

**CARRIZO OIL & GAS, INC.**  
**Compensation Committee Charter**  
(As of November 15, 2011)

**PURPOSE**

The purpose of the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Carrizo Oil & Gas, Inc. (the “Company”) is (i) to review and approve the compensation of the Company’s “Section 16 Officers” (as hereinafter defined), (ii) to oversee and advise the Board on the adoption of policies that govern the Company’s compensation programs, (iii) to the extent provided for herein, to administer the Company’s Long-Term Incentive Plan and other equity-based compensation plans, all in accordance with the terms and conditions thereof, and (iv) to produce an annual report on executive compensation for inclusion in the Company’s proxy statement, in accordance with the rules and regulations of the Securities and Exchange Commission (the “SEC”).

**COMMITTEE MEMBERSHIP**

The Committee shall consist of a number of directors fixed from time to time by the Board but not fewer than two. The members of the Committee shall be appointed annually by the Board at its discretion. The Committee members may be replaced by the Board between annual appointments at the Board’s discretion. Except as otherwise permitted by the rules of the Nasdaq Stock Market, Inc. (“Nasdaq”), the Committee shall consist solely of the “independent directors,” as defined under such rules. Additionally, at least two members of the Committee shall be (i) “non-employee directors” within the meaning of Rule 16b-3 promulgated under the Securities Exchange Act of 1934 (the “Act”), as amended, and (ii) “outside directors” within the meaning of Section 162(m) of the Internal Revenue Code of 1986 (the “Code”), as amended.

Notwithstanding the foregoing membership and qualification requirements, no action of the Committee shall be invalid by reason of any such requirement not being met at the time such action is taken.

**COMMITTEE STRUCTURE AND OPERATIONS**

The Board shall designate one member of the Committee as its chairperson. The chairperson shall be responsible for scheduling all meetings of the Committee, determining the agenda for each meeting, presiding over meetings of the Committee and coordinating reporting to the Board. In the absence of the chairperson, the majority of the members of the Committee present at a meeting shall appoint one of the members of the Committee to serve as a chairperson until the Board designates a chairperson. The Board may remove or replace the chairperson at any time by the affirmative vote of a majority of the members of the Board.

The Committee shall meet in person, telephonically, or in any other manner in which the Board is permitted to meet under the law or Nasdaq rules, at least once a year, and at such additional times as it determines to be necessary or appropriate to carry out its responsibilities. The Committee may, to the extent consistent with the maintenance of the confidentiality of compensation discussions, invite members of management, legal counsel, compensation consultants, or other advisors to attend meetings of the Committee; however, the Company’s Chief Executive Officer (“CEO”) may not be present during any discussions and deliberations of the Committee regarding the CEO’s compensation.

A majority of the members of the Committee shall constitute a quorum. Members of the Committee are expected to use all reasonable efforts to attend each meeting. The Committee shall act on

the affirmative vote of a majority of the members present at a meeting, at which a quorum is present. The Committee may also act by unanimous written consent of its members in lieu of the meeting.

## **COMMITTEE DUTIES AND RESPONSIBILITIES**

The following functions shall be the key responsibilities and duties of the Committee and should serve as a guide with the understanding that the Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal, or other conditions.

The Committee shall:

