



FOR IMMEDIATE RELEASE

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Milagro Acquires TexCal Assets, Increases Its Oil Reserves and Production

Houston, TX – Milagro announced today that it has completed a \$24 million purchase of certain Gulf Coast assets of TexCal Energy South Texas, L.P. The assets acquired in the transaction include 114 wells in various counties along the Texas Gulf Coast producing approximately 550 barrels of oil equivalent (“BOE”) per day to Milagro, with proved reserves of approximately two million BOE. The acquisition, which closed on May 14, 2010, and is effective as of January 1, 2010, adds to Milagro’s already significant presence along the Texas Gulf Coast.

“We are extremely pleased with the acquisition of these assets, as they are a good geographic fit with our existing properties and extend the life of our current reserves,” said James G. Ivey, Milagro’s Executive Vice President and Chief Financial Officer. “This transaction is our first opportunity to materially grow the company’s asset base since our recapitalization earlier this year and we are pursuing several similar deals. Moving forward, our strategy will be focused on continuing to grow our reserve base and developing exploitation opportunities around these new reserves.”

About Milagro

Milagro Exploration, LLC is a privately-held independent oil and gas company based in Houston, Texas primarily engaged in acquisition, development and production. Milagro’s operations are concentrated in the U.S. Gulf Coast Region with production located in Texas, Louisiana, Oklahoma and Mississippi.

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