



## **Azure Midstream Energy, LLC Announces \$83 Million Drop Down Transaction to Azure Midstream Partners, LP**

- ETG System generate \$83.0 million in total proceeds for Azure
- Approximately \$80 million utilized to reduce debt and enhance liquidity
- Drop down achieves Azure's 2015 debt reduction target
- Creates financial flexibility to fund future development opportunities

Dallas, Texas, August 6, 2015 – 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 (the “Partnership”) (NYSE: AZUR), today announced the contribution of the equity interests of Azure ETG, LLC (“ETG or the drop down”).

Consideration for the ETG contribution is comprised of \$80 million in cash and an additional 255,319 common units in the Partnership. Approximately \$80 million in cash proceeds from the contribution will be used to reduce indebtedness and creates financial flexibility to fund future development opportunities at Azure.

This transaction continues Azure's strategy of increasing financial flexibility and creating access to additional liquidity that will increase the strength of the Azure family of companies. In January 2015, Azure committed to reducing indebtedness by \$195 million to \$250 million. With the drop down of ETG, Azure will have met its 2015 debt reduction target and will gain access to additional liquidity to support its business development efforts across its platform.

The drop of ETG to the Partnership increases scale and operating flexibility that enhances the value of Azure's ownership. Azure continues to be incentivized to enhance the Partnership's growth through future accretive dropdowns and cash flow from its new limited partner unit ownership, as well as its 90% ownership in the incentive distribution rights, and 100% ownership of the general partner interests.

“The drop down of ETG supports Azure's strategy of growing the Partnership through accretive transactions for both our private and Partnership companies. Our creative approach to the drop down and proactive funding provided a great win-win solution for our entire stakeholder base, stated I.J. “Chip” Berthelot, II, Chief Executive Officer of Azure Midstream Energy.

Mr. Berthelot further added “The unique geographical footprint of ETG presents many additional opportunities to the Partnership; including dry gas gathering in the prolific Shelby Trough region of the Haynesville Shale, and provides Azure Midstream Energy with the necessary flexibility to continue our development plans over the coming quarters.”

### **ETG System**

The ETG system was part of Azure's Center system and includes approximately 250 miles of gathering pipelines, three owned treating plants, 10 MMcf/d of processing capacity and four interconnections with major interstate pipelines providing 1.75 Bcf per day of access to downstream markets. A total of 336,000 gross acres in the Haynesville Shale and Bossier Shale formations are dedicated to ETG under 23 long-term producer contracts.



### **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, headquartered in Dallas, Texas, 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 747 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.

Additional information about Azure Midstream Partners, LP can be found at [www.azuremidstreampartners.com](http://www.azuremidstreampartners.com).

### **Cautionary Language**

This press release contains forward-looking statements. These forward-looking statements are identified as any statement that does not relate strictly to historical or current facts. In particular, statements, express or implied, concerning future actions, conditions or events, future operating results or the ability to generate revenues, income or cash flow or to make distributions are forward-looking statements. The forward-looking statements in this press release include statements regarding Azure and its affiliates, including statements about (1) the benefits of the recent transactions described herein, including Azure's ability to successfully make future acquisitions, to maintain or increase future distributions, and to capitalize on certain commercial and operational synergies, (2) future expectations and projections of results of operations or financial condition and (3) the anticipated financial performance of Azure for the fiscal year 2015. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Future actions, conditions or events and future results of operations of Azure may differ materially from those expressed in these forward-looking statements. Many of the factors that will determine these results are beyond Azure's ability to control or predict. These statements are necessarily based upon various assumptions involving judgments with respect to the future, including, among others, conditions in the capital and credit markets; the ability to achieve synergies and revenue growth; national, international, regional and local economic, competitive and regulatory conditions and developments; technological developments; inflation rates; interest rates; the political and economic stability of oil producing nations; energy markets; commodity prices; weather conditions; environmental conditions; business and regulatory or legal decisions; the timing and success of business development efforts; terrorism; and other



uncertainties. In addition, an extensive list of specific material risks and uncertainties affecting Azure is contained in its 2014 Annual Report on Form 10-K, as amended, and in our other public filings and press releases. There is no assurance that any of the actions, events or results of the forward-looking statements will occur, or if any of them do, what impact they will have on Azure's results of operations or financial condition. Because of these uncertainties, you are cautioned not to put undue reliance on any forward-looking statement.

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