



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 (loss) and net cash provided by operating activities, respectively.

	Three Months Ended		Year Ended December 31,	
	December 31,		December 31,	
	2011	2010	2011	2010
	<i>(In thousands)</i>			
Adjusted EBITDA reconciliation to Net Income (Loss):				
Net income (loss)	\$ (13,401)	\$ 1,587	\$ 79,390	\$ (29,695)
Change in unrealized (gain) loss on derivative instruments	66,500	7,417	(5,436)	7,533
Interest expense	10,873	274	29,618	1,357
Depreciation, depletion and amortization	27,210	13,447	74,981	37,832
Impairment of oil and gas properties	297	158	3,610	11,967
Exploration expenses	1,340	261	1,685	297
Loss on sale of properties	207	-	207	-
Stock-based compensation expenses	1,064	4,160	3,656	9,970
Income tax (benefit) expense	(8,226)	3,856	46,789	42,962
Adjusted EBITDA	<u>\$ 85,864</u>	<u>\$ 31,160</u>	<u>\$ 234,500</u>	<u>\$ 82,223</u>
Adjusted EBITDA reconciliation to Net Cash Provided by Operating Activities:				
Net cash provided by operating activities	\$ 36,342	\$ 18,727	\$ 176,024	\$ 49,612
Realized gain (loss) on derivative instruments	990	(61)	(3,841)	(120)
Interest expense	10,873	274	29,618	1,357
Exploration expenses	1,340	261	1,685	297
Debt discount amortization and other	(520)	(48)	(1,561)	(470)
Changes in working capital	36,839	12,007	32,575	31,547
Adjusted EBITDA	<u>\$ 85,864</u>	<u>\$ 31,160</u>	<u>\$ 234,500</u>	<u>\$ 82,223</u>