries for each of our named executive officers for the years 2015 to 2018, which were originally set mid-2013 for all executives other than Mr. Metcalf, who joined our company in 2017. The base salaries of all of our named executive officers other than Mr. Metcalf were held constant during the 2015 to 2018 years in recognition of conditions in the oil and gas industry and, as targeted by the Compensation Committee, remain comparable to the 50th percentile of our peer group as confirmed by our current compensation consultant, Meridian.

Name	**Base Salary for 2015 (1)**	**Base Salary for 2016 (1)**	**Base Salary for 2017**	**Base Salary for 2018**
Allan D. Keel	$ 600,000	$ 600,000	$ 600,000	$ 600,000
E. Joseph Grady	$ 400,000	$ 400,000	$ 400,000	$ 400,000
Jay S. Mengle	$ 300,000	$ 300,000	$ 300,000	$ 300,000
Thomas H. Atkins	$ 310,000	$ 310,000	$ 310,000	$ 310,000
James J. Metcalf Jr. (2)	N/A	N/A	$ 330,000	N/A

(1) In recognition of the difficult and uncertain conditions facing the oil and gas industry and our efforts to reduce cash general and administrative costs and to further align the interests of Company directors and employees with the interests of shareholders, effective September 1, 2015, we implemented a retainer fee and salary replacement program (the replacement program), which was applicable to our directors and named executive officers, as well as all other non-field employees. Pursuant to this program, each named executive officer s base salary was reduced by ten percent during the final four months of 2015. The amount of the 2015 base salary reduction for each of our named executive officers was replaced by an early 2016 award of shares of fully vested common stock (with the grant-date value of such shares approximately equal to the amount of the 2015 base salary reduction). The replacement program remained in place from January 1, 2016 to August 31, 2016 and impacted the amount of 2015 and 2016 base salary payments that were actually received by our named executive officers for each applicable pay period. The replacement program ended effective September 1, 2016, and the amount of the 2016 reduction was paid in cash to each of our named executive officers on September 16, 2016.

(2) Mr. Metcalf was not a named executive officer during the 2015 or 2016 years, and he resigned prior to the end of the 2017 year. We set Mr. Metcalf s base salary by analyzing his expected role and responsibilities within the company, and reviewing data within the Effective Compensation, Inc. Oil & Gas Exploration and Production Industry Compensation Survey for positions commensurate with his role. Like our other named executive officers, we targeted the 50^{th} percentile of peer compensation in setting his base salary.

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Annual Cash Incentive Compensation

Our 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 our Company attaining pre-determined performance measures. The annual incentive plan is governed by the 2009 Plan. The Compensation Committee retains the flexibility to make certain adjustments to the final awards for all employees, including our named executive officers, within the overall parameters of the plan, to better recognize the impact of their general contributions to the Company s success, individual strengths and individual efforts that each individual officer may have exerted on our behalf during the fiscal year. The Compensation Committee does not have the authority to increase the bonus over the calculated amount under the performance-based cash incentive plan for such individual performance goals, however, the Compensation Committee or Board has the authority to award additional discretionary amounts in recognition of specific contributions unrelated to the targets set for the performance-based cash incentive awards.

The Compensation Committee annually approves the performance metrics and quantitative goals that make up the cash incentive bonus awards, typically within the first three months of the applicable calendar year. The performance metrics and quantitative goals are reviewed annually by the Compensation Committee with input from our executive officers, advice from retained experts, when deemed appropriate, and adjusted, as needed, in order to reflect our current structure and operations. Each year a threshold, target and maximum goal are set for each individual metric. For 2017, the performance goal categories for our named executive officers consisted of the following metrics and relative weightings:

