

CONTANGO OIL & GAS CO
Form PRE 14A
April 12, 2019
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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:

(2) Aggregate number of securities to which transaction applies:

(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):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(3) Filing Party:

(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 JUNE 14, 2019

Dear Contango Stockholder:

[]

We are pleased to invite you to attend the 2019 Annual Meeting of Stockholders of Contango Oil & Gas Company. The Annual Meeting will be held on June 14, 2019, at 9:30 a.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, 2018, 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,

Wilkie S. Colyer, Jr.

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 JUNE 14, 2019

The 2019 Annual Meeting of Stockholders (the Annual Meeting) of Contango Oil & Gas Company, a Delaware corporation (the Company), will be held on June 14, 2019, at 9:30 a.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 the six directors named in the proxy statement to our Board until the 2020 Annual Meeting of Stockholders;
- (2) the ratifying of the appointment of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019;
- (3) the holding of an advisory vote on named executive officer compensation;
- (4) the approval of the reincorporation of the Company from the State of Delaware to the State of Texas, and
- (5) 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 May 7, 2019 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,

Sergio Castro

Vice President, Treasurer and Assistant Secretary

Houston, Texas

[]

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS

FOR THE STOCKHOLDER MEETING TO BE HELD ON JUNE 14, 2019

The Notice of Annual Meeting of Stockholders, the Proxy Statement for the 2019 Annual Meeting of Stockholders and the Annual Report to Stockholders for the year ended December 31, 2018 are available at

www.proxyvote.com

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CONTANGO OIL & GAS COMPANY

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CONTANGO OIL & GAS COMPANY

717 TEXAS AVENUE, SUITE 2900

HOUSTON, TEXAS 77002

(713) 236-7400

PROXY STATEMENT

FOR

THE 2019 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 2019 Annual Meeting of Stockholders (the Annual Meeting) to be held on June 14, 2019, 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 May 9, 2019. Our Annual Report on Form 10-K (the Annual Report) covering the year ended December 31, 2018 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 the six directors named herein to our Board, each for a term ending on the date of the 2020 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 for the fiscal year ending December 31, 2019 (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), (4) the approval of the reincorporation of the Company from the State of Delaware to the State of Texas (this proposal is referred to as the Reincorporation Proposal), and (5) 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 or, if applicable, their bank or broker 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.

If you own shares of stock through a bank, broker or other nominee, please notify that entity if you no longer wish to participate in householding and would prefer to receive a separate copy of these materials, or if you are receiving duplicate copies of these materials and wish to have householding apply.

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 May 7, 2019 (the Record Date). The Record Date is established by our Board as required by Delaware law. On the Record Date, we had [] 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.

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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.

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 June 13, 2019.

By Telephone. 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 June 13, 2019.

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.

How can I attend the Annual Meeting in person?

You are entitled to attend the Annual Meeting only if you are a stockholder as of the close of business on the Record Date, or hold a valid proxy for the meeting. In order to be admitted to the Annual Meeting, you must present proof of ownership of Contango Common Stock on the Record Date. Stockholders and proxy holders must also present a form of photo identification such as a driver's license. We will be unable to admit anyone who does not

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present identification or refuses to comply with our security procedures. No cameras, recording equipment, electronic devices, large bags, briefcases or packages will be permitted in the Annual Meeting.

For directions to the Annual Meeting, you may contact our Investor Relations Department, at 717 Texas Avenue, Suite 2900, Houston, Texas 77002, or call at (713) 236-7400.

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 June 13, 2019;

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.

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*). 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*) or Proposal 4 (*The Reincorporation Proposal*).

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You may vote **FOR**, **AGAINST** or **ABSTAIN** with respect to each of the proposals presented.

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 and abstentions 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, 2019 requires the affirmative vote of a majority of the voting power of the outstanding Common Stock present in person or represented by proxy at the Annual Meeting and entitled to vote thereon. Abstentions will be counted as a vote **AGAINST** this proposal. Broker non-votes 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 a majority of the voting power of the outstanding Common Stock present in person or represented by proxy at the Annual Meeting and entitled to vote thereon. Abstentions will be counted as a vote **AGAINST** this proposal. Broker non-votes 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 *Executive Compensation*, which discusses how our executive compensation program is structured.

Proposal 4 (The Reincorporation Proposal): Approval of the Reincorporation Proposal requires the affirmative vote of a majority of the voting power of the outstanding Common Stock entitled to vote thereon. Abstentions and broker non-votes will be counted as a vote **AGAINST** this proposal.

Our Board has appointed Wilkie S. Colyer, Jr. 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, 2019;

FOR the advisory vote to approve named executive officer compensation; and

FOR the reincorporation of the Company from the State of Delaware to the State of Texas.

