

**CARRIZO OIL & GAS, INC.**

**STATEMENTS OF OPERATIONS**

(unaudited)

	THREE MONTHS ENDED		YEAR ENDED	
	DECEMBER 31,		DECEMBER 31,	
	2009	2008 (A)	2009 (B)	2008 (A)
Oil and natural gas revenues (1)	37,513,017	36,207,174	121,295,955	210,106,411
Costs and expenses:				
Lease operating expenses	6,106,654	6,457,597	23,705,947	23,377,974
Transportation expenses (1)	5,760,101	2,984,329	15,080,109	9,365,428
Production tax expense (benefit)	513,974	395,306	132,061	5,141,270
Depreciation, depletion and amortization	11,957,007	16,436,911	52,005,426	58,310,791
Impairment of oil and natural gas properties	122,522,576	178,469,960	338,913,715	178,469,960
General and administrative expenses	4,082,807	4,113,719	16,274,126	17,640,018
Non-cash contribution	-	-	900,000	-
Accretion expense related to asset retirement obligations	82,329	(20,332)	307,969	153,483
Bad debt expense (benefit)	484,212	-	772,669	(166,246)
Stock-based compensation expense	2,783,518	1,404,387	11,297,483	5,951,829
<b>Total costs and expenses</b>	<b>154,293,178</b>	<b>210,241,877</b>	<b>459,389,505</b>	<b>298,244,507</b>
Operating income (loss)	(116,780,161)	(174,034,703)	(338,093,550)	(88,138,096)
Unrealized mark-to-market gain (loss) on derivatives, net	1,634,509	29,926,536	(34,627,035)	43,859,322
Realized gain (loss) on derivatives, net (2), (3), (4)	13,137,932	7,928,965	75,200,612	(3,020,045)
Loss on asset sale	-	-	-	(3,675)
Impairment of investment	-	-	(2,090,805)	-
Other income and expenses, net	17,380	(44,940)	35,128	21,301
Interest income	943	17,411	13,188	268,801
Interest expense (cash), net of amounts capitalized (5)	(3,436,070)	(1,917,146)	(12,691,837)	(7,399,205)
Interest expense (non-cash), net of amounts capitalized (6)	(1,602,552)	(1,343,087)	(5,898,170)	(2,331,169)
Loss on early settlement of interest rate swap on Second Lien debt	-	-	-	(3,340,003)
Loss on early extinguishment of Second Lien debt	-	-	-	(5,689,334)
Income (Loss) before income taxes	(107,028,019)	(139,466,964)	(318,152,469)	(65,772,103)
Income tax expense (benefit)	(38,540,031)	(46,780,719)	(113,307,885)	(20,725,225)
<b>Net Income (Loss)</b>	<b>\$ (68,487,988)</b>	<b>\$ (92,686,245)</b>	<b>\$ (204,844,584)</b>	<b>\$ (45,046,878)</b>
ADJUSTED net income available to common shares (7)	\$ 11,695,535	\$ 5,652,839	\$ 46,688,538	\$ 53,594,995
<b>EBITDA</b>	<b>\$ 34,204,793</b>	<b>\$ 30,140,248</b>	<b>\$ 141,339,452</b>	<b>\$ 151,582,977</b>
Basic net loss per common share	\$ (2.20)	\$ (3.01)	\$ (6.61)	\$ (1.49)
Diluted net loss per common share	\$ (2.20)	\$ (3.01)	\$ (6.61)	\$ (1.49)
ADJUSTED basic net income per common share (7)	\$ 0.38	\$ 0.18	\$ 1.51	\$ 1.77
ADJUSTED diluted net income per common share (7)	\$ 0.37	\$ 0.18	\$ 1.49	\$ 1.74
Basic weighted average common shares outstanding	31,081,723	30,769,566	31,005,662	30,325,522
Diluted weighted average common shares outstanding	31,537,765	31,117,917	31,361,384	30,748,287
(A) 2008 results are adjusted for retrospective adoption of new accounting guidelines related to (1) convertible debt instruments that may be settled in cash (including partial cash payment) upon conversion and (2) participating securities.				
(B) Results include the impact of a correction to the 1Q09 ceiling test impairment as described in the Company's 10-Q/A for the quarter ended March 31, 2009. Also refer to Summary of Adjustment Impact to First Quarter 2009 Statement of Operations on the last page of this earnings release.				
(1) Includes gross up adjustment of approximately \$5.0 million in the 4th quarter of 2009 and \$8.7 million for the year 2009 for the estimated transportation expenses on natural gas production sold at the wellhead due to contractual pricing effective July 1, 2009.				
(2) Includes reclassification in the 4th quarter of 2009 and for the year 2009 of approximately \$0.9 million from general and administrative expenses to realized gain (loss) on derivative, net, for agency fees to enter into certain derivative positions.				
(3) Includes reclassification in the 4th quarter of 2009 and for the year 2009 of approximately \$1.2 million from mark-to-market gain (loss) on derivatives, net, to realized gain (loss) on derivatives, net, for cash received from the optimization of certain hedge positions that settle in future periods.				
(4) Realized gain (loss) on derivatives, net, consists of the following:				
Oil and gas derivatives (a)	13,137,932	7,928,965	75,200,612	(1,819,256)
Interest rate derivatives	-	-	-	(1,200,789)
(a) Realized oil and gas derivatives include the following reclassifications from (to) mark-to-market gain (loss) to match settled hedges to the production months in each reporting period.	4,676,505	(1,721,576)	2,418,682	(2,513,852)
(5) Interest expense (cash), net of amounts capitalized, consists of the following:				
Gross interest expense	\$ (6,593,397)	\$ (6,346,049)	(26,138,877)	(23,039,994)
Capitalized interest	3,157,327	4,428,903	13,447,040	15,640,789
(6) Non-cash Interest expense, comprising amortization of equity premium on Convertible Notes per adoption of new accounting guidelines related to convertible debt instruments that may be settled in cash (including partial cash payment) upon conversion, consists of:				
Gross interest expense	\$ (3,075,100)	\$ (2,961,434)	(12,147,299)	(7,217,774)
Capitalized interest	1,472,548	1,618,347	6,249,129	4,886,605
(7) Excludes the impact of the unrealized mark-to-market gain (loss) on derivatives, stock-based compensation expense, non-cash interest expense, bad debt expense, loss on early extinguishment of Second Lien Debt, loss on early settlement of interest rate swap on Second Lien Debt, impairment of oil and natural gas properties, non-cash contribution and impairment of investment.				

