



FOR IMMEDIATE RELEASE

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Milagro Oil & Gas, Inc. Acquires South Texas Assets, Increases Ownership in Existing Properties

Houston, TX – Milagro Oil & Gas, Inc. announced today that, through its wholly owned subsidiary, Milagro Producing, LLC, it has completed the purchase of certain South Texas producing assets. The assets acquired in the transaction include 77 wells in Starr and Hidalgo Counties, Texas, 60 of which are currently operated by Milagro Exploration, LLC, also a wholly-owned subsidiary of Milagro Oil & Gas, Inc. The acquisition, which closed September 29, 2011, with an effective date of July 1, 2011, adds approximately 3.0 MMcfe per day net to Milagro, with proved reserves of approximately 15.0 Bcfe. With this and our previous acquisition in 2011, Milagro Oil & Gas, Inc. has now met its goal of replacing projected 2011 production.

About Milagro

Milagro Oil & Gas, Inc. is a Houston, TX-based independent energy company engaged in the acquisition, development, exploitation and production of crude oil, natural gas and natural gas liquids. Milagro's historic geographic focus has been along the onshore Gulf Coast area, primarily in Texas, Louisiana and Mississippi. The Company operates a significant portfolio of oil and gas producing properties and mineral interests in this region and has expanded its footprint through the acquisition and development of additional producing or prospective properties in North Texas and Western Oklahoma.

Additional information on Milagro Oil & Gas, Inc. is available on the Company's website at <http://www.milagroexploration.com>.

Source: Milagro Oil & Gas, Inc.