



Oasis Petroleum Inc.

Non-GAAP Financial Measure

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.

Adjusted EBITDA Reconciliations

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	<i>(In thousands)</i>			
Adjusted EBITDA reconciliation to Net Income:				
Net income	\$ 76,043	\$ 33,349	\$ 92,484	\$ 26,502
Change in unrealized gain on derivative instruments	(75,769)	(31,687)	(58,474)	(533)
Interest expense	14,074	6,761	27,973	11,959
Depreciation, depletion and amortization	44,213	13,100	83,099	26,912
Impairment of oil and gas properties	2,203	1,536	2,571	2,917
Exploration expenses	-	259	2,835	291
Stock-based compensation expenses	2,307	1,044	3,898	1,571
Income tax expense	45,439	20,230	55,261	16,069
Adjusted EBITDA	\$ 108,510	\$ 44,592	\$ 209,647	\$ 85,688
Adjusted EBITDA reconciliation to Net Cash Provided by Operating Activities:				
Net cash provided by operating activities	\$ 109,095	\$ 79,250	\$ 171,860	\$ 102,095
Realized loss on derivative instruments	(1,174)	(4,140)	(2,465)	(4,652)
Interest expense	14,074	6,761	27,973	11,959
Exploration expenses	-	259	2,835	291
Debt discount amortization and other	(617)	(392)	(1,265)	(648)
Cash paid for income taxes	100	-	100	-
Changes in working capital	(12,968)	(37,146)	10,609	(23,357)
Adjusted EBITDA	\$ 108,510	\$ 44,592	\$ 209,647	\$ 85,688