**CARRIZO OIL & GAS, INC.**  
CONDENSED BALANCE SHEETS

		12/31/2009	12/31/08
		(unaudited)	(unaudited) (A)
<b>ASSETS:</b>			
Cash and cash equivalents		\$ 3,837,168	\$ 5,183,466
Fair value of derivative financial instruments		7,605,364	22,790,505
Other current assets		23,958,052	28,346,777
Deferred income taxes		71,196,339	-
Property and equipment, net		733,700,166	986,629,137
Other assets		20,433,034	25,478,104
Investments		3,357,702	3,273,910
<b>TOTAL ASSETS</b>		<b>\$ 864,087,825</b>	<b>\$ 1,071,701,899</b>
<b>LIABILITIES AND EQUITY:</b>			
Accounts payable and accrued liabilities		\$ 79,330,794	\$ 100,832,617
Current maturities of long-term debt		147,633	172,694
Other current liabilities		2,961,630	12,917,331
Long-term debt, net of current maturities		520,187,931	475,788,267
Deferred income taxes		-	34,777,980
Other liabilities		13,263,408	7,128,050
Fair value of derivative financial instruments		2,818,446	-
Equity		245,377,983	440,084,960
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 864,087,825</b>	<b>\$ 1,071,701,899</b>

(A) - includes adjustments to correct for certain computational errors on the 2008 year-end ceiling test impairment and to retrospectively adopt new accounting guidelines related to convertible debt instruments that may be settled in cash (including partial cash payment) upon conversion.

