

MARCH 2010



C O R P O R A T E P R E S E N T A T I O N

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Executive Summary



- Azimuth Petroleum Corporation is a Lafayette, LA based independent oil and gas company engaged in the exploration, development, and production of natural gas and crude oil.
 - Azimuth's business is the acquisition and development of natural gas reserves in the Barnett Shale in Texas.
 - As will be shown in detail in this proposal, natural gas shales in the United States contain as much natural gas as Saudi Arabia's oil reserves and represent one of the best, if not the best, oil and gas opportunities in the world today. This is confirmed by the recent actions of several major international oil and gas companies (Exxon, Total, British Gas, Mitsui). (See pages 18 and 19)
 - The United States is taking action to convert its energy requirements from primarily oil and coal based to primarily natural gas based (See pages 14)
 - Azimuth will develop and expand its existing Barnett Shale properties and significantly increase the value of the properties for the stockholders over the next three to five years
 - Azimuth will recognize that increased value either through an IPO or a sale of the properties.
- Azimuth's controlling stockholder is Bill Miller, who has been a successful oil and gas operator for 45 years, including being the first foreigner to drill in China (see page 21). The other Azimuth executives have worked for Bill Miller 20 to 30 years.

Experienced Management Team



Decades of experience in the oil and gas industry as investors, company builders, operators, and petroleum engineers.

Bill Miller

Chairman

- 43 years of experience in the oil and gas industry
- Successfully acquired, developed, and sold numerous oil and gas properties and companies
- Signed first onshore production sharing agreement with China National Petroleum Corp (CNPC) in early 1990's and drilled first foreign on-shore well in China. Well made initial discovery of a major Chinese oilfield.
- Has operated in North America, China, North Sea, Africa, Asia, Canada and the Former Soviet Republics of Ukraine & Georgia

Richard Kennedy

President & Chief Operating Officer

- Petroleum Engineer with 31 years of experience in the oil and gas industry, 20 years as associate of Bill Miller
- Experience in all aspects of the oil and gas industry including exploration, development, drilling, completions, transportation, and reservoir engineering
- Has worked with several companies including Shell Oil, Conoco, Marathon, Petroquest, CDX Gas, Borden Energy, and BASF Wintershall
- Expertise in unconventional resources (e.g. shale gas, CBM)

Eddie Moses

Director

- 45 years of experience in the oil and gas industry, 35 as associate of Bill Miller
- Graduated from Texas A&M with degree in Petroleum Engineering and became Superior Oil's first drilling engineer and headed up all of Superior's worldwide drilling operations
- Has operated in North America, North Sea, Gulf Coast, South Africa, and the Philippines; drilling first wells in many harsh environments
- Has been involved as an independent and director of numerous companies for the last 20 years

Phyllis McClelland

Vice President - Geology

- 25 years of experience in the oil and gas industry
- Experience in wide range of geological areas, both domestic and internationally
- Primary expertise in South Louisiana and South Texas Gulf Coast geology
- Has worked with Bill Miller for the past 25 years
- Involved in the Barnett Shale for the past 5 years

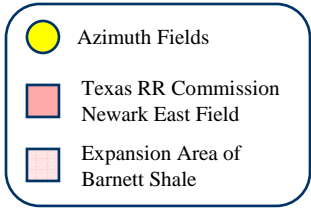
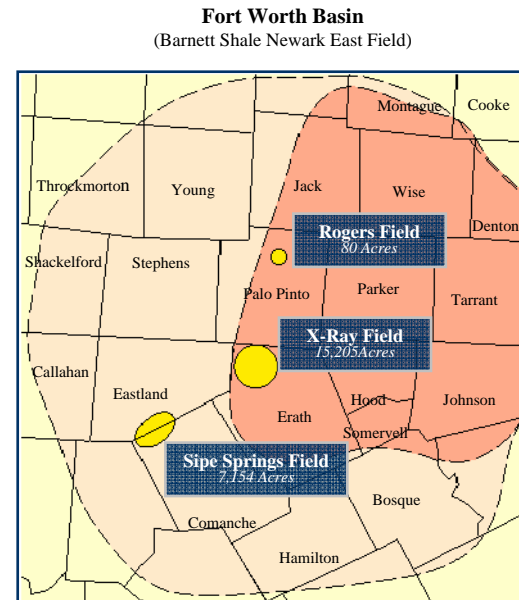
Team supported by highly experienced staff of petroleum engineers, geologist and landmen, as well as numerous engineering firms and geosciences advisors.

Azimuth's Barnett Shale Assets



- Azimuth owns and operates 22,000 acres (approximately 35 square miles or 56 million square meters) of natural gas properties (composed of 2 separate fields) that are located in the new Barnett Shale gas field near Dallas, Texas, U.S. (See map on right). The important characteristics of Azimuth's properties are:
 - 77 producing shallow gas wells drilled in the 1960's and 1980's
 - 400-500 new wells to be drilled to develop the Barnett Shale
 - Present value of the shallow and Barnett Shale reserves based on an independent third party engineering firm of approximately \$460 million in all categories (Proven - \$264 million; Probable - \$90 million; Possible - \$90 million; Shallow - \$16 million).
 - When developed the field will have a value in excess of \$1 billion;

Azimuth Properties



Barnett Shale Overview



- The main characteristics of the Barnett Shale under the Azimuth properties are;
 - Total projected reserves by independent engineer of 679 Billion Cubic feet.
 - Average depth of Barnett Shale is approximately 4,000 feet.
 - Average thickness of the Barnett Shale is approximately 150 feet.
 - Geologically the Barnett does not have faults and is stable, with a very simple structure.
 - Drilling and development costs for the Barnett Shale under the Azimuth properties are 40% to 60% lower than in the eastern part of the field.
 - The BTU content of the gas under the Azimuth properties is 25% to 35% higher than in the eastern portion of the field.
 - Because of the high BTU content, higher priced oil is also produced from the Barnett Shale under the Azimuth properties.
- The gas that is produced from the wells is compressed in the center of the field and then is put into a commercial gas pipeline that is connected to pipelines that deliver gas to every area of the United States. (See Map on page 17).
- The area around the Azimuth properties contains one of the most extensive pipeline systems in the United States because it is located in an area of very large gas reserves. (See map on page 17)
- In addition to the Barnett Shale there are three other major gas producing zones under the Azimuth properties that are and will be productive under the Azimuth properties. (see page 25)

History of Miller Energy & Shale Gas



- Shale formations contain most of the World's oil and gas reserves, but until the early 1990's the technology did not exist to commercially produce those reserves.
- In the late 1980's - early 1990's, Mitchell Energy developed the technology that allowed commercial production of gas reserves in the Barnett Shale.
- This technology is now being used in many of the shales in the United States, though the Barnett Shale remains the richest of the gas shales.
- Miller Energy became involved in the Barnett Shale 4 ½ years ago when Miller acquired two of the largest old, shallow gas fields in the Dallas/fort Worth area before anyone else had drilled Barnett Shale wells in the area of the fields.
- It was Miller's bet that the untested Barnett Shale zone under the old gas fields Miller acquired would contain gas and would in fact be commercially productive.
- In the last four years more than 300 successful Barnett Shale wells have now been drilled by other operators on all four sides of the Miller properties, proving the value of the Barnett Shale under the Miller properties.
 - Additionally, in the last few months major international oil and gas companies have confirmed the immediate and long term value of the U.S. gas shales by making very large acquisitions of partially developed gas shale properties (see pages 17 and 18)
 - These include Exxon (\$41 Billion acquisition of XTO), Total (\$2.25 Billion acquisition of 25% interest in shale properties of Chesapeake), BG Group (\$1.05 Billion acquisition of interest in gas shale of EXCO) and Mitsui (\$1.4 Billion acquisition from Anadarko Petroleum)
 - Many experts are predicting more of such acquisitions.
 - Azimuth believes that, starting with its existing 22,000 acres of producing Barnett Shale properties, it can inexpensively acquire additional gas shale properties over the next few years and position Azimuth to realize values similar to the recent acquisitions by major oil companies.