Elements of our 2017 Annual Cash Incentive Program

Performance Metric	Weight of Metric to Total Award	Threshold	Target	Maximum
Oil and Gas Production (1)	6%	19.7 Bcfe	21.9 Bcfe	24.0 Bcfe
Earnings before Interest, Taxes, Depreciation, Amortization and Exploration Expenses (EBITDAX) (2)	6%	$40.0 million	$44.4 million	$48.8 million
Total Cash Operating Costs (3)	6%	$50.7 million	$46.1 million	$41.5 million
Onshore Negative Reserve Revisions (4)	6%	-2.0 Bcfe	0	+ 4.0 Bcfe
Health, Safety and Environmental Costs (5)	6%	N/A	100% of goal	N/A
Shareholder Return	20%			
Relative Total Shareholder Return (6)		30th %ile	50th %ile	90th%ile
Absolute Total Shareholder Return (6)		<0%	0-15%	>15%
Strategic Initiatives (7)	50%		Discretionary	

(1) The oil and gas production goal is based on achievement of a targeted production level for the year. Performance levels are measured using a billion cubic feet of natural gas equivalent (utilizing a 6 to 1 conversion ratio) for oil

and natural gas liquids (Bcfe). Production targets for 2017 were lower than 2016 due to (a) standard declines in our production over the life of our wells, (b) only minor development of new wells during 2015 and 2016 due to the low and uncertain commodity price environment, and (c) the anticipation of brining on new wells in our West Texas asset acquired at the end of 2016 on an exploratory basis through a portion of 2017.

(2) EBITDAX represents net income (loss) before interest expense, taxes, and depreciation, depletion and amortization, and exploration expenses. It is a non-GAAP measure that we use as an approximation of cash flow from operations before tax. We typically determine EBITDAX by adding interest expense, income tax provision, depreciation, depletion and amortization and exploration expenses to net income. However, our definition of EBITDAX may differ from that of other companies and excludes exploration expenses, exploration dry hole costs and other non-cash charges normally considered expenses by oil and gas companies utilizing successful efforts method of accounting. We believe EBITDAX is a valuable measure of operating performance because it eliminates items that have less bearing on our operating performance and so highlights trends in our core business.

(3) This represents cash general and administrative expenses, direct lease operating expenses, expense workover costs and transportation and gathering costs, which measure our ability to efficiently maintain and operate our oil and gas properties while also containing costs.

(4) This measures our ability to maximize the productivity of, and to accurately estimate, our onshore proved reserves. Performance levels are measured using a billion cubic feet of natural gas equivalent (utilizing a 6 to 1 conversion ratio) for oil and natural gas liquids (Bcfe).

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(5) This measures our ability to promote a safe and healthy work environment and contain costs relating to health, safety and environmental exposures. This goal is comprised of numerous quantitative and qualitative safety metrics and is measured based on outperformance of our three-year trend for each of the metrics. There is only a target goal for this metric, no threshold or maximum. Where performance falls below target, no award is made for the respective metric(s). Where performance is above target, the award is made at target.

(6) This measures the Company s stock (NYSE American: MCF) performance relative to the peer group and is determined by ranking the Company s stock performance and peer performance at the beginning and end of the calendar year performance period to determine the percentile rank of the Company relative to the peer group. This measure is further modified by considering the absolute performance of the Company s stock for the same period, is reduced by half if there is negative shareholder return and can be multiplied by up to 1.5 for accretive shareholder return.

(7) This metric is dependent on the Compensation Committee s subjective evaluation of performance in accomplishing or progressing certain strategic initiatives. The factors established by the Compensation Committee to evaluate performance related to the discretionary award included the level of capital efficiency attributable to our development of our Southern Delaware Basin asset, total reserve additions per completed well, our internal rate of return attributable to well cost investment, total net reserves added during the year, and net acres added in the Permian basin.

Amounts potentially earned under the performance-based cash incentive awards are set at certain percentages of the participant s base salary. The employment agreements with our named executive officers provide that they are eligible to participate in our annual cash incentive bonus plan, and each executive s agreement sets for the target bonus amount as a percentage of salary. Although the employment agreements do not provide for a guaranteed minimum (referred to herein as threshold) or maximum award levels for each calendar year, with respect to the 2017 year the Compensation Committee established the additional performance levels based on base salary amounts set forth below. The bonus target levels, as a percentage of base salary, which each named executive officer is eligible to receive as an incentive bonus under their employment agreements, assuming performance goals are met, and threshold and maximum levels established for 2017 are as follows:

