



Azure Midstream Energy Announces Growth Expansion Project on Holly Gas Gathering System

- **Production optimization project begins on Azure’s Holly Gas Gathering system**
- **Project enhances production and provides additional fee-based services**
- **Extends Azure’s core Holly Gas Gathering System footprint**
- **Project is materially accretive to 2015 EBITDA and cash flow**

Dallas, Texas – Azure Midstream Energy, LLC (“Azure”), a leading midstream natural gas gathering and processing company based in Dallas, Texas, and the 100% owner of the general partner of Azure Midstream Partners, LP (NYSE: AZUR), today announced the beginning of a growth expansion project within Azure’s core Holly Gas Gathering System (“Holly”).

Construction has commenced on Azure’s Holly Production Optimization Project (“Holly Optimization”), which will extend the core Holly footprint and reduce line pressures across Holly, maximizing the utilization of the 2.1 Bcf/d capacity system. Reducing pressure on Holly from over 1,200 pounds per cubic inch to 500 pounds per cubic inch enhances volume deliverability from new and existing production and enhances Azure’s competitiveness in attracting additional volumes across its Holly service area.

Azure will also add a 9-mile extension of 12-inch gathering pipeline. The lateral line will connect existing dedicated production on the northwest side of Holly and connect to several prospective undeveloped sections dedicated from existing anchor producers. The lateral can have initial throughput of approximately 40 MMcf/d of natural gas with potential to add substantially more supply in 2016.

Holly Optimization will also add approximately 15,000 horsepower of compression with ultimate capacity of 600 MMcf/d and is expected to be in service by October of 2015. Azure expects the total cost of the project to be approximately \$24 million and to be materially accretive to Azure’s 2015 earnings and beyond.

Holly is primarily located within the DeSoto, Red River and Caddo parishes of North Louisiana and currently serves the Haynesville and Bossier shale formations and the liquids-rich Cotton Valley formation. As of June 30, 2015, the Holly system consists of approximately 335 miles of high- and low-pressure pipeline, with approximately 69,000 dedicated gross acres. The system also includes four amine treating plants with combined capacity of 920 MMcf/d and two 1,340 horsepower compressors with connections to eight downstream access points, providing shippers with access to significant off-take capacity.

“We are pleased to be moving forward with the Holly Optimization Project. It advances Azure’s commercial focus on increasing volumes within our core areas, and growing the business through strategic commercial opportunities,” said I.J. “Chip” Berthelot II, President of Azure Midstream Energy.



About Azure Midstream Energy, LLC

Azure Midstream Energy, LLC is a midstream company with a focus on owning, operating, developing and acquiring midstream energy infrastructure in core producing areas in the United States. Azure Midstream Energy, LLC owns 100% of Azure Midstream Partners GP, LLC (the “General Partner”), and 90% of the incentive distribution rights of Azure Midstream Partners, LP (the “Partnership”). In addition to its ownership in the General Partners and the Partnership, Azure Midstream Energy, LLC provides natural gas gathering, compression, treating and processing services in north Louisiana and east Texas in the prolific Haynesville and Bossier Shale formations.

About Azure Midstream Partners, LP

Azure Midstream Partners, LP (NYSE: AZUR), is a fee-based, growth oriented limited partnership formed to develop, operate, and acquire midstream energy assets. The Partnership provides natural gas gathering, transportation, and processing services; as well as NGL transportation and crude oil logistics services. The Partnership’s assets include approximately 750 miles of gathering lines in the horizontal Cotton Valley plays located in east Texas and north Louisiana and are capable of gathering 700 MMcf/d. The Partnership also has two natural gas processing facilities located in Panola County, Texas, and a natural gas processing facility located in Tyler County, Texas with 300 MMcf/d of cumulative processing capacity, two NGL transportation pipelines that connect its Panola County and Tyler County processing facilities to third party NGL pipelines capable of transporting 21,000 barrels per day, and three crude oil transloading facilities containing six crude oil transloaders with capacity to load 22,528 barrels per day.

Institutional Investor Contact:

Azure Midstream Partners, LP
Eric T. Kalamaras
Chief Financial Officer
(214) 206-9499

Retail Investor Contact:

Azure Midstream Partners, LP
Stephen Ciupak
Director of Financial Strategy
(214) 646-1583

Media Relations Contact:

Steven C. Sullivan
(518) 587-5995

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