Section 2

U.S. Natural Gas Market

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Natural Gas Market – *United States*



- Over the next 25 – 50 years, natural gas is expected to significantly increase its share of the U.S.'s energy mix
- The long-term drivers of demand for natural gas are (i) relative abundance and (ii) environmental friendliness. The abundance of natural gas in the U.S. is a result of the development of technologies (i.e., horizontal drilling and hydraulic fracturing) capable of drilling into the natural gas rich shale gas deposits in which the U.S. is estimated to hold a nearly 100 year supply
- The U.S. Government's commitment of lowering its greenhouse gas emissions and moving away from its oil and coal economy will result in a greater increase in natural gas and renewable energy
- The Department of Energy estimates in its Annual Energy Outlook for 2010 that natural gas and renewables will account for the majority of capacity additions from 2008 to 2035
- A Bill currently making its way through the U.S. Congress would offer significant tax credits and incentives for natural gas-powered vehicles. If approved, the Alternative Transportation to Give Americans Solutions Act of 2009 (HR1835) also would mandate that 50 percent of vehicles purchased or placed into service by the US. Government by the end of 2014 be capable of burning natural gas fuels. And the Bill also authorizes the Department of Energy to invest in research and development for gas-fueled vehicles.
- In addition, pending congressional legislation containing Renewable Electricity Standards and proposed EPA restrictions on the emissions of heat trapping gasses enhance natural gas position relative to coal – which produces 50% percent more carbon per kilowatt hour, along with almost zero sulfur oxides, mercury, and particulate ash
- In ExxonMobil's recently released world energy outlook, the company said it expected natural gas demand to grow at a faster rate than coal or oil, driven largely by significant growth demand for power generation. In response to ExxonMobil's forecast, the Company recently announced that it is acquiring XTO Energy for \$41 Billion. XTO Energy owns an estimated 14 trillion cubic feet of natural gas reserves. The acquisition is seen as a massive statement of optimism for natural gas in the coming decades.

“Natural Gas is frequently described as a “bridge fuel” to a lower-carbon future. By using existing technology and infrastructure, it can me much more. It can be a “destination fuel.” Natural gas is here. It’s cleaner. It’s affordable.

-- Tony Hayward
CEO
BP

“With the combination of its environmental advantage over other fossil fuels, and its recently discovered abundant supplies; natural gas is the preferred fuel [for Power Plants].

-- Susan Draemer
“Coal Ditched for Natural Gas as US Power Plants”
CleanTechnica

“[ExxonMobil's acquisition of XTO Energy] is a fairly massive statement of optimism in the long-term future of natural gas in the United S

- Quote from David Bloom
“Exxon’s Bid Spotlights Bright Future for Natural Gas”
New York Times

“Shell has placed a big emphasis on North American gas; it’s an area of growth for us.”

- Russ Ford
Executive VP – Onshore Gas for
Royal Dutch Shell

“Major Oil companies, previously focused overseas, are now seeing that natural gas is half the carbon footprint of coal, it’s a third cleaner than oil, and now you’ve got these gigantic shale plays in the U.S.”

- John Pinkerton
CEO
Range Resource (Large U.S. Independent Oil & Gas Company)

Emergence of Shale Gas

Shale Gas Overview

Just a few years ago, it was believed that the U.S. would need to import natural gas to meet growing demand. But in recent years, advances in drilling technology have allowed U.S. companies to produce its formerly uneconomic shale gas reserves. The U.S. now contains a nearly 100 year supply of shale gas reserves based on the current technology.

- Shale gas is a “tight” source rock for oil and natural gas
- Using Horizontal Drilling and Hydraulic Fracturing (see Figure 1), it is now possible to economically produce shale rocks to access the large quantities of stored oil and gas.
- The first and most prolific Shale development to date is the Barnett Shale in Texas where there have been over 10,000 successful wells drilled. Production from the Barnett Shale accounts for nearly 6% of all U.S. gas production
- Companies with Shale acreage have a “low-risk” and strategic advantage over companies without shale reserves

Opportunity

- Any gas producer with heavy exposure to shale gas can be considered a major takeover target (i.e., Exxon’s acquisition of XTO Energy and Chesapeake Energy’s major Barnett Shale joint venture with Paris-based Total)
- Companies with shale acreage and management expertise in shale gas will have a strategic advantage exporting expertise to shale plays around the world

Horizontal Drilling

Figure 1

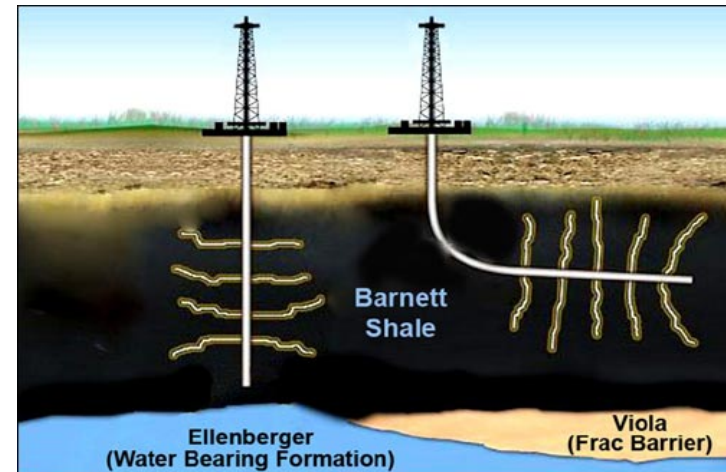


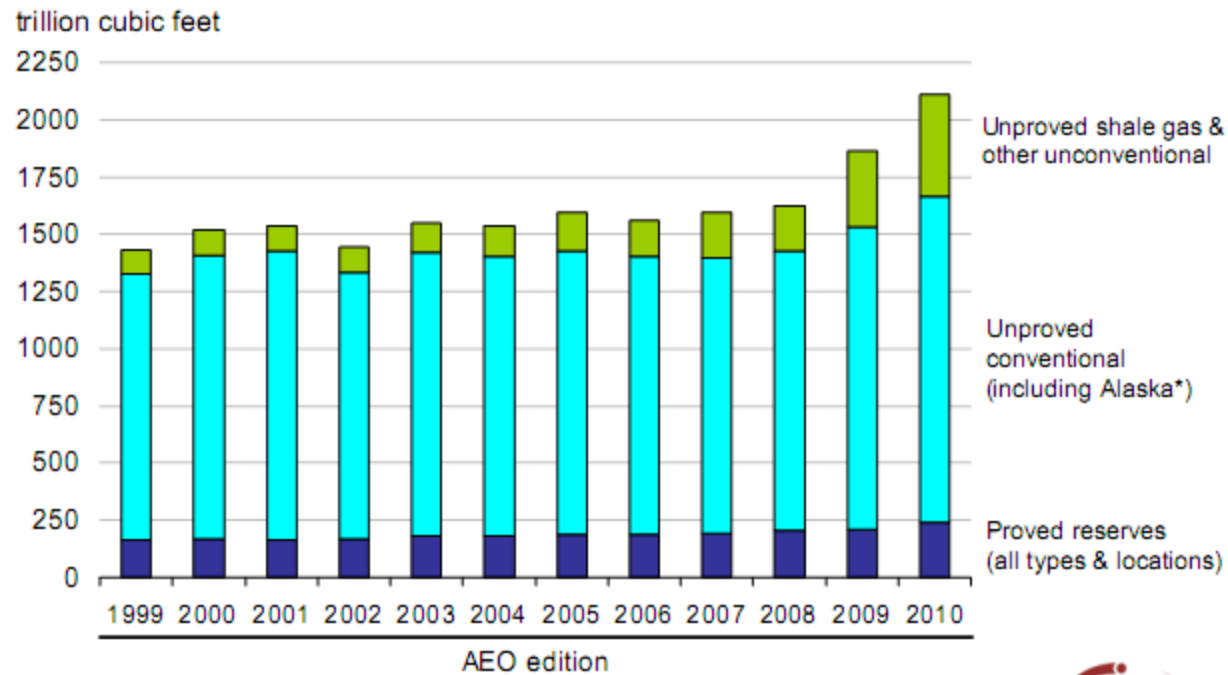
Diagram of a horizontally drilled well in the Barnett Shale with hydraulic fracturing to increase the permeability of the shale rock

Shale Gas Leading Growth in Natural Gas Reserves



The landscape of the U.S. natural gas supply is currently being transformed by the innovative use of technologies such as horizontal drilling and hydraulic fracturing. The result has been a large increase in the recoverable supply of natural gas in the United States. Shale gas is now the primary source for reserve growth in natural gas and experts believe the United States now has a 100 years' supply of natural gas.