1. Annually review and approve the Company's general compensation policy and oversee the development and implementation of the Company's compensation programs.
2. Annually review and approve corporate goals and objectives relevant to the compensation of the CEO, evaluate the performance of the CEO in light of those goals and objectives, and have the sole authority to determine the CEO's compensation level based on this evaluation.
3. Annually review and approve the compensation of all other "officers" of the Company (as defined in Rule 16a-1 promulgated under Section 16 of the Act (herein called "Section 16 Officers")), except to the extent otherwise contemplated hereby for action by the Board or by a subcommittee or the Secondary Committee (as defined below).
4. Make recommendations to the Board with respect to the Company's incentive compensation plans and equity-based compensation plans, including the Long-Term Incentive Plan.
5. Administer the Company's Long-Term Incentive Plan and other equity-based compensation plans in accordance with the terms and conditions thereof, discharge any responsibilities imposed on, and exercise all rights and powers granted to, the Committee by any of these plans, and oversee the activities of the individuals and entities responsible for the day-to-day operation and administration of these plans. To the extent required for the awards under the Long-Term Incentive Plan to be exempt from Section 16 of the Act by virtue of Rule 16b-3, such awards may be granted by, and the Plan may be administered by, the Board, including, without limitation, by the simultaneous grant of awards by the Committee and the Board.
6. Approve issuances under, or any material amendment of, any tax qualified, non-discriminatory employee benefit plan or parallel nonqualified plan pursuant to which a director, officer, employee, or consultant will acquire stock or options.
7. Approve issuances under, or any material amendment of, any stock option or other similar plan, pursuant to which a person not previously an employee or director of the Company, as an inducement material to the individual's entering into employment with the Company, will acquire stock or options.
8. Consult with the management the oversight of the regulatory compliance with respect to compensation matters, including overseeing the Company's policies on structuring compensation programs to preserve tax deductibility, and, as and when required, establishing performance goals and certifying that they have been attained for the purposes of Section 162(m) of the Code.
9. Review and discuss with the management the compensation discussion and analysis ("CD&A") as required by the SEC rules and regulations, as may be amended from time to time, to be included in the Company's proxy statement or annual report on Form 10-K pursuant to Item 402

of Regulation S-K of the SEC, and based on such review and discussion, determine whether to recommend to the Board that the CD&A be so included.

10. Review and approve any employment agreement to be entered into between the Company and any Section 16 Officer.
11. To the extent not provided for in any employment agreement approved by the Committee in accordance with the preceding paragraph, review and approve any severance or similar termination payments proposed to be made to any current or former Section 16 Officer.
12. Perform an annual self-evaluation of the Committee's performance and annually reassess the adequacy of and, if appropriate, propose to the Board any desired changes in, the Compensation Committee's Charter (the "Charter").
13. Prepare and issue the evaluations and reports required under "Committee Reports" section below.
14. Review from time to time and as it deems appropriate the compensation and benefits of non-employee directors, including compensation pursuant to equity-based plans, and approve or recommend to the Board for its action any changes in such compensation or benefits.
15. Maintain minutes or other records of meetings and activities of the Committee.
16. Perform any other duties or responsibilities expressly delegated to the Committee by the Board from time to time relating to the Company's compensation programs.

#### **DELEGATION TO SUBCOMMITTEE; APPOINTMENT OF SECONDARY COMMITTEE**

1. The Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee consisting of one or more members. In particular, the Committee may delegate the approval of certain transactions to a subcommittee consisting solely of members of the Committee who are (i) "Non-Employee Directors" for the purposes of Rule 16b-3 under the Act and (ii) "outside directors" for the purposes of Section 162(m) of the Code, as in effect from time to time.
2. The Board may appoint a Secondary Compensation Committee of the Board ("Secondary Committee"), which shall be composed of one or more directors of the Company who need not be (i) "Non-Employee Directors" for the purposes of Rule 16b-3 under the Act or (ii) "outside directors" for the purposes of Section 162(m) of the Code. The Secondary Committee may administer the Company's equity-based compensation plans with respect to the employees and consultants who are not directors or Section 16 Officers of the Company, may grant awards under such plans to such employees and consultants, and may determine all features and conditions of such awards, all in accordance with the applicable plan documents.

#### **COMMITTEE'S REPORTS**

The Committee shall produce the following reports and provide them to the Board:

1. An annual report of the Committee on executive compensation for inclusion in the Company's annual proxy statement in accordance with applicable SEC rules and regulations.
2. A summary of the actions taken at each Committee's meeting, which shall be presented to the Board at the next Board meeting.

## **RESOURCES AND AUTHORITY OF THE COMMITTEE**

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate, and approve the fees and other retention terms of special counsel, compensation consultants, or other experts or consultants, as it deems appropriate, without seeking approval of the Board or the management.

## **LIMITATION ON THE COMMITTEE'S ROLE**

While the Committee has the duties and responsibilities set forth in this Charter, nothing contained in this Charter is intended to create, or should be construed as creating, any responsibility or liability of the Committee members, except to the extent otherwise provided under applicable federal or state law.

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As adopted by the Board of Directors.