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.

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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 \$20,000, 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 2020 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 2020 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 nine meetings during 2018. During 2018, our directors attended 100% 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 2018 Annual Meeting of Stockholders, all of the 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, John C. Goff, Lon McCain and Joseph J. Romano 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 2018, 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, as financially literate 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 2018. 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 2018 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. Meridian reviewed the Company's compensation against other comparable companies. Furthermore, the services that Meridian performed for the Compensation Committee with respect to the 2018 year are described in more detail below following the Summary Compensation Table.

The Compensation Committee also 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. Our 2018 peer group consisted of the following companies:

Abraxas Petroleum Corporation
Amplify Energy Corp.
Comstock Resources, Inc.
Gastar Exploration Inc.
Goodrich Petroleum Corporation
Jones Energy, Inc.

Lonestar Resources US Inc.
PetroQuest Energy, Inc.
SilverBow Resources, Inc.
Vanguard Natural Resources, Inc.
W&T Offshore, Inc.

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During 2018, the members of the Compensation Committee were Messrs. Ford (Committee Chairman), Berilgen and Reimer. Each member of the Compensation Committee during 2018 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 2018. For the year ending December 31, 2019, Mr. Romano, assuming reelection to the Board, is expected to assume the Compensation Committee role previously held by Mr. Reimer.

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, when considering candidates for election to the Board, 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 2018, the members of the Nominating Committee were Messrs. Berilgen (Committee Chairman), Reimer and McCain. Each member of the Nominating Committee during 2018 was independent as defined in the applicable rules of the NYSE American and the SEC. The Nominating Committee held one meeting during 2018. For the year ending December 31, 2019, Mr. Goff, assuming reelection to the Board, is expected to assume the Nominating Committee role previously held by Mr. Reimer.

In identifying prospective director candidates, the Nominating Committee may seek referrals from its members, management, stockholders and other sources. The Nominating Committee also may, but need not, retain a search firm in order to assist it in identifying candidates to serve as directors of the Company. 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 2020 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 Colyer. The Investment Committee did not hold any formal meetings during 2018 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*. If the Board grants any waivers from our code of ethics to any of our directors or executive officers, or if we amend our code of ethics, we will, if required, disclose these matters through our website within four business days of such waiver or amendment.

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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. Colyer 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 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) for consideration should the communication fall within the scope of matters generally considered by our Board.

Table of Contents**EXECUTIVE OFFICERS**

The following table sets forth the names, ages and titles, as of April 8, 2019, of each of our executive officers.

Name	Age	Position
Wilkie S. Colyer, Jr.	34	President, Chief Executive Officer and Director
E. Joseph Grady	66	Senior Vice President and Chief Financial Officer
Michael J. Autin	60	Vice President of Operations

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 Vice President of Operations. The executive officer profiles exclude Thomas H. Atkins who served as Senior Vice President – Exploration until his resignation from such position on February 4, 2019.

Wilkie S. Colyer, Jr. Mr. Colyer’s biographical information may be found on page 25 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 Peltco 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.

Michael J. Autin Mr. Autin joined us in May 2012 as Vice President of Production and was named Vice President of Operations in March 2019. Mr. Autin has over 33 years of experience in the petroleum industry including the Gulf of Mexico and U.S onshore shale. He has held various positions including Production Manager, HSE Manager and Offshore Installation Manager. Prior to joining Contango, Mr. Autin was employed by BHP Billiton since October 2000, where most recently he was Gulf of Mexico Operations Manager, Field Manager and Operations Advisor. Mr. Autin attended Nicholls State University where he studied petroleum, safety and business. He received a Bachelor of Science degree in 1986.

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.

Table of Contents**EXECUTIVE COMPENSATION**

The following disclosures may contain 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

We are currently considered a smaller reporting company for purposes of the SEC's executive compensation disclosure rules. In accordance with such rules, we are required to provide a Summary Compensation Table and an Outstanding Equity Awards at Fiscal Year End Table, as well as limited narrative disclosures. Further, our reporting obligations extend only to the individuals serving as our chief executive officer and our two other most highly compensated executive officers. With respect to the 2018 year, we had two individuals serving as our chief executive officer, upon the resignation of Mr. Keel and the appointment of Mr. Colyer as our Chief Executive Officer in August 2018. We refer to the four individuals below as our named executive officers for the year ended December 31, 2018.