Growth In Natural Gas Reserves (Dept. of Energy)



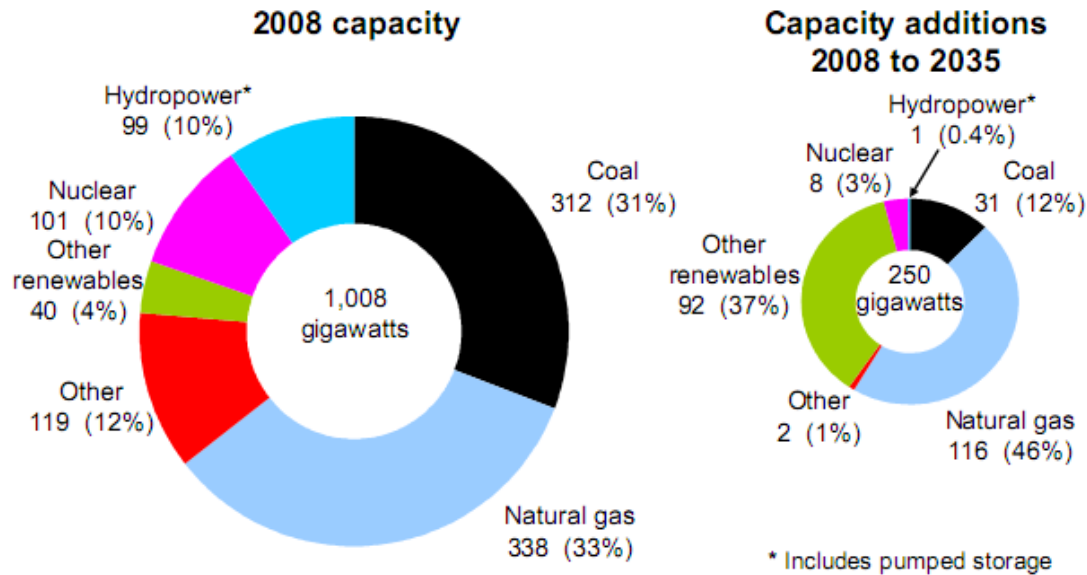
Sources: (i) U.S. Department of Energy – Energy Information Agency (“EIA”) – Annual Energy Outlook 2010
(ii) U.S. Geological Service, Minerals Management Service, Private Data



Projected U.S. Electricity Capacity Additions

Natural gas and renewable energy are projected to account for the majority of electricity capacity additions from 2008 to 2035. This is due primarily to the U.S. Government’s objective of reducing carbon emissions and moving away from the U.S.’s coal based energy economy. The following table from the Department of Energy’s Annual Energy Outlook highlights the agency’s projects for increased capacity additions for both natural gas and renewable energy.

Projected U.S. Electricity Capacity Additions (Dept. of Energy)

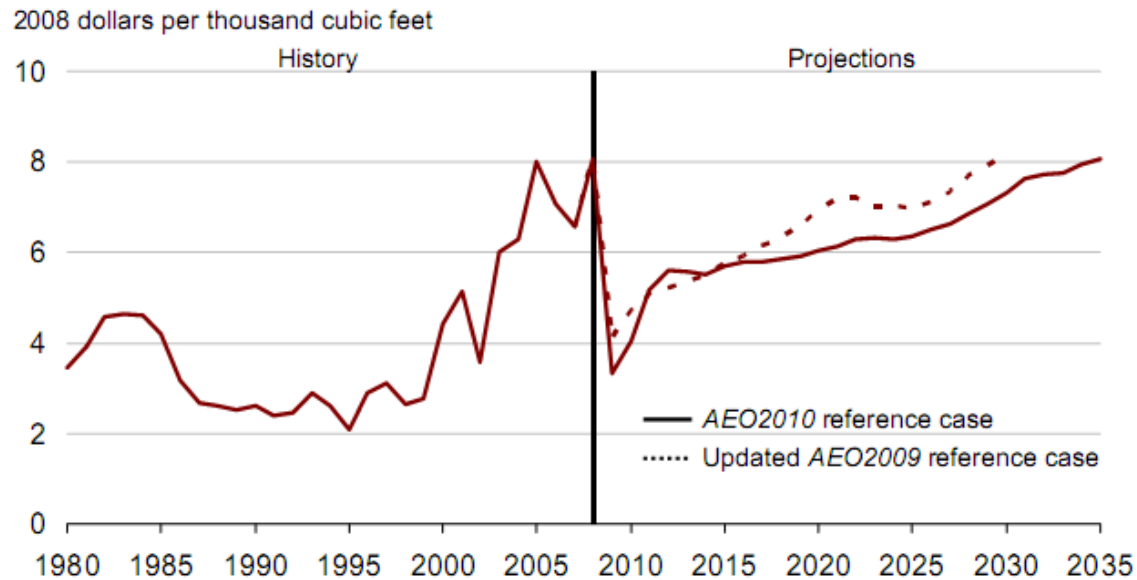


Source: (i) U.S. Department of Energy – Energy Information Agency (“EIA”) – Annual Energy Outlook 2010

Natural Gas Prices – Increasing with Demand

As the United States moves to increase its reliance on its abundant natural gas reserves, the Department of Energy projects that natural gas prices will increase steadily over the next 25 years. Consequently, companies with large shale gas positions who have low finding and developing costs (<\$2.00) will have a strategic advantage in the natural gas market as the industry becomes less focused on new discoveries and more focused on increase density drilling and recompletions in existing shale fields like the Barnett Shale.

Projected Increase in Natural Gas Prices (Dept. of Energy)

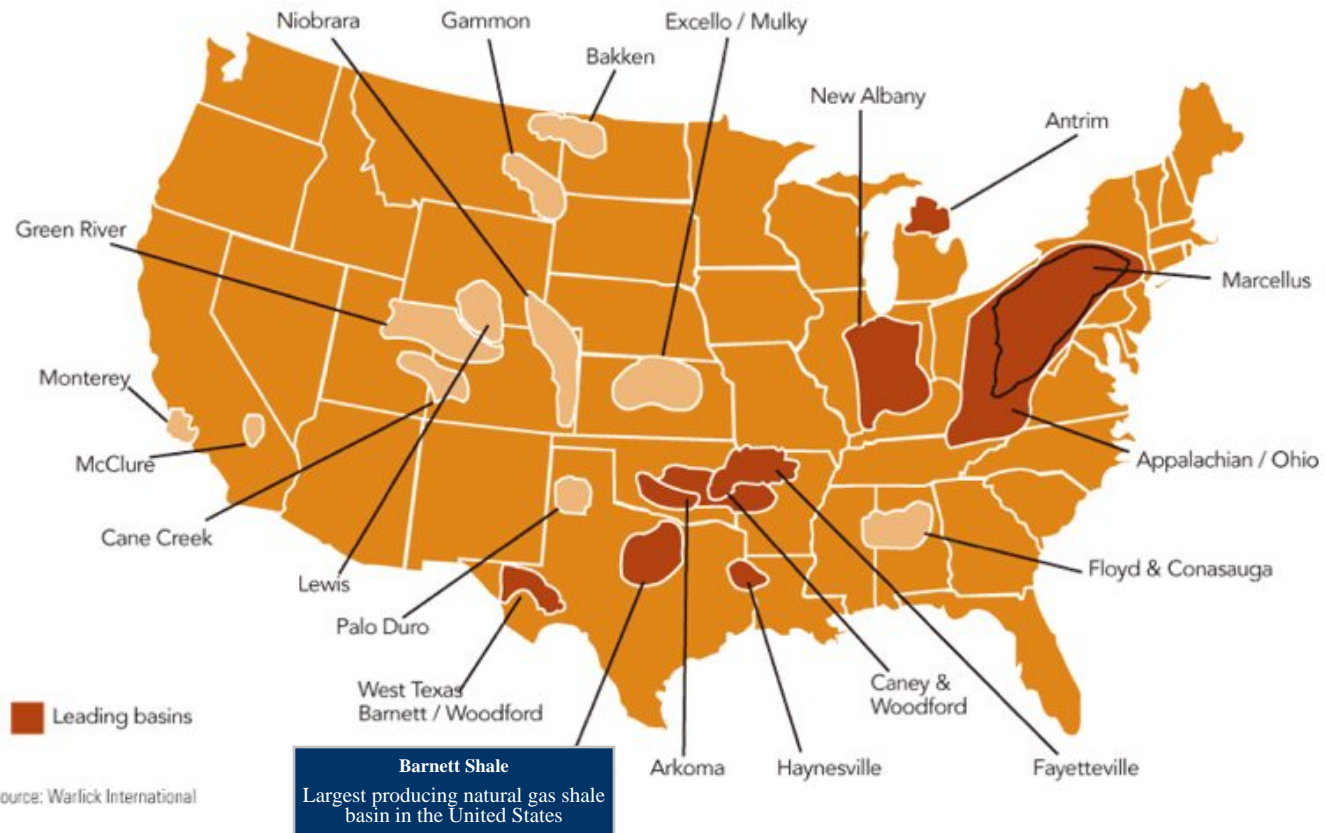


Source: (i) U.S. Department of Energy – Energy Information Agency (“EIA”) – Annual Energy Outlook 2010