Name	**Threshold**	**Target**	**Maximum**
Allan D. Keel	50%	100%	150%
E. Joseph Grady	50%	100%	150%
Jay S. Mengle	50%	80%	120%
Thomas H. Atkins	50%	80%	120%
James J. Metcalf Jr.	50%	80%	120%

Should our financial and operating results meet or exceed either the pre-determined threshold, target and maximum values assigned a particular performance category (with linear interpolations between each level), then each named executive officer is generally paid a corresponding percentage of his annual salary amount for that metric. As noted above, the Compensation Committee retains the right to make what it determines to be appropriate adjustments to actual performance results for the year, to the extent it believes that adjustments are warranted. For example, in determining the actual level of EBITDAX for a particular year, it may exclude the effects of certain non-cash income/expense items such as the mark to market benefit/charge to our results of operations required by FASB ASC Topic 815, Derivatives and Hedging, non-cash charges to our results of operations related to FASB ASC Topic 718 or the variance in EBITDAX caused by the variance between actual NYMEX benchmark oil and gas prices and the forecasted NYMEX benchmark prices incorporated into the performance goals (since NYMEX prices are largely not within management s control).

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We satisfied each of the company performance metrics for the 2017 year as follows:

Performance Metric	Percentage of Target Goal Achieved for Metric	Approximate Weighted Percentage of Target Award Level Earned for Metric (1)	Approximate Percentage of Total Award Attributable to Metric (1)
Oil and Gas Production	93.6%	4.1%	11%
Earnings before Interest, Taxes, Depreciation, Amortization and Exploration Expenses	90.7%	3.2%	8%
Total Cash Operating Costs	97.0%	5.1%	13%
Onshore Negative Reserve Revisions	161%	7.8%	20%
Health, Safety and Environmental Costs	83.0%	5.0%	13%
Total Shareholder Return	0%	0%	0%
Discretionary-Strategic Initiatives (2)	N/A	13.5%	35%
Total			100%

(1) Percentage of Target Award Level Earned for Metric and Percentage of Total Award Attributable to Metric provided in this table represent the awarded amounts for our President/CEO. The levels for the other NEO s will be slightly different because of differences in their overall bonus opportunity levels.

(2) The Compensation Committee made a subjective determination to award 13.5% of the strategic initiative oriented discretionary award for the 2017 year (27% of the target award level). Among the factors considered by the Compensation Committee when evaluating this award were the Company s achievement of reserve additions per completed well in close alignment to target, significant increases in total net reserves added for the Southern Delaware Basin development over what was originally estimated when acquiring the acreage, and the addition of strategic acreage that consolidated the company s position to allow for more operated wells to be included in our drilling inventory.

The performance-based cash incentive awards to each named executive officer for the 2017 year are reflected within the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table. The awards were paid in March 2018. A summary of 2017 target and actual award levels compared to 2016 target and actual award levels as a percentage of base salary are reflected in the table below, showing a reduction in awards year over year.

Named Executive Officer (1)	2016 Target Award %	2016 Actual Award %	2017 Target Award %	2017 Actual Award %
Allan D. Keel	100%	72.7%	100%	38.7%

E. Joseph Grady	90%	72.8%	100%	43.7%
Jay S. Mengle	80%	74.2%	80%	48.4%
Thomas H. Atkins	80%	74.2%	80%	40.1%

(1) The amounts included in this table represent the performance-based cash incentive bonuses awarded to our named executive officers for 2017 as a percentage of base salary. Mr. Metcalf was no longer employed at the time that bonuses were paid and has been excluded from the table.

Long Term Equity Incentive Compensation

In addition to the annual cash incentive awards described above, our 2009 Plan also allows us to grant equity-based incentive awards to our named executive officers and other eligible employees. We have adopted a long-term equity award program under the 2009 Plan (the LTIP) pursuant to which each of our employees, including our named executive officers, is eligible to participate. The annual equity awards contemplated by the LTIP will provide the named executive officers with a longer-term stake in our Company. The equity awards granted under the LTIP are intended to act as a long-term retention tool and align employee and stockholder interests by increasing compensation as stockholder value increases.