Name	Principal Position in 2018
Wilkie S. Colyer, Jr.	President and Chief Executive Officer
Allan D. Keel	Former President and Chief Executive Officer
E. Joseph Grady	Senior Vice President and Chief Financial Officer
Thomas H. Atkins	Senior Vice President Exploration

Mr. Keel announced his resignation in August 2018, and his last day as an employee was September 13, 2018. Mr. Atkins departed on February 4, 2019. Although no longer employed by us at the time of this filing, the former executive officers are still considered to be named executive officers for the 2018 year pursuant to SEC disclosure rules and will be included in the compensation disclosures below.

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 2017 and 2018, as applicable to years that they were serving in the capacity as a named executive officer.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Non-Equity Incentive			Total (\$)	
				Stock Awards (\$)(1)	Option Awards (\$)	Plan Compensation (\$)(2)		All Other Compensation (\$)(3)
Wilkie S. Colyer, Jr. President and Chief Executive Officer	2018	114,807				33,488	5,940	154,235
Allan D. Keel	2018	420,768		975,398		105,916	1,859,732	3,361,814

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Chief Executive Officer and President	2017	600,000	1,437,469	232,218	50,840	2,320,526
E. Joseph Grady	2018	400,000	464,475	116,675	17,935	999,085
Senior Vice President and Chief Financial Officer	2017	400,000	670,822	174,812	45,235	1,290,868
Thomas H. Atkins	2018	310,000	359,971		19,129	689,100
Senior Vice President Exploration	2017	310,000	445,609	99,484	34,855	889,948

- (1) This column reflects a combination of equity-based awards made during 2017 and 2018. For fiscal year 2018, the amounts reported in this column reflect the aggregate grant date fair value of all restricted stock and performance-based restricted stock units granted at target, 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, 2018 included in our Annual Report on Form 10-K for a discussion of the assumptions used in determining the FASB ASC

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Topic 718 grant date fair value of these awards. The breakout of the 2018 grant date fair value of these awards between restricted stock and performance-based restricted stock units at maximum performance levels is as follows:

Allan D. Keel \$309,251 for restricted stock and \$1,998,439 for performance-based units.

E. Joseph Grady \$147,263 for restricted stock and \$951,638 for performance-based units.

Thomas H. Atkins \$114,129 for restricted stock and \$737,525 for performance-based units.

- (2) The amounts included in this column represent the performance-based cash incentive bonuses awarded to our named executive officers for 2017 and 2018.
- (3) For 2018, the amounts included in this column are attributable as follows:

	Matching 401(k) Contributions (\$)	Life Insurance Premiums (\$)	Severance (\$)	ORRI Payments* (\$)	Total (\$)
Wilkie S. Colyer, Jr.	5,250	690			5,940
Allan D. Keel	16,500	1,242	1,841,990		1,859,732
E. Joseph Grady	16,500	1,435			17,935
Thomas H. Atkins	16,500	1,656		973	19,129

* 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.

Narrative following Summary Compensation Table***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 compensation levels and incentive pay levels vary based on the achievement of company-wide performance objectives and individual performance. 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.

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 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.

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At the beginning of 2018, the Compensation Committee engaged Meridian Compensation Partners, LLC (Meridian). Meridian assisted the Compensation Committee in 2018 with the following items: determining appropriate salary levels for the named executives, determining appropriate cash performance-based incentive bonuses for the 2017 year to be paid in 2018, determining an appropriate peer group with respect to general 2018 compensation (listed below), determining an appropriate peer group for our performance-based equity awards (listed below), creating a cash bonus structure for the 2018 year, providing guidance on 2018 equity-based incentive award levels and award design pursuant to our Second Amended and Restated 2009 Incentive Compensation Plan (the 2009 Plan). In past years we have maintained two separate peer groups: one for general compensation purposes and one to act as a comparison group for a portion of our equity-based incentive awards. With respect to the 2018 year, Meridian assisted us in combining those two groups into a single peer group that we used for all compensation purposes.

To create the Peer Group we considered companies with similar revenue, reserves, production, market capitalization, enterprise value, region, capital expenditure, and the daily dollar value of stock trading. We also believe that we compete with these companies for executive talent:

Abraxas Petroleum Corporation	Lonestar Resources US Inc.
Amplify Energy Corp.	PetroQuest Energy, Inc.
Comstock Resources, Inc.	SilverBow Resources, Inc.
Gastar Exploration Inc.	Vanguard Natural Resources, Inc.
Goodrich Petroleum Corporation	W&T Offshore, Inc.
Jones Energy, Inc.	

Elements of our Executive Compensation Program

Base Salary

Our executive officers were subject to employment agreements that provided for a fixed base salary during portions of the 2018 year, with the exception of Mr. Colyer. Although Messrs. Keel and Atkin s agreements expired during 2018, the Compensation Committee did not modify their base salaries, maintaining the same levels as in effect at the beginning of 2018.