Shale Gas Basins – United States

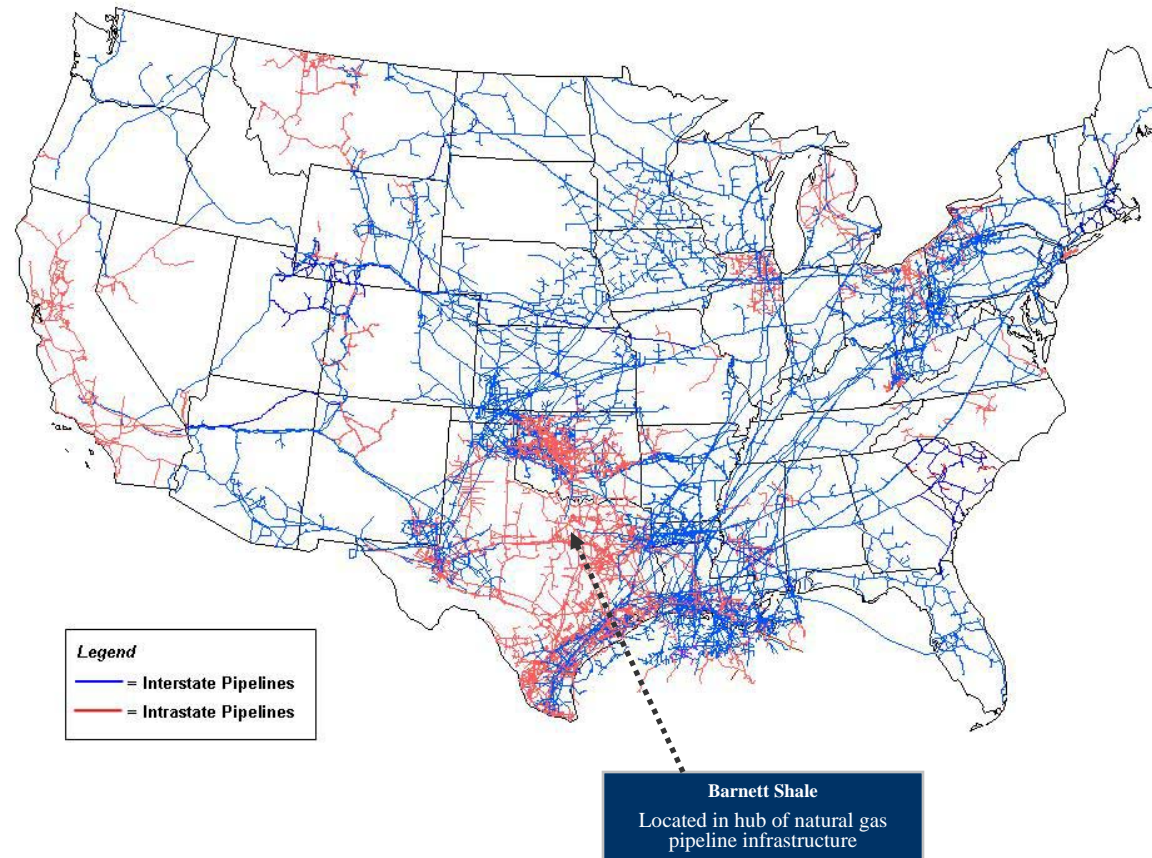
Fig. 1: US gas shale basins



Source: (i) Warwick International

Natural Gas Pipeline Infrastructure – United States

The U.S. natural gas pipeline system is one of the largest and most sophisticated pipeline delivery systems in the world and is currently capable of supplying the major demand centers of the U.S. with shale gas production from shale gas plays like the Barnett Shale in Texas.



Source: Department of Energy – Energy Information Agency

Select M&A Transactions

Several Acquisitions in the recent months highlight the growing optimism for the long-term development of natural gas, particularly shale gas, in the United States. Azimuth believes that there will be significant M&A activity in the future as companies look to gain entrance into the highly prolific shale plays. This is a major reason for Azimuth's plan to list on the Hong Kong Stock Exchange.



- ExxonMobil announced in December of 2009 the acquisition of Dallas based XTO Energy in a deal valued at \$41 Billion
 - XTO Energy is a publicly traded company focused on shale gas developments throughout North America, most notably the Barnett Shale
 - ExxonMobil's move is seen as the biggest move the Company has made since its merger with Mobil in 1999
 - The move is also seen as a significant statement of optimism for the long-term U.S. natural gas market
 - It is estimated that ExxonMobil's move could result in additional acquisitions by other major oil and gas companies (i.e., BP, Shell, CNPC)
- In January of 2010, French energy company Total acquired a 25 percent interest in U.S. based Chesapeake Energy's Barnett Shale assets for \$2.25 billion.
 - Under the acquisition, Total will pay \$800 million in cash and an additional \$1.45 Billion in drilling and development costs.
 - The assets include 270,000 acres of Barnett Shale assets
 - The Chesapeake/Total deal is another sign of growing interest by the world's largest oil companies in natural gas

Stock Tickers: ExxonMobil (XOM); XTO Energy (XTO); Carrizo (CRZO)

Select M&A Transactions



BG GROUP



- In June of 2009, U.K. based BG Group (formerly British Gas) acquired a 50 percent interest in U.S. based Exco Resources shale assets in East Texas and North Louisiana for \$1.055 billion. Under the acquisition, BG Group will pay \$655 million in cash and an additional \$400 million in drilling and development costs
- The assets include about 120,000 acres of leases with 84,000 acres covering the Haynesville Shale in North Louisiana



- In February of 2010, Japanese trading company Mitsui & Co. announced the acquisition of a 32.5 percent interest in U.S. based Anadarko Petroleum's Marcellus Shale assets in Pennsylvania for \$1.4 billion.
- The assets include approximately 715,000 acres of Marcellus Shale undeveloped acreage
- \$1.4 billion acquisition for 32.5% equates to a price per acre of approximately \$5,874 per acre



- Carrizo Oil & Gas announced in December of 2009 the sale of an interest in a portion of its core Barnett Shale acreage to a subsidiary of Sumitomo Corporation for \$15.7 million.
- Sumitomo has purchased on a promoted basis, a one-eighth (12.5%) interest in 16 Carrizo Barnett drilling units, including six recently completed wells with a current production rate net to Sumitomo of 1.25 million cubic feet per day.
- As part of this agreement, Sumitomo will participate on a promoted basis in the completion of 18 drilled wells and the drilling and completion of 12 more wells under similar terms.
- In addition, Sumitomo has the right to participate, on a promoted basis and at the same working interest, in up to 56 future wells within these units.

