

CONTANGO OIL & GAS CO
Form 4
August 01, 2006

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
WILLIAMS DARRELL W

2. Issuer Name and Ticker or Trading Symbol
CONTANGO OIL & GAS CO [MCF]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)
07/28/2006

Director 10% Owner
 Officer (give title below) Other (specify below)

3700 BUFFALO SPEEDWAY, SUITE 960

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

HOUSTON, TX 77098

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code | | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|---------------------|---|---|------------|---|--|-----------------------------------|
| | | | Code | V | Amount | (A) or (D) | | | |
| Common Stock | 07/28/2006 | | G | | 10,454 | D | \$ 0 | 147,224 | D |
| Common Stock | 07/28/2006 | | S | | 500 | D | \$ 13.39 | 146,724 | D |
| Common Stock | 07/28/2006 | | S | | 1,500 | D | \$ 13.38 | 145,224 | D |
| Common Stock | 07/28/2006 | | S | | 300 | D | \$ 13.38 | 144,924 | D |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474
(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | 8. Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|-------------------------------|
| Stock Option (Right to buy) | \$ 3.08 | 07/28/2006 | | D | 1,000 | 03/31/2003 03/31/2008 | Common Stock | 1,000 |
| Stock Option (Right to buy) | \$ 4.09 | 07/28/2006 | | D | 1,000 | 06/30/2003 06/30/2008 | Common Stock | 1,000 |
| Stock Option (Right to buy) | \$ 4.15 | 07/28/2006 | | D | 1,000 | 09/29/2003 09/29/2008 | Common Stock | 1,000 |
| Stock Option (Right to buy) | \$ 6.99 | 07/28/2006 | | D | 1,000 | 12/31/2003 12/31/2008 | Common Stock | 1,000 |
| Stock Option (Right to buy) | \$ 7.75 | 07/28/2006 | | D | 2,000 | 03/31/2004 03/31/2009 | Common Stock | 2,000 |
| Stock Option (Right to buy) | \$ 6.65 | 07/28/2006 | | D | 2,000 | 06/30/2004 06/30/2009 | Common Stock | 2,000 |
| Stock Option (Right to buy) | \$ 6.68 | 07/28/2006 | | D | 1,000 | 09/30/2004 09/30/2009 | Common Stock | 1,000 |

buy)

Stock

Option
(Right to
buy)

\$ 7.24

07/28/2006

D

1,000

12/31/2004

12/31/2009

Common
Stock

1,000

\$

Stock

Option
(Right to
buy)

\$ 8.35

07/28/2006

D

2,000

03/31/2005

03/31/2010

Common
Stock

2,000

\$

Stock

Option
(Right to
buy)

\$ 9.2

07/28/2006

D

2,000

06/30/2005

06/30/2010

Common
Stock

2,000

\$

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| WILLIAMS DARRELL W 3700 BUFFALO SPEEDWAY SUITE 960 HOUSTON, TX 77098 | X | | | |

Signatures

Sergio Castro, Attorney-in-Fact for Darrell W.
Williams

08/01/2006

__Signature of Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

- (1) The option was cancelled by mutual agreement of the reporting person and Contango Oil & Gas Company. The reporting person received a total of \$91,190 as consideration for all the cancellations
- (2) The vested portion of the option was cancelled by mutual agreement of the reporting person and Contango Oil & Gas Company. The reporting person received a total of \$91,190 as consideration for all the cancellations

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.