

SOUTHERN MINERAL CORPORATION
OTC Bulletin Board: SMOP

Houston, Texas
August 21, 2000

Southern Mineral Engages Financial Advisors in Connection with Desire to Maximize Shareholder Value and Reports Reserve Update

Southern Mineral Corporation (SMOP.OB) today announced that, in connection with its Board of Directors' desire to maximize shareholder value, it engaged financial advisers Petrie Parkman & Co. and FirstEnergy Capital Corp. These firms, which already are familiar with the Company's management, business and assets, will advise the Company in connection with its plan to develop and implement a strategy to immediately enhance shareholder value. Among other things, the Company is considering the possibility of pursuing a strategic alliance, joint venture or merger.

The Company also reported today that its oil and gas reserve estimates as of June 30, 2000 include proved oil and gas reserves of approximately 81.9 billion cubic feet of gas equivalent (BCFE). Proved reserves are approximately 61% natural gas on an energy equivalent basis, and 39% of the Company's proved reserves are in Canada. Based upon commodity prices on June 30, 2000, the Company's pre-tax SEC reserves discounted at 10% are estimated to be approximately \$155.5 million.

"We are pleased that the Company successfully emerged from bankruptcy reorganization on August 1, 2000," stated Paul Coughlin, Southern Mineral's new Chairman of the Board. "The reorganization converted in excess of \$45 million in subordinated debt and accrued interest into 78% of the Company's common stock. This de-leveraging coupled with strong commodity prices has positioned the Company to further enhance shareholder value."

Southern Mineral Corporation is an oil and gas acquisition, exploration and production company that owns interests in oil and gas properties located along the Texas Gulf Coast, Canada and Ecuador. The Company's principal assets include interests in the Big Escambia Creek field in Alabama and the Pine Creek field in Alberta, Canada. The Company's common stock is quoted on the OTC Bulletin Board under the trading symbol "SMOP.OB".

This news release contains forward-looking statements within the meaning of the Securities Litigation Reform Act. The projections and statements reflect the Company's current views with respect to future events and financial performance that involve risks

and uncertainties including price volatility, production levels, drilling results, capital availability, successful negotiations with other parties, evaluation of opportunities, operational and other risks, uncertainties and factors described from time to time in the Company's publicly available SEC reports. Actual results may differ materially from those projected. SOURCE Southern Mineral Corporation.

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