Source: Public Company News Releases & Publications



Section 3

Barnett Shale Assets

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Near Term Strategy

- Focus on developing the Barnett Shale assets
 - Recompleting 15 wells with projected increase in production of 500 Mcf/d in next 6 months
 - Complete 3-D Seismic Shoot of X-Ray Field
 - Begin drilling and completion of Barnett Shale wells drilling between 10 – 20 wells per year (development tied to cash flow of the properties)
 - Acquire offsetting acreage in X-Ray & Sipe Springs Fields
 - Develop gas pipeline system for off-take
- Look for “value” acquisitions – taking advantage of low commodity environment

Long Term Strategy

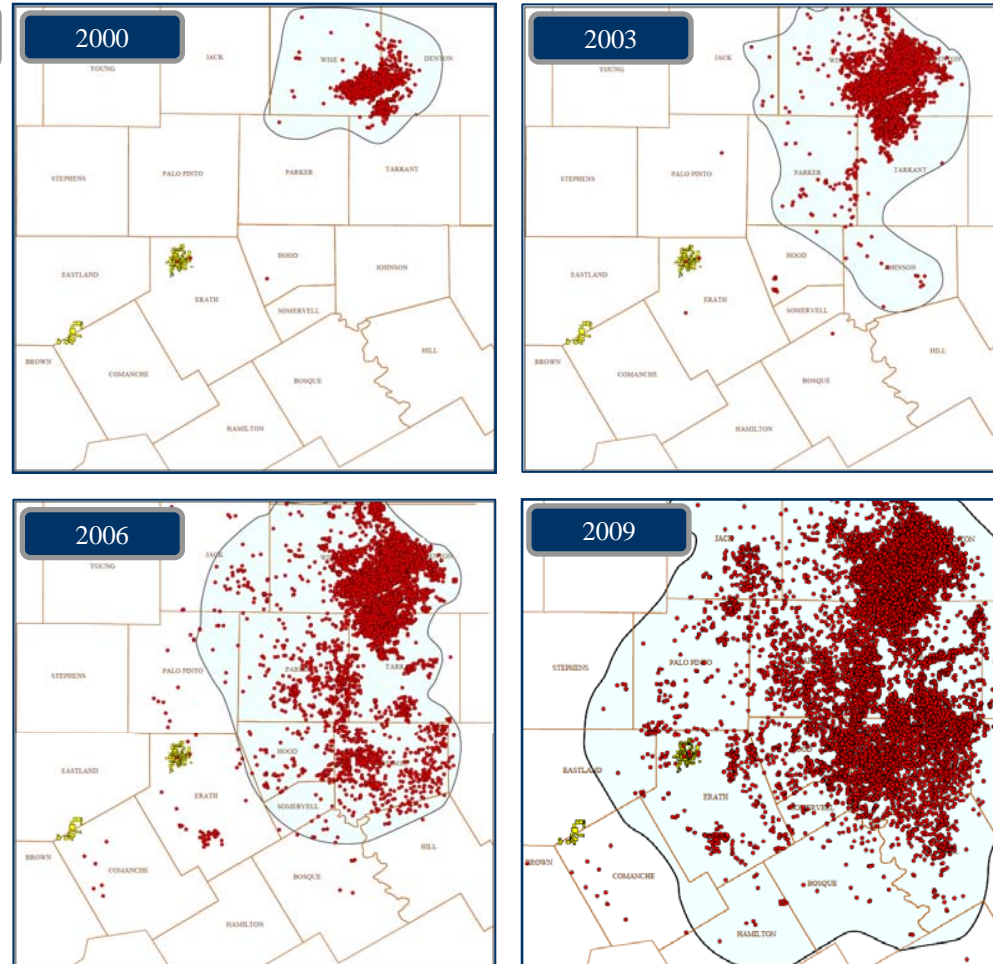
- Position company for buyout or initial public offering within 2-3 years
- Maintain balance sheet that provides for growth and access to capital markets
- Continue to evaluate acquisitions that will effectively add production, reserves and create critical mass for IPO

Barnett Shale Development

Progression of Barnett Shale Development

Overview

- Rapid development of the Barnett Shale commenced in 2000 with the advent of horizontal wells
- The area of known Barnett Shale potential is approximately 13,000 square miles (8 million acres)
- From 700 wells in 2000, approximately 13,000 wells have now been drilled
- To fully develop the field, as many as 200,000 wells may eventually be required
- Ultimate reserves of 50 to 100 trillion cubic feet are possible; the leading Barnett Shale developer projects that approximately 20 trillion cubic feet has been identified at this point
- Consequently, although the Barnett Shale is presently the largest gas development in the U.S. (10% of U.S. production), it is perhaps only 20% developed.
- The Azimuth leases, with projected net proven, probable and possible reserves of 492 Bcf and a NPV-10 of \$445 million¹, are located in the western, high Btu (liquids) segment of the field.
 - Drilling costs are 40% to 60% of the drilling costs in the eastern segment of the field.
 - Economic returns are similar to those of other shale developments.
 - Drilling and completion technology in the area has been proven

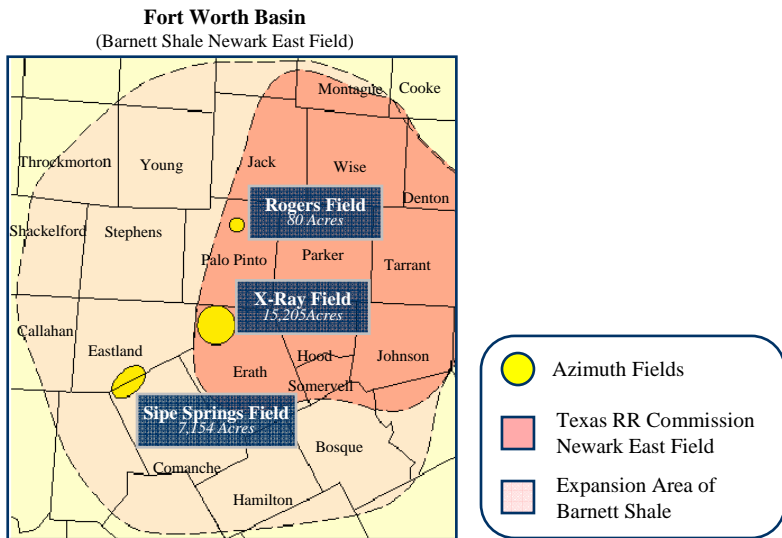


(1) Forrest A. Garb report dated 10/21/2009.

Barnett Shale Properties

Overview

Azimuth’s Barnett Shale reserves are located in the X-Ray and Sipe Springs Fields, each of which has established, long life (25+ years) shallow production and is within the Newark East Barnett Shale Field. The X-Ray Field is the largest producing shallow gas Field above the Barnett Shale in the Fort Worth Basin. The source of the shallow production is the Barnett Shale, which is indicative to Azimuth of the reserve potential of the Barnett Shale under the field. Both fields offer very stable current production with substantial low risk development potential in the shallow zones, and 679 gross Bcf of potential in the Barnett Shale.



X-Ray Field

- Located in Newark East Barnett Shale Field
- Best shallow producing field in Fort Worth Basin - sourced from Barnett Shale
- Barnett Shale successfully tested in 4 existing vertical wells
- Extensive commercial Barnett development underway on surrounding acreage
- Held by long life shallow production with significant potential additional shallow reserves – no lease drilling obligations
- High Btu gas/condensate window in Barnett Shale – strong economics

Sipe Springs Field

- Current Barnett Shale development reaching Sipe Springs Field
- Held by long life shallow production with significant additional shallow reserves
- Shallow production sourced from Barnett Shale
- High Btu gas/condensate window in Barnett Shale – strong economics

Western Barnett Shale Activity

Overview

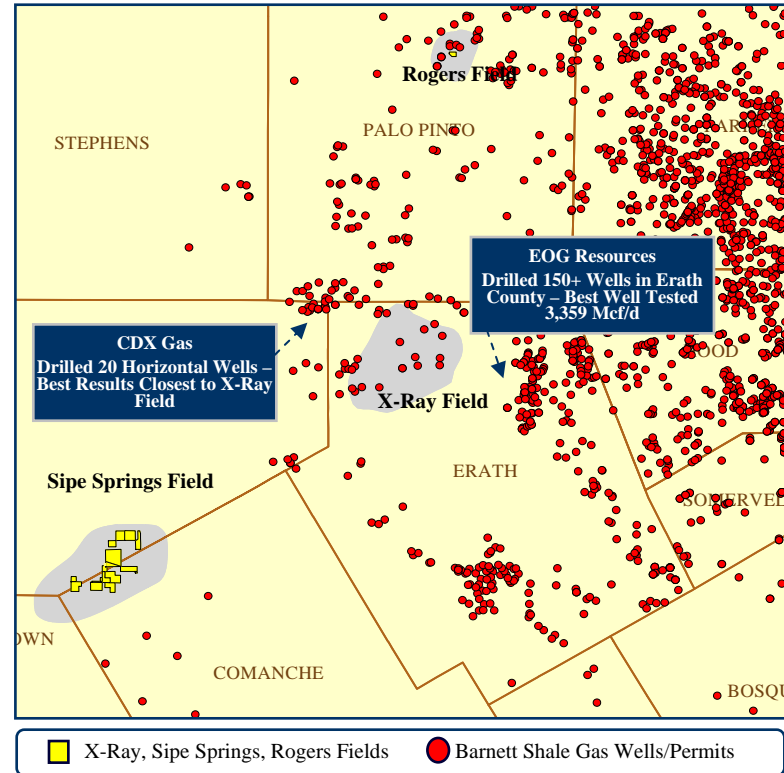
- EOG drilled the first Barnett Shale well (a successful pilot well) in Erath County in April 2005, and immediately leased 65,000 acres, up to the eastern edge of Azimuth's acreage – CDX simultaneously leased 55,000 acres on western boundary.
- In the last 36 months, drilling activity in Erath County and the geologically equivalent surrounding area has increased from a few to more than 350 successful wells. The closest wells belong to EOG Resources to the east and CDX Gas to the west.
- Additional operators in the area include XTO, Carrizo, DTE Energy, and Cano Petroleum.

