



FOR IMMEDIATE RELEASE

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Milagro Exploration Announces the Completion of Restructuring Transaction

Houston, TX - Milagro Exploration today announced completion of its corporate restructuring.

Corporate Financial Restructuring

In a series of related transactions, Milagro raised approximately \$110 million of new capital that allowed the company to substantially reduce its existing First and Second Lien debt. In addition, the capital gives the company significant added liquidity to pursue its strategy of development drilling and reserve acquisitions. The transaction should provide additional stability and liquidity to the company on an ongoing basis. "Milagro's Balance Sheet has been significantly strengthened and the opportunity to pursue our growth prospects has been greatly enhanced" said Jim Ivey, Milagro's Chief Financial Officer.

Management

The company is also announcing a number of modifications to its senior management team. James G. Ivey, Milagro's Chief Financial Officer has assumed additional responsibilities including administration and strategic development. In addition, Gary Mabie has joined Milagro as Chief Operating Officer after having held executive positions with large and mid-sized independent and integrated petroleum companies including Tenneco Oil Company, Hunt Petroleum Corporation, and Pennzoil. Gary will be responsible for overseeing Milagro's operational activities including but not limited to production, development, and geosciences. Robert L. Cavnar has assumed the role of senior advisor to ACON Investments, Milagro's largest equity investor.

About Milagro

Milagro Exploration is a privately-held independent oil and gas company based in Houston, Texas. Milagro's operations are concentrated in the U.S. Gulf Coast Region with producing wells located in Texas, Louisiana and Mississippi.

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