

CONTANGO OIL & GAS CO
Form DEFM14A
August 23, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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 pursuant to § 240.14a-12

CONTANGO OIL & GAS COMPANY

(Name of Registrant as Specified in its Charter)

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

Payment of filing fee (check the appropriate box):

- x 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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- .. Fee paid previously with preliminary materials.
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JOINT PROXY STATEMENT/ PROSPECTUS

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

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

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

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

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

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

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

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

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

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

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

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

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