Examples of Well I.P. Rates Around X-Ray Field

<u>EOG Resources</u>		<u>CDX/Shell</u>	
Warren Unit 1H	3,359 Mcf/d	9H	1,662 Mcf/d
Houston Ranch 11H	2,705 Mcf/d	6H	1,662 Mcf/d
Houston Ranch 2H	2,423 Mcf/d	3H	1,303 Mcf/d
Keith Unit 1H	2,394 Mcf/d	5H	1,190 Mcf/d
JLB Ranch 1H	2,095 Mcf/d	1H	1,243 Mcf/d
Cecil Harmon 1H	2,045 Mcf/d	17H	990 Mcf/d
Crum Unit 1H	1,874 Mcf/d	10H	990 Mcf/d
Houston Ranch 5H	1,847 Mcf/d	18H	940 Mcf/d
Houston Ranch 15H	1,826 Mcf/d	8H	939 Mcf/d
Houston Ranch 1H	1,825 Mcf/d	7H	881 Mcf/d
Allison Unit 1H	1,800 Mcf/d	20H	800 Mcf/d
Houston Ranch 7H	1,781 Mcf/d		
Houston Ranch 13H	1,767 Mcf/d		
Houston Ranch 16H	1,736 Mcf/d		
JLB Ranch 3H	1,704 Mcf/d		
Houston Ranch 14H	1,668 Mcf/d		
JLB Ranch 4H	1,546 Mcf/d		
Good Living Trust H1	1,397 Mcf/d		
Houston Ranch 6H	1,367 Mcf/d		
Bishop 2H	1,365 Mcf/d		
Houston Ranch 12H	1,249 Mcf/d		

Average IP Rate in Geologically Equivalent Area:
1,183 Mcf/d

Activity Map

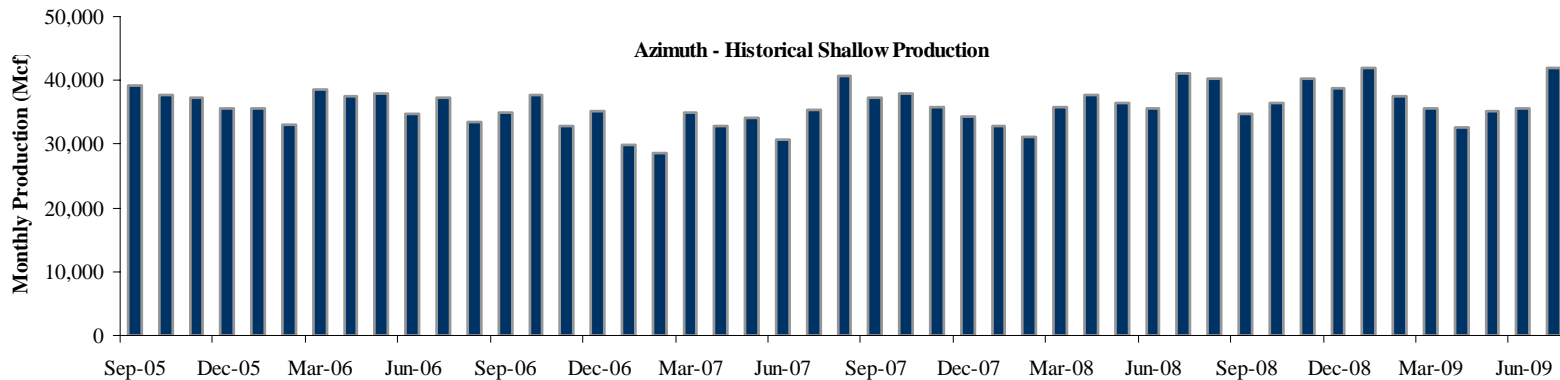
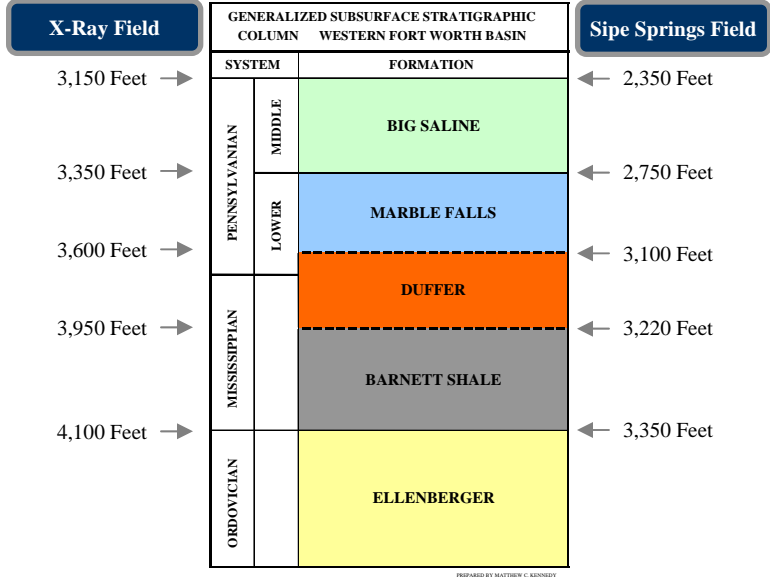


Shallow Reserves – X-Ray Field & Sipe Springs



Overview

- Three of the principal shallow producing zones in the Fort Worth Basin (Big Saline, Marble Falls, Duffer) are present and produce in the X-Ray Field (Big Saline) and Sipe Springs Field (Marble Falls).
- The two fields are both on large, easily identified structures. The X-Ray Field structure covers approximately 25,000 acres and the Sipe Springs Field covers approximately 15,000 acres.
- All of the shallow zones have additional reserve potential to be developed alongside the Barnett Shale
- Reflecting its operating ability, with minimum investment Azimuth has maintained an essentially flat shallow production profile (see below) for the past four years it has operated the fields.



Barnett Shale – *Distinct Geographic Advantages*



Unique Area Advantages

While still in an earlier stage of development than the eastern segment of the Barnett Shale, the Erath/Eastland/Palo Pinto area is now in the development stage.

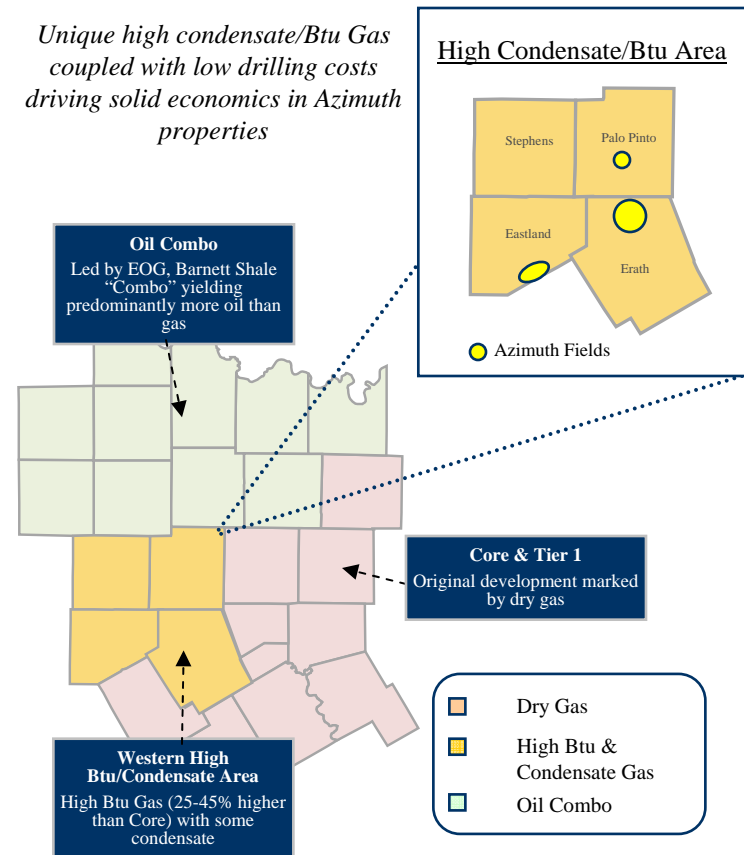
- Several hundred successful wells with similar geological characteristics to the X-Ray and Sipe Springs fields have now been drilled around the Azimuth properties
- The technology has been proven in the area and the associated risk has been removed, as occurred 5-7 years ago in the eastern segment

The Erath/Eastland/Palo Pinto area is proving to have several distinct advantages over the eastern segment.