**CARRIZO OIL & GAS, INC.**  
NON-GAAP DISCLOSURES  
(unaudited)

Reconciliation of Net Income to EBITDA	THREE MONTHS ENDED		YEAR ENDED	
	DECEMBER 31,		DECEMBER 31,	
	2009	2008	2009	2008
Net Income	\$ (68,487,988)	\$ (92,686,245)	\$ (204,844,584)	\$ (45,046,878)
Adjustments:				
Depreciation, depletion and amortization	11,957,007	16,436,911	52,005,426	58,310,791
Unrealized mark-to-market gain (loss) on derivatives	(1,634,509)	(29,926,536)	34,627,035	(43,859,322)
Interest expense (cash and non-cash), net of amounts capitalized and interest income	5,037,679	3,242,822	18,576,819	9,461,573
Income tax benefit	(38,540,031)	(46,780,719)	(113,307,885)	(20,725,225)
Loss on asset sale	-	-	-	3,675
Impairment of investment	-	-	2,090,805	-
Non cash contribution	-	-	900,000	-
Stock based compensation expense	2,783,518	1,404,387	11,297,483	5,951,829
Bad debt expense	484,212	-	772,669	(166,246)
Accretion expense related to asset retirement obligations	82,329	(20,332)	307,969	153,483
Impairment of oil and natural gas properties	122,522,576	178,469,960	338,913,715	178,469,960
Loss on early settlement of interest rate swap on Second Lien debt	-	-	-	3,340,003
Loss on early extinguishment of Second Lien debt	-	-	-	5,689,334
<b>EBITDA, as defined</b>	<b>\$ 34,204,793</b>	<b>\$ 30,140,248</b>	<b>\$ 141,339,452</b>	<b>\$ 151,582,977</b>
<b>EBITDA per basic common share</b>	<b>\$ 1.10</b>	<b>\$ 0.98</b>	<b>\$ 4.56</b>	<b>\$ 5.00</b>
<b>EBITDA per diluted common share</b>	<b>\$ 1.08</b>	<b>\$ 0.97</b>	<b>\$ 4.51</b>	<b>\$ 4.93</b>

**CARRIZO OIL & GAS, INC.**  
PRODUCTION VOLUMES AND PRICES  
(unaudited)

<b>Production volumes-</b>				
Oil and condensate (Bbls)	45,075	42,666	173,618	186,459
Natural gas (Mcf)	8,413,474	6,957,656	32,002,305	24,513,112
Natural gas equivalent (Mcf)	8,683,924	7,213,652	33,044,013	25,631,866
Average daily production (Mcf)	94,390	78,409	90,532	70,224
<b>Average sales prices-</b>				
Oil and condensate (per Bbl)	\$72.43	\$57.80	\$58.85	\$99.74
<b>Oil and condensate (per Bbl) - with hedge impact</b>	<b>\$72.43</b>	<b>\$76.44</b>	<b>\$74.84</b>	<b>\$98.20</b>
Natural gas (per Mcf)	\$4.07 (a)	\$4.84	\$3.47 (a)	\$7.80
<b>Natural gas (per Mcf) - with hedge impact</b>	<b>\$5.63 (a)</b>	<b>\$5.86 (b)</b>	<b>\$5.74 (a)</b>	<b>\$7.74 (b)</b>
Natural gas equivalent (per Mcfe)	\$4.32	\$5.01	\$3.67	\$8.19

(a) - Includes gross up adjustment for revenues and transportation expenses that changed due to contractual pricing effective July 1, 2009.

(b) - Previously reported prices for 2008 and 2009 have been adjusted for the reclassification made to mark-to-market gain (loss) on derivatives to match settled hedges to the production months reported in each period.

**CARRIZO OIL & GAS, INC.**

Summary of Adjustment Impact to First Quarter 2009 Statement of Operations (c)  
(In Millions)

	Three Months Ended		
	March 31, 2009		
	Original	As Adjusted	Change
Impairment of oil and natural gas properties	\$ 252.2	\$ 216.4	\$ (35.8)
Depletion, depreciation and amortization	\$ 16.5	\$ 15.3	\$ (1.2)
Impairment of investment	\$ -	\$ 2.1	\$ 2.1
Net loss	\$ 148.3	\$ 125.5	\$ (22.8)

(c) - Refer to the Company's Quarterly Report on Form 10-Q/A for the quarter ended March 31, 2009 and the Company's Form 8-K filed with the SEC on August 10, 2009 for more discussion on the correction to the ceiling test impairment.