We do not maintain a formal employment agreement with Mr. Colyer. The Board set Mr. Colyer s initial base salary at the time he was appointed to act as our Interim President and Chief Executive Officer in August 2018.

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 2018, the performance goal categories for our named executive officers consisted of the following metrics and relative weightings:

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Metric	Weight Percentage
Oil and Gas Production	6%
Earnings before Interest, Taxes, Depreciation, Amortization and Exploration Expenses (EBITDAX)	6%
Total Cash Operating Costs	6%
Onshore Reserve Revisions	6%
Health, Safety and Environmental Performance	6%
Shareholder Return (both Relative and Absolute)	20%
Strategic Initiatives	50%

Strategic Initiatives in 2018 consisted of the Board's discretionary evaluation of performance in areas of: liquidity improvement, non-core asset sales, the level of capital efficiency attributable to our development of our Southern Delaware Basin asset, 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, with target amounts set forth in each applicable employment agreement. Mr. Colyer's target levels were set at the same levels as Mr. Keel's by the Compensation Committee upon his appointment as Interim President and Chief Executive Officer in August 2018. The bonus levels, as a percentage of base salary, which each named executive officer is eligible to receive are as follows:

Name	Threshold	Target	Maximum
Wilkie S. Colyer, Jr	50%	100%	150%
Allan D. Keel	50%	100%	150%
E. Joseph Grady	50%	100%	150%
Thomas H. Atkins	50%	80%	120%

We satisfied each of the Company performance metrics at the following levels for the 2018 year, as a percentage of target:

Metric	Percentage of Target Achieved
Oil and Gas Production	83.8%
Earnings before Interest, Taxes, Depreciation, Amortization and Exploration Expenses (EBITDAX)	76.3%
Total Cash Operating Costs	99.3%
Onshore Reserve Revisions	0%
Health, Safety and Environmental Performance	100%
Shareholder Return (both Relative and Absolute)	66.6%
Strategic Initiatives	8.0%

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This resulted in our named executive officers receiving incentive awards at approximately 29.2% of target for the 2018 year. The performance-based cash incentive awards to each named executive officer for the 2018 year are reflected within the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table.

Long Term Equity Incentive Compensation

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 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.

The Board determined that the annual equity awards granted pursuant to the LTIP to each of our named executive officers should be granted in time-based restricted stock awards that vest in three equal annual installments, subject to continued employment through each such date and/or in performance-based restricted stock unit awards. The performance period for the 2018 performance awards will be three years, and performance will be based on our total shareholder return (TSR) measured against the TSR performance of the 2018 peer group listed above.

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

<i>MCF Percentile Rank</i>	<i>Payout as % of Target Award (Adjusted Target Award)</i>
90th percentile or above more	200%
70th percentile	150%
50th percentile	100%
30th percentile	50%
Less than 30th percentile	0%

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 absolute TSR performance for the applicable performance period as follows:

<i>Annualized Absolute Contango TSR</i>	<i>Multiplier</i>
<0%	50%
0-15%	100%
>15%	150%

Time-based restricted stock and performance-based restricted stock unit awards granted to the applicable named executive officers were still outstanding at the end of the 2018 year, therefore they are reflected in the Outstanding Equity Awards at 2018 Year End table below.

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.

The employment agreements that we maintain with certain named executive officers are described below under the heading *Severance and Change in Control*.

Table of Contents**Outstanding Equity Awards at 2018 Year-End**

The table below reflects the unexercised and unvested equity compensation awards that each of our named executives held as of December 31, 2018. Mr. Colyer did not have any equity awards outstanding as of December 31, 2018.

Name	Option Awards			Stock Awards		Performance-Based Restricted Stock Unit Awards		
	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Exercised Options	Option Exercise Price (\$)	Option Expiration Date	Number of Unearned Shares That Have Not Vested	Market Value of Shares that Have Not Vested	Equity Incentive Plan Awards: Market Value of Unearned Shares	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	
Allan D. Keel			N/A	N/A			39,001(8) 21,656(9)	126,753 70,382
E. Joseph Grady	18,647		60.33	2/17/21	5,321(3) 12,259(4) 9,758(5) 20,905(6) 41,250(7)	17,293 39,842 31,714 67,941 134,063	31,201(8) 41,250(9)	101,403 134,063
Thomas H. Atkins	3,174		60.33	2/17/21	4,098(3) 7,582(5) 13,886(6) 31,969(7)	13,319 24,642 45,130 103,899	20,726(8) 31,969(9)	67,360 103,899