- Btu content of the gas, which will be converted into much higher priced liquids, is 25% to 35% higher than in the eastern segment (confirmed by Azimuth Barnett tests, EOG horizontal wells, and CDX horizontal wells)
- Drilling costs are 40%-60% of those in the eastern segment
- IP rates and EURs, when compared to well costs, are equivalent to the eastern segment (approximately 1 Bcf of reserves and 1,000 Mcfe/d initial production per \$1 million of well costs).
 - This is approximately the same as in all successful shale development areas in the U.S.
- These factors insure that economic returns are similar to those in the more expensive and lower Btu content eastern segment.

Dry Natural Gas vs. Gas/Condensate/Oil

Unique high condensate/Btu Gas coupled with low drilling costs driving solid economics in Azimuth properties

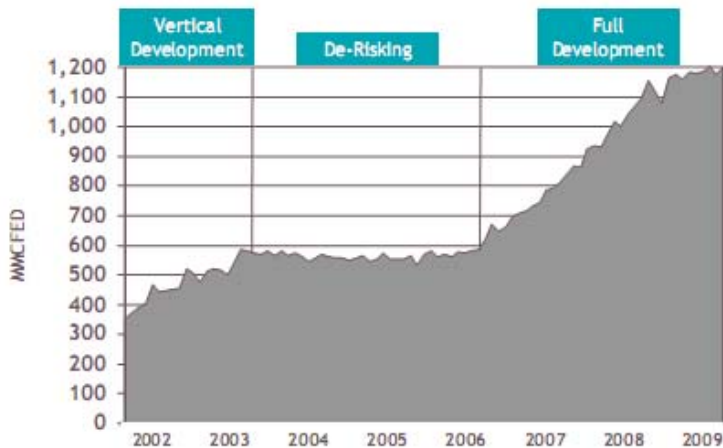


Barnett Shale – Production Life-Cycle Comparison

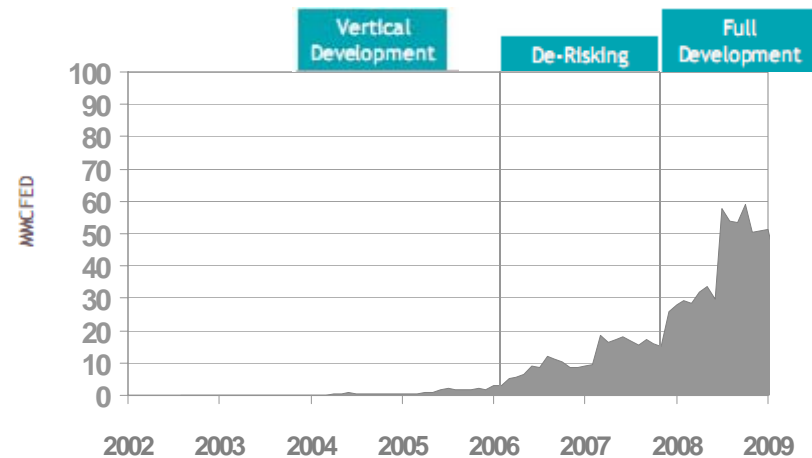


The Barnett Shale under the Azimuth leases is in an earlier stage of development than the eastern segment and has only recently entered the full development stage, which Core and Tier 1 operators entered more than 5 years ago. All shale developments follow similar life-cycle patterns. Once initial exploration and vertical tests have been completed, companies will enter a de-risking phase when the companies spend capital perfecting the best-practice drilling technique for that area of the shale. This is evidenced by the production history of the Core and Tier 1 areas of the Barnett Shale. The western extension area is now moving out of the de-risking phase and is moving into a full-scale development phase.

Leading Barnett Shale Operator
(Core, Tier 1, Tier 2 Acreage)



Erath & Palo Pinto County Production
(Entering Development Stage)



EOG Resources & CDX Gas have drilled 200+ wells immediately to the east & west of Azimuth’s Barnett Shale position, effectively de-risking the property and proving the commercial economics of Azimuth’s acreage.

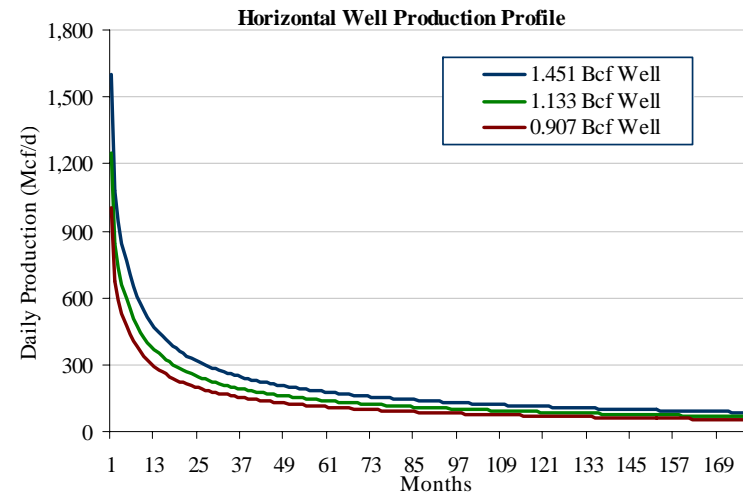
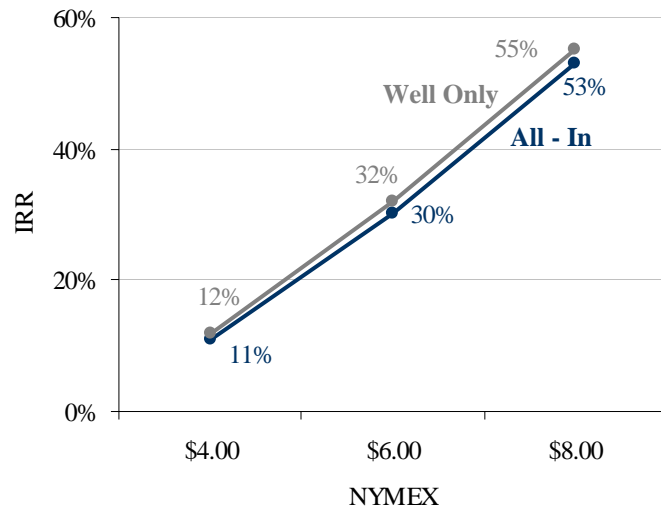
Source: Devon IPAA Investor Conference Presentation 09/30/09 and Texas Railroad Commission.

Barnett Shale Economics



The economic returns of shale gas wells are essentially the same throughout the U.S. The deeper shale developments (Haynesville for example) have more reserves per well and higher initial production rates, but much higher drilling and development costs. As reflected by the table below, all shales have similar economics of approximately 1 Bcf of reserves and 1,000 Mcf/day of initial production for each \$1 million of capital costs. The Azimuth Barnett shale reserves benefit from a much higher Btu content (25% to 35% higher than the Core's dry gas) and much lower well costs (40% - 60% of eastern Barnett and 20% of the Haynesville Shale).

