

## CAZA OIL & GAS, INC. – OPERATIONAL UPDATE

HOUSTON, TEXAS Caza Oil & Gas, Inc. (“Caza” or the “Company”) (TSX: CAZ) (AIM: CAZA) is pleased to provide an operational update on its activities in the Abo/Wolfcamp horizontal oil play in New Mexico, USA.

As previously announced, the Company’s Moore Bailout 11 State #1 and Lucky Penny 10 State #1 wells have been drilled, fractured stimulated and placed on production. While some completion fluid is still being recovered from both wells, oil production has now stabilized at an average rate of around 20 barrels per day per well. Both wells exhibited an initial period of volatile production as fracture fluid was recovered, however production from both wells has now dropped off from a maximum rate of approximately 150 barrels per day each and has stabilized at the lower level.

Neither well was drilled as planned due to operational issues and as a result horizontal legs of approximately 2,100 feet (Moore Bailout) and 1,800 feet (Lucky Penny) were drilled and completed. These are significantly shorter than the planned horizontal legs of approximately 4,000 feet. The Company is currently in discussions with its commercial partners regarding a possible re-entry of the wells and drilling additional laterals, which would then be stimulated utilizing a multi stage packer isolation system.

Caza currently has a 12.5% working interest and a corresponding 9.375% net revenue interest in both wells.

Caza has also completed the drilling of the Bada Bing 23 State #1 horizontal well and is in the process of arranging for the well to be fracture stimulated within the next 20 to 30 days. Drilling of the fourth well in the program, the Moore Cowbell 27 State #1, commenced on 11 November 2009, with completion operations expected to begin early in the new year.

Mike Ford, CEO and President of the Company, commented:

“The production figures from Moore Bailout 11 State #1 and Lucky Penny 10 State #1 wells are below Caza’s expectations, and the Company is currently considering means by which production can be increased. Mechanical issues prevented Caza from executing a proper drill out and completion in the first two wells.

“We are pleased with progress of the third well, the Bada Bing 23 State #1, and have successfully reached the planned lateral length of 4,000 feet. We are still very optimistic about this play and gained valuable information while drilling and completing the first two wells. We are hopeful that the results of the next wells drilled will be in line with expectations and set up future development opportunities.”

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With effect from 26 November 2009, the Company’s nominated adviser changed its name from Hanson Westhouse Limited to Westhouse Securities Limited.

In accordance with AIM Rules - Guidance Note for Mining, Oil and Gas Companies, the information contained in this announcement has been reviewed and approved by Anthony B. Sam, Vice President, Operations of Caza who is a Petroleum Engineer and a member of The Society of Petroleum Engineers.

The Toronto Stock Exchange has neither approved nor disapproved the information contained herein.

## **ADVISORY REGARDING FORWARD LOOKING STATEMENTS**

Information in this news release that is not current or historical factual information may constitute forward-looking statements within the meaning of securities laws. Such information is often, but not always, identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar expressions. Information regarding the Lucky Penny 10 State #1, Moore Bailout 11 State #1, Bada Bing 23 State #1 and Moore Cowbell 27 State #1 wells and/or future exploration and drilling activities contained in this news release constitutes forward-looking information within the meaning of securities laws.

Implicit in this information, particularly in respect of wells, production, flow rates and test rates are assumptions regarding projected revenue and expenses. Specifically, the Company has assumed that these wells will produce positive results. These assumptions, although considered reasonable by the Company at the time of preparation, may prove to be incorrect. Readers are cautioned that actual future operating results and economic performance of the Company are subject to a number of risks and uncertainties, including general mechanical, economic, market and business conditions and could differ materially from what is currently expected as set out above. Future flow rates from wells may vary, perhaps materially, and the wells in question may prove to be technically or economically unviable. Any future flow rates will be subject to the risks and uncertainties set out herein.

For more exhaustive information on these risks and uncertainties you should refer to the Company’s most recently filed annual information form which is available at [www.sedar.com](http://www.sedar.com). You should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While we may elect to, we are under no obligation and do not undertake to update this information at any particular time, except as required by applicable securities laws.