



**Oasis Petroleum Inc.**

**Non-GAAP Financial Measures**

Adjusted EBITDA is a supplemental non-GAAP financial measure that is used by management and external users of the Company's consolidated financial statements, such as industry analysts, investors, lenders and rating agencies. The Company defines Adjusted EBITDA as earnings before interest expense, income taxes, depreciation, depletion, amortization, exploration expenses and other similar non-cash charges. Adjusted EBITDA is not a measure of net income or cash flows as determined by United States generally accepted accounting principles, or GAAP.

The following tables present a reconciliation of the non-GAAP financial measure of Adjusted EBITDA to the GAAP financial measures of net income and net cash provided by operating activities, respectively.

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<b>Adjusted EBITDA reconciliation to Net Income (\$ in thousands):</b>				
Net income	\$ 54,499	\$ 18,314	\$ 173,469	\$ 110,798
Net (gain) loss on derivative instruments	39,817	22,441	41,838	(33,568)
Derivative settlements	(8,067)	5,249	(5,135)	2,784
Interest expense	22,854	20,979	65,429	48,952
Depreciation, depletion and amortization	72,728	57,684	205,779	140,783
Impairment of oil and gas properties	56	36	762	2,607
Exploration expenses	463	336	2,712	3,171
Stock-based compensation expenses	3,040	2,729	8,411	6,627
Income tax expense	33,715	11,451	102,626	66,712
Other non-cash adjustments	515	-	589	-
<b>Adjusted EBITDA</b>	<b><u>\$ 219,620</u></b>	<b><u>\$ 139,219</u></b>	<b><u>\$ 596,480</u></b>	<b><u>\$ 348,866</u></b>
<b>Adjusted EBITDA reconciliation to Net Cash Provided by Operating Activities (\$ in thousands):</b>				
Net cash provided by operating activities	\$ 178,874	\$ 110,268	\$ 536,681	\$ 282,128
Derivative settlements	(8,067)	5,249	(5,135)	2,784
Interest expense	22,854	20,979	65,429	48,952
Exploration expenses	463	336	2,712	3,171
Debt discount amortization and other	(940)	(773)	(2,693)	(2,038)
Current tax expense	(555)	(36)	382	64
Changes in working capital	26,476	3,196	(1,485)	13,805
Other non-cash adjustments	515	-	589	-
<b>Adjusted EBITDA</b>	<b><u>\$ 219,620</u></b>	<b><u>\$ 139,219</u></b>	<b><u>\$ 596,480</u></b>	<b><u>\$ 348,866</u></b>

Adjusted Net Income is a supplemental non-GAAP financial measure that is used by management and external users of the Company's consolidated financial statements, such as industry analysts, investors, lenders and rating agencies. The Company defines Adjusted Net Income as Net Income after adjusting first for (1) the impact of certain non-cash items, including changes in unrealized gains and losses on derivative instruments, impairment of oil and gas properties, and other similar non-cash charges, and then (2) the non-cash items' impact on taxes based on the Company's effective tax rates in the same period. Adjusted Net Income is not a measure of net income as determined by GAAP.

The following table provides a reconciliation of net income (GAAP) to Adjusted Net Income (non-GAAP):



	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	<i>(In thousands, except per share amounts)</i>			
<b>Net income</b>	\$ 54,499	\$ 18,314	\$ 173,469	\$ 110,798
Net (gain) loss on derivative instruments	39,817	22,441	41,838	(33,568)
Derivative settlements	(8,067)	5,249	(5,135)	2,784
Impairment of oil and gas properties	56	36	762	2,607
Other non-cash adjustments	515	—	589	—
Tax impact <sup>(1)</sup>	(12,329)	(10,667)	(14,237)	10,590
<b>Adjusted Net Income</b>	<b>\$ 74,491</b>	<b>\$ 35,373</b>	<b>\$ 197,286</b>	<b>\$ 93,211</b>
<b>Adjusted earnings per share:</b>				
Basic	\$ 0.81	\$ 0.38	\$ 2.13	\$ 1.01
Diluted	\$ 0.80	\$ 0.38	\$ 2.13	\$ 1.01
<b>Weighted average shares outstanding:</b>				
Basic	92,449	92,186	92,408	92,164
Diluted	92,836	92,416	92,838	92,343
Effective Tax Rate	38.2%	38.5%	37.2%	37.6%

(1) The tax impact is computed utilizing the Company's effective tax rate on the adjustments for certain non-cash items.