In October 2016 our Board determined to modify our annual equity program. The Compensation Committee first desired to clarify the award process by granting equity-based awards on a look-forward basis, a trend within the oil and gas industry, rather than a look-back policy that had existed in prior years. LTIP awards will be granted as an incentive to superior performance in future years, which will be accomplished by having the awards subject to both time-based and performance-based vesting conditions.

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The second change the Compensation Committee made in October 2016 was the inclusion of a performance-based vesting component to our equity grants. The Board determined that the annual equity awards granted pursuant to the LTIP should be granted 50% in time-based restricted stock awards that vest in three annual installments, and 50% in performance-based restricted stock unit awards. The performance period for the performance awards will be three years. With respect to our 2017 awards, our total shareholder return (TSR) will be measured against the TSR performance of a group of the following twenty-one peer companies:

Abraxas Petroleum Corp.

Approach Resources, Inc.

Bill Barrett Corp.

Callon Petroleum Co.

Carrizo Oil & Gas, Inc.

Denbury Resources, Inc.

Energen Corp.

EP Energy Corp.

Extraction Oil & Gas Inc.

Halcon Resources Corp.

Laredo Petroleum, Inc.

Matador Resources Co.

Murphy Oil Corp.

Oasis Petroleum, Inc.

QEP Resources, Inc.

Sanchez Energy Corp.

SM Energy Co.

Synergy Resources Corp.

W&T Offshore, Inc.

Whiting Petroleum Corp.

WPX Energy, Inc.

At the end of the three-year period, the TSR for us and each peer company is ranked highest to lowest, with a percentile rank assigned to each company and a payout percentage (as applied to target) as determined below:

MCF Percentile Rank	***Payout as % of Target Award (Adjusted Target Award)***
90^{th} percentile or above more	200%
70^{th} percentile	150%
50^{th} percentile	100%
30^{th} percentile	50%
Less than 30^{th} percentile	0%

TSR for the 2017 performance-based restricted stock unit awards shall be calculated as follows:

TSR = End of Period Share Price (1)   Beginning of Period Share Price (2) + Dividends (3)

Beginning of Period Share Price (2)

(1) Calculated as the twenty-day volume weighted average of the high and low stock price (VWAP) during the last twenty days of the performance period.

(2) Calculated as the twenty-day volume weighted average of the high and low stock price (VWAP) during the last twenty days immediately preceding the performance period.

(3) Assumes dividends are reinvested on a daily basis.

Following a determination of the performance level achieved according to our peers, the performance-based restricted stock unit awards will be subject to a further TSR-based multiplier that is dependent solely upon our TSR performance for the applicable performance period as follows:

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Annualized Contango TSR	*Multiplier*
<0%	50%
0-15%	100%
>15%	150%

The number of time-based restricted stock and the target number of performance-based restricted stock unit awards granted to our named executive officers during the 2017 year are reflected below:

Named Executive Officer	Restricted Stock (#) (1)	Restricted Stock Value on Grant Date ($)(2)	Performance Based Restricted Stock Units (Target #)(3)	Performance-Based Restricted Stock Units Value on Grant Date ($)(2)	Total Target Value on Grant Date
Allan D. Keel	66,859	507,460	66,859	930,009	1,437,469
E. Joseph Grady	31,201	236,816	31,201	434,006	670,822
Jay S. Mengle	20,057	152,233	20,058	279,007	431,239
Thomas H. Atkins	20,726	157,310	20,726	288,299	445,609
James J. Metcalf Jr. (4)	52,063	400,858	52,064	556,510	957,368

(1) The restricted stock awards reflected vest in three equal annual increments commencing on the first anniversary of the grant date (April 18, 2017), according to the following schedule: 33% (year 1), 33% (year 2), and 34% (year 3).

(2) Value was determined in accordance with the same grant date accounting principles used to report stock and stock unit grants within the Summary Compensation Table below.

(3) The performance-based restricted stock units reflected were granted April 18, 2017 and vest at the end of a three-year performance period beginning January 1, 2017 and ending December 31, 2019. The actual number of shares that may ultimately be granted will range from 0% to 300% of the original units granted depending upon the Company s TSR performance against selected peers and whether that performance is positive over the period. Share amounts shown for performance-based restricted stock units reflect the target award level.