- (1) For events that could result in accelerated vesting or forfeiture of the awards, see the section entitled *Severance and Change in Control* below.
- (2) The market value of the unvested awards were determined using the closing price of our Common Stock on December 31, 2018 of \$3.25 per share.
- (3) The restricted stock awards reflected vest in four equal annual increments commencing on the first anniversary of the date of grant (March 13, 2015), according to the following schedule: 25% (year 1), 25% (year 2), 25% (year 3), and 25% (year 4).
- (4) The restricted stock awards reflected vest in four equal annual increments commencing on the first anniversary of the date of grant (April 26, 2016), according to the following schedule: 25% (year 1), 25% (year 2), 25% (year 3), and 25% (year 4).
- (5)

- The restricted stock awards reflected vest in three annual increments commencing on the first anniversary of the date of grant (October 20, 2016), according to the following schedule: 33% (year 1), 33% (year 2), 34% (year 3).
- (6) The restricted stock awards reflected vest in three annual increments commencing on the first anniversary of the date of grant (April 18, 2017), according to the following schedule: 33% (year 1), 33% (year 2), 34% (year 3).
 - (7) The restricted stock awards reflected vest in three annual increments commencing on the first anniversary of the date of grant (March 19, 2018), according to the following schedule: 33% (year 1), 33% (year 2), 34% (year 3).
 - (8) 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 range from 0% to 300% of the original units granted depending upon the Company's TSR performance as compared to the TSR of a select group of peers over the same period, and also considering the absolute TSR performance of the Company. Our actual performance as of December 31, 2018 would have vested the awards above the minimum level, however, in accordance with SEC disclosure rules we have reflected the level of payment that is immediately above the estimated actual performance as of December 31, 2018, which is target levels. The number that will be eligible to vest cannot be determined until December 31, 2019.
 - (9) The performance-based restricted stock units reflected were granted March 19, 2018 and vest at the end of a three-year performance period beginning January 1, 2018 and ending December 31, 2020. The actual number of shares that may ultimately be granted range from 0% to 300% of the original units granted depending upon the Company's TSR performance as compared to the TSR of a select group of peers over the same period, and also considering the absolute TSR performance of the Company. Our actual performance as of December 31, 2018 would have vested the awards above the minimum level, we have reflected target levels within this table, although the number that will be eligible to vest cannot be determined until December 31, 2020.

Table of Contents**Severance and Change in Control**

Certain of our named executive officers are eligible to receive severance benefits and change in control benefits pursuant to their employment agreements and the terms of our LTIP awards. The potential severance and change in control benefits that Messrs. Colyer, Grady and Atkins could have received as of December 31, 2018 are described and quantified below. For Mr. Keel (whose employment with the Company terminated as of September 13, 2018), the actual severance benefits that he received in connection with his termination of employment are described below.

Employment Agreements

We originally entered into employment agreements with Messrs. Keel, Grady and Atkins in 2013. These agreements were amended November 30, 2016, and those amended and restated agreements were in place during portions of 2018. As noted above, Mr. Keel's employment with the Company terminated effective as of September 13, 2018. For more information regarding the severance benefits received by Mr. Keel in connection with his separation of employment, see the section titled Keel Separation Agreement, below. We provided Mr. Atkins with the requisite non-renewal notice at the end of the original term for his employment agreement on November 30, 2018. Although Mr. Atkins' employment agreement provided for certain benefits upon a termination of employment, he did not become entitled to any termination benefits during 2018. As Messrs. Keel and Atkins' agreements were not in effect as of December 31, 2018, we have not described them herein except to the extent the terms of the agreements were relevant to compensation decisions made or paid in 2018. We have not entered into an employment agreement with Mr. Colyer in connection with his appointment as our Interim President and Chief Executive Officer in August 2018.

The only employment agreement in effect as of December 31, 2018 was our agreement with Mr. Grady. His employment agreement has a three-year term beginning November 30, 2016. The employment agreement is automatically renewed for additional one-year terms if neither party has provided notice of a non-renewal at least 90 days prior to the date of the scheduled renewal.

Mr. Grady's employment agreement provides that he is eligible to participate in our cash incentive bonus plan for each applicable employment calendar year, with a target annual award set at 100% of base salary (the "Target Bonus"). He is also eligible to participate in our equity compensation plans under the terms and conditions as the Company may determine for any applicable calendar year.

