

CONTANGO OIL & GAS CO
 Form 4
 May 27, 2010

FORM 4

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

OMB APPROVAL

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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 *
REIMER CHARLES M

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)
 3700 BUFFALO SPEEDWAY,
 SUITE 960

3. Date of Earliest Transaction (Month/Day/Year)
 05/25/2010

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

(Street)
 HOUSTON, TX 77098

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

(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 (Instr. 8) | 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 Indirect Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|----------------------------------------------------------|--------------------------------------------|
| | | | | (A) or (D) | Price | | |
| | | | | Code | V | Amount | |
| Common Stock | 05/25/2010 | | S | D | 23,315 | \$ 47.66 | 82,625 D |
| Common Stock | 05/26/2010 | | S | D | 23,118 | \$ 48.07 | 59,507 D |

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

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SEC 1474 (9-02)

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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 Security (Instr. 3 and 4) | Amount or Number of Shares |
|--------------------------------------------|--------------------------------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-----------------------------------------------------------------------------------------|----------------------------------------------------------|-------------------------------------------------------------|----------------------------|
| Forward Sale Contract (Obligation to Sell) | <u>(1)</u> <u>(2)</u> | 05/25/2010 | | J ⁽¹⁾⁽²⁾ | 25,000 | 05/25/2010 05/25/2010 | Common Stock | 23,3 |
| Forward Sale Contract (Obligation to Sell) | <u>(1)</u> <u>(2)</u> | 05/26/2010 | | J ⁽¹⁾⁽²⁾ | 25,000 | 05/26/2010 05/26/2010 | Common Stock | 23,1 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---------------------------------------------------------------------------|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| REIMER CHARLES M 3700 BUFFALO SPEEDWAY, SUITE 960 HOUSTON, TX 77098 | X | | | |

Signatures

Sergio Castro, Attorney-in-Fact for Charles M. Reimer
 Date: 05/27/2010
 **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).
- On May 19, 2009, the reporting person entered into a prepaid variable forward sale contract with an unaffiliated third party buyer. The contract obligates the reporting person to deliver to the buyer up to 100,000 shares of MCF common stock (or, at the reporting person's election, an equivalent amount of cash based on the market price of MCF common stock at that time) on the maturity date of the contract (May 21, 24, 25, 26, 2010). In exchange for assuming this obligation, the reporting person received a cash payment of \$3,875,081.26 as of the date of entering into the contract. The reporting person pledged 100,000 shares of MCF common stock (the "Pledged Shares") to secure his obligation under the contract, and retained dividend and voting rights in the Pledged Shares during the term of the pledge. The number of shares of MCF common stock to be delivered to the buyer on the maturity date is to be determined as explained in Footnote 2.

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The number of shares of MCF common stock to be delivered to the buyer on the maturity date is to be determined as follows: (a) if the average of the closing price of MCF common stock on the 20 days immediately preceeding the maturity date (the "Settlement Price") is less than or equal to \$44.45 (the "Initial Share Price"), the reporting person will deliver to the buyer all of the Pledged Shares; (b) if the Settlement Price is between the Initial Price and \$57.78 (the "Cap Price"), the reporting person will deliver to the buyer a number of shares of MCF common stock having a value (based on the then market price) equal to \$4,444,920; and (c) if the Settlement Price is greater than the Cap Price, the reporting person will retain a number of shares of MCF common stock having a value (based on the then market price) equal to \$1,333,480, and will deliver to the buyer the balance of the 100,000 shares of MCF common stock.

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.