(4) Includes new hire stock award granted on February 6, 2017 of 30,000 restricted shares which were scheduled to vest in three equal annual increments commencing on the first anniversary of the grant date, according to the following schedule: 33% (year 1), 33% (year 2), and 34% (year 3), and 30,000 performance-based restricted stock units subject to the same vesting outlined in footnote 3. Mr. Metcalf forfeited all awards upon his separation from employment.

Severance Benefits

Each of the current employment agreements with our named executive officers provide for severance payments upon a termination for any reason other than cause, including termination pursuant to a change of control. These agreements also provide for the accelerated vesting of certain equity awards in the event of an involuntary termination in connection with a change of control. We believe that the executive officers should be provided an incentive to consummate a change of control that would generate attractive returns for our stockholders. Without such an incentive, the executive officers may not diligently pursue such opportunities. In addition, severance provisions were included as a means of attracting and retaining executives and to provide replacement income if their employment is terminated under certain circumstances. Each employment agreement contains similar but not identical provisions regarding severance payments and relevant provisions of those agreements are provided in the section titled Executive Compensation Potential Payments upon Termination or Change of Control.

Other Benefits

Our named executive officers are eligible to participate in all of our employee benefit plans, such as medical, dental, vision, group life, short and long-term disability, and our 401(k) plan, in each case, on the same basis as other employees, subject to applicable laws. We also provide vacation and other paid holidays to all employees, including our named executive officers. We pay membership dues for private clubs for two of our named executive officers as these memberships are intended to be used in part for business entertainment purposes.

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Other Matters

Tax Considerations

Although our Compensation Committee considers the tax and accounting treatment associated with the cash and equity grants it makes, these considerations are not dispositive. In 2017 Section 162(m) of the Code placed a limit of $1.0 million per person on the amount of compensation that we may deduct in any year with respect to our chief executive officer and our three most highly compensated executive officers other than the chief executive officer and the chief financial officer. There was an exemption from the $1.0 million limitation for performance-based compensation that met certain requirements. Our benefit plans were generally designed to permit compensation to be structured to meet the qualified performance-based compensation exception, although beginning in 2018 the performance-based compensation exception was eliminated from Section 162(m) of the Code for arrangements that are not deemed to be grandfathered pursuant to the Tax Cuts and Jobs Act. To maintain flexibility in compensating named executive officers in a manner designed to promote varying company goals, our Compensation Committee has not adopted a policy requiring all compensation to be deductible. The Compensation Committee therefore retains the ability to evaluate the performance of our executive officers and to pay appropriate compensation, even if some of it may be non-deductible, to ensure competitive levels of total compensation is paid to certain individuals.

We account for stock-based awards based on their grant date fair value, as determined under FASB ASC Topic 718. In connection with its approval of stock-based awards, the Compensation Committee is cognizant of and sensitive to the impact of such awards on stockholder dilution and our financial statements.

Risk Considerations in our Overall Compensation Program

When establishing and reviewing our executive compensation program, the Compensation Committee has considered whether the program encourages unnecessary or excessive risk taking and has concluded that it does not. While behavior that may result in inappropriate risk taking cannot necessarily be prevented by the structure of compensation practices, we believe that our compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on us. Our compensation program is comprised of both fixed and incentive-based elements. The fixed compensation (i.e., base salary) provides reliable, foreseeable income that mitigates the focus of our employees on our immediate financial performance or our stock price, encouraging employees to make decisions in our best long-term interests. The incentive components are designed to be sensitive to our short- and long-term goals, performance and stock price. In combination, we believe that our compensation structures do not encourage our officers and employees to take unnecessary or excessive risks in performing their duties. In conclusion, we believe that our compensation policies and practices for all employees, including executive officers, do not create risks that are reasonably likely to have a material adverse effect on our company.

COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Board of Directors of Contango Oil & Gas Company has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement.

THE COMPENSATION COMMITTEE

B. James Ford (Chairman)

B.A. Berilgen

Charles M. Reimer

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

No member of the Compensation Committee is or was during 2017 an employee, or is or ever has been an officer, of the Company or its subsidiaries. No executive officer of the Company has served as a director or a member of the compensation committee of another company whose executive officers serve as a member of the Company s Board or Compensation Committee.