In the event that Mr. Grady's employment is terminated by us without Cause or he terminates his employment for Good Reason (both as defined within the employment agreement), in either case outside of a Protection Period (defined as the eighteen month period following a Change in Control event), he would be entitled to receive the following benefits provided that he complies with the restrictive covenants described below and signs a release in our favor: (a) a cash payment equal to two times current base salary; (b) a cash payment equal to the greater of (1) the average amount of the annual cash bonus the executive has received during the two years prior to the year of termination (the "Average Bonus") or (2) the Target Bonus; (c) pro-rata vesting acceleration or adjustment of all equity compensation awards, (d) reimbursements for continued health benefits pursuant to the Consolidated Omnibus Budget Reconciliation Act ("COBRA") and (e) a pro-rata cash bonus (based on the number of days the executive was employed during the year in which the termination occurs), calculated based on actual performance for the full year.

In the event that Mr. Grady's employment is terminated by us without Cause or he terminates his employment for Good Reason, in either case during a Protection Period, he would be entitled to receive the following benefits, provided that he complies with the restrictive covenants described below and executes and delivers a release of liability in our favor: (a) a cash payment equal to two times current base salary; (b) a cash payment equal to two times the greater of (1) the Average Bonus or (2) the Target Bonus; (c) full acceleration of vesting with respect to all equity

compensation awards with time-based vesting; (d) acceleration of vesting of any time-based component of performance-based equity awards, with actual performance for the performance-based portion of the award to be determined at the end of the original performance period; (e) reimbursements for continued health benefits pursuant to COBRA and (f) a pro-rata cash bonus (based on the number of days he was employed during the year in which the termination occurs), calculated based on actual performance for the full year.

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Upon Mr. Grady's termination of employment due to death or Permanent Disability (as defined within the employment agreements), Mr. Grady (or his estate, as applicable) would be entitled to receive a pro-rata salary and Target Bonus amount for the year of termination and acceleration of vesting for all equity compensation awards. He (or his estate) would also receive a cash payment equal to the greater of (a) the remainder of base salary that would have been earned under the employment agreement through the end of the current term of the agreement or (b) twelve months of base salary plus the Target Bonus amount for the year of termination. Mr. Grady (or his dependents) would also receive reimbursements for continued health care benefits for the executive (or his dependents) pursuant to COBRA for up to thirty-six months.

In the event that Mr. Grady is terminated for Cause or resigns without Good Reason, either outside or during a Protection Period, or we do not renew his employment agreement, he would not receive severance payments.

The employment agreements contain confidentiality, non-competition and non-solicitation covenants, and Mr. Grady will be bound to the non-competition and non-solicitation restrictions for one year in the event that he is terminated for any reason other than Cause. In order to receive any severance payments, he will be required to execute a general release of claims against us.

Mr. Grady's employment agreement provides that no gross-up payment for any excise taxes under Section 4999 of the Code will be made in connection with a change in control event. In that event, if payments would otherwise constitute a parachute payment under Section 280G of the Code, then the payments will be limited to the dollar amount that can be paid to Mr. Grady without triggering an excise tax under Section 4999 of the Code, unless the net after-tax amount payable to him, after taking into account any excise tax incurred under Section 4999, would be greater without a limitation on the payments.

Equity Award Agreements

The award agreements governing the named executive officer's equity awards also contain provisions that would govern a termination of employment or a change in control that may be different from the provisions described within applicable employment agreements. However, the provisions within an applicable employment agreement controls over the equity award agreements for the applicable named executive officers if there is a conflict between the two agreements. Therefore, with respect to awards granted following amendment and restatement of Mr. Grady's employment agreement described above, he will not receive accelerated vesting of equity awards upon a Change in Control (as defined within the award agreements) alone. Mr. Grady would also have to incur a termination of employment without Cause or a termination for Good Reason (both as defined in the employment agreement) in connection with a Change in Control to receive accelerated vesting for all awards entered into following the amendment of the employment agreements. For equity awards that were granted prior to the November 2016 employment agreement restatement, the provisions of Mr. Grady's prior employment agreement would control in the event there is a conflict between the award agreements and the prior employment agreement.

The time-based and performance-based restricted stock award agreements that govern the outstanding restricted stock awards held by each of our applicable named executive officers prior to the amendment of the employment agreements in November 2016 provide for the acceleration of vesting of such outstanding awards upon a Change in Control. The time-based restricted stock grant agreements also provide for the accelerated vesting of all restricted stock following a termination of employment due to death, Permanent Disability (as defined in an applicable employment agreement) or without Cause.