	Well Costs (mm)	Gross EUR (Bcfe)	F&D (\$/Mcf)	IP (Mmcf/d)	Recoverable Reserves (Tcf)	NYMEX Breakeven (\$/Mcf)
Barnett - Azimuth	1.3²	1.1	\$1.18	1,250	486 Bcf	\$2.90¹
Barnett - Core	\$3.0	3.8	\$1.05	4,000	50 - 100	\$2.35
Barnett - Tier 1	\$2.3	1.6	\$1.89	1,500		
Marcellus	\$3.0 - \$4.0	3.0 - 4.0	\$0.90 - \$1.60	1,000 - 4,000	50 - 75	\$2.45
Fayetteville	\$3.0	2.0 - 2.5	\$1.50 - \$1.90	2,200 - 2,700	25 - 45	\$3.50
Haynesville	\$6.0 - \$7.0	4.5 - 8.5	\$0.95 - \$2.10	5,000 - 16,800	250	\$3.60
Woodford	\$4.0 - \$4.6	2.0 - 5.0	\$1.25 - \$2.90	2,500 - 6,000	10 - 12	\$4.80

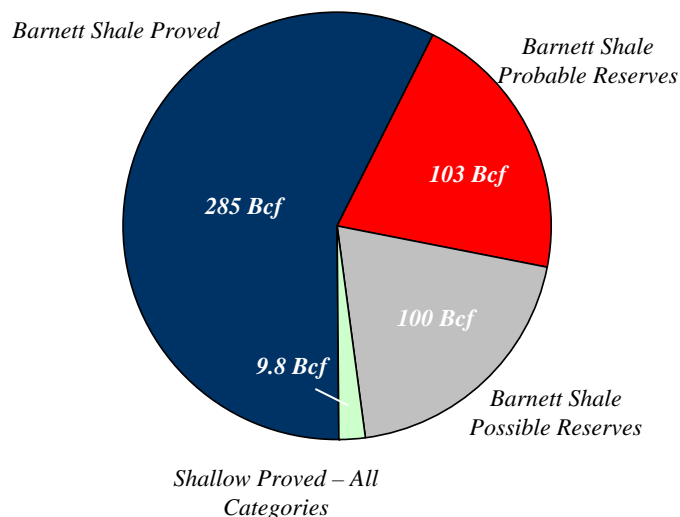


Source: Barnett – Azimuth economics are internal estimates. Other shale numbers from company reports, Lehman Brothers and KeyBanc via Carrizo Oil & Gas 09/30/09 investor presentation.
 Note: F&D costs based on average royalty.
 (1) Azimuth NYMEX breakeven assumes Year 1 decline of 70%, Year 2 of 31%, Year 3 of 21%, Year 4 of 16% and 12% thereafter.
 (2) Excludes leasing and other upfront costs.

Reserves – Barnett Shale & Shallow Reserves



X-Ray, Sipe Springs, & Rogers Fields Net Reserves – 496 Bcfe³



Barnett Shale Reserves¹

October 19th, 2009

	Gross Gas Reserves (Bcf)	Net Gas Reserves (Bcf)	NPV-10
Proved	398.0	284.6	\$264,600,000
Probable	143.0	102.6	\$90,200,000
Possible	138.0	99.6	\$90,500,000
Total	679.0	486.8	\$445,300,000

Shallow Reserves²

October 15th, 2008

	Net Gas Reserves (Bcf)	Net Oil, condensate, & NGL (MBbl)	NPV-10
PDP	2.9	104.9	\$5,331,490
PDNP	0.1	3.0	\$196,430
PUD	2.8	576.3	\$10,720,600
Total	5.7	684.2	\$16,248,520

(1) Forrest A. Garb report dated 10/21/09. NYMEX Pricing as of 10/22/2009.

(2) Forrest A. Garb report dated 10/15/08. \$6.70/Mcf

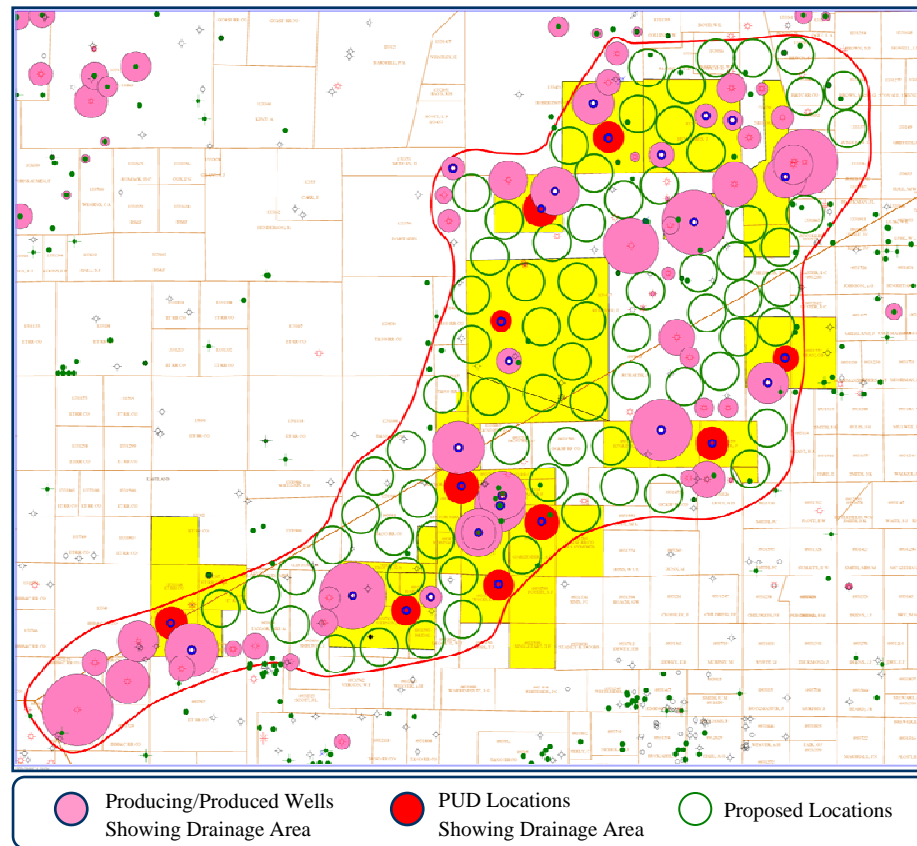
(3) Equivalent Basis – 6 to 1 Mcf per Bbl

Shallow Reserves – Infill Development Drilling

Overview

- This map reflects the upside potential of the Marble Falls in the Sipe Springs Field.
- Azimuth believes similar upside potential exists in the other undeveloped shallow zones in the two fields.
- The zones have not been previously developed because of the earlier ownership of the two fields.
- Azimuth has to this point utilized the shallow production for the primary purpose of holding the acreage for the development of the Barnett Shale.
- Azimuth has recompleted a number of wells into shallow zones that were not developed by previous owners to test their potential. Significant gas and oil shows in a number of these zones have increased Azimuth's assessment of the reserve potential from development of these zones.

Sipe Springs Field
Undeveloped Infill Drilling Locations



Operations, Reserves, & Valuation



Estimated Net Reserves and Valuation by Year						
	2010	2011	2012	2013	2014	
Operations						
Existing Wells	77	77	77	77	77	
Annual Wells Drilled	-	13	14	13	17	
Cumulative Wells Drilled	-	13	27	40	57	
Total Producing Wells	77	90	104	117	134	
Drilling Inventory	450	437	423	410	393	
% Developed	0%	3%	6%	9%	13%	
Production						
Production (Mcf)	659,744	2,741,975	4,953,954	6,002,160	7,989,205	
Daily Production (MMBtu)	1,833	7,617	13,761	16,673	22,192	
Net Reserves by Year						
Proved (MMcf):						
PDP	9,816	21,806	32,717	41,448	52,724	
PDNP	89	89	89	89	89	
PUD	284,603	314,067	345,798	375,263	413,793	
Total Proved	294,507	335,962	378,604	416,799	466,605	
Probable (MMcf)	102,600	102,600	70,869	66,210	8,415	
Possible (MMcf)	99,600	55,403	39,538	-	-	
Total Reserves (MMcf)	496,707	493,965	489,011	483,009	475,020	
Reserve Valuation as Private Company¹						
(\$ in thousands)						
(per MMBtu)						
PDP	\$ 2.50	PDP \$ 24,539	\$ 54,515	\$ 81,794	\$ 103,619	\$ 131,809
PDNP	\$ 2.00	PDNP \$ 177	\$ 177	\$ 177	\$ 177	\$ 177
PUD	\$ 1.00	PUD \$ 284,603	\$ 314,067	\$ 345,798	\$ 375,263	\$ 413,793
Total		\$ 309,319	\$ 368,759	\$ 427,769	\$ 479,059	\$ 545,779

(1) Reserve Valuation for private company based on reserves in-the-ground. Public Company valuations value reserves and company at a premium above this amount.