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EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth the compensation and benefits that were paid to or earned by our named executive officers for years 2015, 2016 and 2017.

Name and Principal Position	Year	Salary ($)(1)	Bonus ($)(2)	Stock Awards ($)(3)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)(4)	All Other Compensation ($)(5)	Total ($)
Allan D. Keel	2017	600,000		1,437,469		232,218	50,840	2,320,526
Chief Executive Officer	2016	600,000	145,410	2,281,146		290,819	50,212	3,367,587
and President	2015	580,000		975,336		108,800	51,014	1,715,151
E. Joseph Grady	2017	400,000		670,822		174,812	45,235	1,290,868
Senior Vice President	2016	400,000	87,348	1,089,702		174,696	51,394	1,803,140
and Chief Financial Officer	2015	386,667		480,212		65,800	53,220	985,899
Jay S. Mengle	2017	300,000		431,239		116,275	33,647	881,162
Senior Vice President	2016	300,000	59,330	816,602		118,659	33,792	1,328,383
Engineering	2015	290,000		357,847		45,400	34,328	727,574
Thomas H. Atkins	2017	310,000		445,609		99,484	34,855	889,948
Senior Vice President	2016	310,000	61,307	606,638		122,615	40,099	1,140,659
Exploration	2015	299,667		369,781		46,900	43,630	759,977
James J. Metcalf Jr. Senior Vice President Operations	2017	193,980		957,368			13,041	1,164,390

(1) For 2015 and 2016, the amounts included in this column reflect application of the replacement program.

(2) The amounts included in this column represent the discretionary portion of the cash incentive bonus awarded to our named executive officers for 2016.

(3) This column reflects a combination of equity-based awards made during 2017. The amounts reported in this column reflect the aggregate grant date fair value of all restricted stock and performance-based restricted stock units granted during fiscal 2017, computed in accordance with FASB ASC Topic 718, excluding the effect of estimated forfeitures. See note 7 to our consolidated financial statements for the fiscal year ended December 31, 2017 included in our Annual Report on Form 10-K for a discussion of the assumptions used in determining the FASB ASC Topic 718 grant date fair value of these awards. Although the grant date value is reported for Mr. Metcalf, he forfeited the equity awards granted to him upon his resignation in September 2017.

(4) The amounts included in this column represent the performance-based cash incentive bonuses awarded to our named executive officers for 2015, 2016 and 2017. Mr. Metcalf was no longer employed at the time that bonuses were paid.

(5) For 2017, the amounts included in this column are attributable as follows:

Total ($)

	Matching 401(k) Contributions ($)	Insurance Premiums* ($)	ORRI Payments** ($)	Club Dues***($)	
Allan D. Keel	16,200	15,323		19,317	50,840
E. Joseph Grady	16,200	25,679		3,356	45,235
Jay S. Mengle	16,200	17,447			33,647
Thomas H. Atkins	16,200	17,447	1,208		34,855
James J. Metcalf Jr.	10,814	2,228			13,041

* Represents premium payments made on behalf of the executive officers for medical, dental, vision, life and accidental death and dismemberment insurance and long-term disability insurance.

** Mr. Atkins receives royalty payments attributable to overriding royalty interests granted to him pursuant to an Overriding Royalty Interest Plan that was previously maintained by Crimson and terminated in 2010. Mr. Atkins also received royalty payments from third-party operators attributable to overriding royalty interests granted to him pursuant to the Crimson Overriding Royalty Interest Plan; such amounts are not reflected above.

*** Represents payments made on behalf of the executive officers for membership dues at private clubs.

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Grants of Plan-Based Awards during the Year Ending December 31, 2017

		Estimated Possible Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards				
Name	**Grant Date**	**Threshold ($)**	**Target ($)**	**Maximum ($)**	**Threshold (#)**	**Target (#)**	**Maximum (#)**	**All Other Stock Awards: Number of Shares (#)**	**Grant Date Fair Value of Stock and Option Awards ($)**
Allan D. Keel	4/18/2017(1)								