Keel Separation Agreement

As noted above, Mr. Keel's employment with us was terminated effective as of August 14, 2018. Pursuant to the terms of the Separation Agreement and Release of Claims by and between Mr. Keel and the Company (the Separation Agreement), upon his separation of employment, Mr. Keel received, or will receive, severance payments including (i) a lump sum cash payment of two times base salary of \$600,000 plus a target bonus for 2018 of \$600,000 (for a total of \$1.8 million), (ii) a prorated cash incentive bonus for 2018 of \$105,916 based on the attainment of applicable performance goals for such year, (iii) pro rata vesting of his outstanding time-based equity based awards and (iv) pro rata vesting of any performance-based equity awards, subject to achievement of the applicable performance goals and (v) reimbursement of COBRA insurance premiums through the eighteenth month

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anniversary of the termination. Pursuant to the terms of the Separation Agreement, Mr. Keel will remain subject to the noncompetition, noninterference and non-solicitation covenants of his employment agreement.

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Name	Fees Earned or Paid in Cash (\$)(2)	Stock Awards (\$)(3)	Total (\$)
Joseph J. Romano	59,000	70,455	129,455
Charles M. Reimer	62,000	70,455	132,455
B. A. Berilgen	75,500	70,455	145,955
B. James Ford	74,000	70,455	144,455
Lon McCain	79,000	70,455	149,455
John C. Goff			

- (1) Allan D. Keel and Wilkie S. Colyer, Jr. were not provided compensation for their services as directors during 2018. As such, they are not included in the table above. The compensation received by Mr. Keel and Mr. Colyer for their services to the company is fully reported above in the Summary Compensation Table. Mr. Goff was appointed as a member of the Board effective as of August 14, 2018.
- (2) Reflects the amount of the annual retainer, committee retainers (as applicable) and meeting fees, which were paid in cash.
- (3) Represents the aggregate grant date fair value of shares of restricted Common Stock computed in accordance with FASB ASC Topic 718. See note 7 to our consolidated financial statements for the fiscal year ended December 31, 2018 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. Our non-employee directors received one award of restricted stock awards during 2018. The following table sets forth the number of outstanding equity awards of each of our directors as of December 31, 2018. Mr. Goff did not receive a grant of restricted Common Stock for his service on the Board in 2018.

Director	Outstanding Shares of Stock That Have Not Vested as of December 31, 2018 (#)
Joseph J. Romano	16,500
Charles M. Reimer	16,500
B. A. Berilgen	16,500
B. James Ford	16,500
Lon McCain	16,500
John C. Goff	

Retainer/Fees and Equity Compensation

Pursuant to our non-employee director compensation plan (the Plan), each non-employee directors is entitled annually to a \$50,000 cash retainer and up to \$110,000 in restricted stock, subject to a one-year vesting, adjusted for partial periods of service. The number of shares awarded was determined based on the closing price of our Common Stock on May 14, 2018, which was the date of our 2018 Annual Meeting when such directors were re-elected to the Board. The Plan requires that directors maintain ownership of at least fifty percent of the stock granted to them within the last three calendar years. Additional annual cash retainer fees are paid to the chairman of the Audit Committee (\$15,000), the chairman of the Compensation Committee (\$10,000) and the chairman of the Nominating Committee (\$9,500).

Meeting attendance fees of \$1,000 are paid for each board and committee meeting attended in person or telephonically. The Plan also provides for reimbursement of expenses for all directors in the performance of their duties, including reasonable travel expenses incurred attending meetings.

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CEO PAY RATIO DISCLOSURES

Introduction

As required by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and Item 402(u) of Regulation S-K, we are providing the following information about the relationship of the annual total compensation of our employees and the annual total compensation the individual acting as our CEO at the end of the 2018 year, our CEO Mr. Colyer. The amounts and ratios described below have been prepared pursuant to applicable rules. Although some amounts may represent actual dollars paid to our CEO or that would be paid to our hypothetical median employee, other amounts are estimates based on certain assumptions or they may represent dollar amounts recognized for financial statement reporting purposes in accordance with accounting rules, but do not represent actual dollars received. The explanations herein contain important estimates, assumptions and other information regarding our CEO pay ratio disclosures.

2018 CEO Pay Ratio

For 2018, our last completed fiscal year:

Estimated Median Employee Total Annual Compensation: The median of the annual total compensation of all employees of our company (other than the CEO) was \$139,606.

CEO Summary Compensation Table Total Annual Compensation: The annual total compensation of our CEO, as reported in the Summary Compensation Table included elsewhere within this Proxy Statement, was \$156,020.

Due to the fact that Mr. Colyer was not employed for the whole 2018 calendar year, we have annualized his 2018 compensation to reach an annualized total compensation for the CEO of \$411,925.

CEO Pay Ratio: Based on this information, for 2018 the ratio of the annualized annual total compensation of Mr. Colyer to the median of the annual total compensation of all employees was reasonably estimated to be 2.9 to 1.

Methodology Used To Identify Median Employee

To identify the median of the annual total compensation of all our employees, we took the following steps:

We determined that, as of December 31, 2018 our employee population consisted of 46 individuals with all of these individuals located in the United States (as reported in Item 1, Business, in our 2018 Form 10-K filed with the SEC on March 18, 2019). This population consisted of our full-time, part-time, and temporary employees, as we do not have seasonal employees.

We selected December 31, 2018 as our identification date for determining our median employee because it enabled us to make such identification in a reasonably efficient and economic manner by utilizing 2018 W-2 information plus year-end cafeteria plan amounts.

We used a consistently applied compensation measure to identify our median employee of comparing the amount of salary or wages, bonuses and vesting value of equity awards reflected in our payroll records as reported to the Internal Revenue Service on Form W-2 for 2018 for all applicable employees that received compensation from us during 2018; wages were annualized for all applicable employees who were employed for less than a full year to normalize compensation. We excluded any one-time compensation anomalies during the applicable year in order to ensure that compensation values were not skewed due to one-time payments.

We identified our median employee by consistently applying this compensation measure to all of our employees included in our analysis. Since all of our employees, including our CEO, are located in the United States, we did not make any cost of living adjustments in identifying the median employee.

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Methodology Used to Calculate Pay Ratio

To determine the annual total compensation of our median employee and our CEO, we took the following steps:

Median employee compensation was determined to fall between two employees.

After we identified the two median employees, we combined all of the elements of each such employee's compensation for the 2018 year in accordance with the requirements of Item 402(c)(2)(x) of Regulation S-K, then averaged those two amounts, resulting in annual total compensation of \$139,606.

With respect to the annual total compensation of our CEO, we used the annualized total compensation amount for 2018.

We annualized each item of compensation reported for Mr. Colyer within the Summary Compensation Table as none of these items were one-time pay elements, to reach an annualized total compensation amount of \$411,925. Note that Mr. Colyer did not receive an equity-based compensation award in the 2018 calendar year.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

No member of the Compensation Committee is or was during 2018 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.

TRANSACTIONS WITH RELATED PERSONS

Policies and Procedures

The Company has adopted policies and procedures for the review, approval and ratification of related person transactions as defined under SEC rules and regulations. Our Audit Committee Charter requires management to inform the Audit Committee of all related person transactions as defined under Item 404 of Regulation S-K. Examples of the type of transactions the Audit Committee reviews include payments made by the Company directly to a related person (other than in his or her capacity as a director or employee), or to an entity in which the related person serves as an officer, director, employee or owner, and any other transaction where a potential conflict of interest exists. In order to identify any such transactions, among other measures, the Company requires its directors and officers to complete questionnaires identifying transactions with any company in which the officer or director or their family members may have an interest. In addition, our code of ethics requires that the Audit Committee review and approve any related person transaction before it is consummated.

Transactions

Olympic Energy Partners. Mr. Joseph J. Romano was elected President and Chief Executive Officer of the Company in December 2012 and named Chairman of the Company in April 2013. Upon the Merger with Crimson on October 1, 2013, Mr. Romano resigned as President and Chief Executive Officer, but continued as Chairman of the Board.

Mr. Romano is also the President and Chief Executive Officer of Olympic Energy Partners LLC (Olympic), in which he owns a minority interest.

Prior to the Merger, Olympic participated with the Company in the drilling and development of certain prospects through participation agreements and joint operating agreements, which specify its working interest (WI) and net revenue interest (NRI). Olympic last participated with the Company in the drilling of wells in March 2010, and its ownership in Company-operated wells is limited to our Dutch and Mary Rose wells.

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As of December 31, 2018, Olympic owned the following interests in the Company's offshore wells.

	WI	NRI
Dutch #1 - #5	3.53%	2.84%
Mary Rose #1	3.61%	2.70%
Mary Rose #2 - #3	3.61%	2.58%
Mary Rose #4	2.34%	1.70%
Mary Rose #5	2.56%	1.87%

During the year ended December 31, 2018, Mr. Romano earned \$59,000 in cash compensation for his service as a director of the Company. During the year ended December 31, 2018, Mr. Romano also received 16,500 shares of restricted stock, which vest 100% on the one-year anniversary of the date of grant, as part of his board of director compensation.

Below is a summary of payments received from (paid to) Olympic in the ordinary course of business in our capacity of operator of the wells and platforms for 2018. The Company made and received similar types of payments with other well owners (in thousands):

	2018
Revenue payments as well owner	\$ (2,193)
Joint interest billing receipts	\$ 510

As of December 31, 2018, the Company's consolidated balance sheets reflected the following balances related to Olympic (in thousands):

	December 31, 2018
Accounts receivable:	
Joint interest billing	