



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 and amortization, property impairments, exploration expenses, unrealized derivative gains and losses and non-cash stock-based compensation expense. 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		Nine Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
	<i>(In thousands)</i>			
Adjusted EBITDA reconciliation to Net Income (Loss):				
Net income (loss)	\$ 66,289	\$ (1,701)	\$ 92,791	\$ (31,282)
Change in unrealized (gain) loss on derivative instruments	(71,403)	3,124	(71,936)	116
Interest expense	6,786	236	18,745	1,083
Depreciation, depletion and amortization	20,859	9,753	47,771	24,385
Impairment of oil and gas properties	396	825	3,313	11,809
Exploration expenses	54	(6)	345	36
Stock-based compensation expenses	1,021	561	2,592	5,810
Income tax expense	38,946	9,239	55,015	39,106
Adjusted EBITDA	<u>\$ 62,948</u>	<u>\$ 22,031</u>	<u>\$ 148,636</u>	<u>\$ 51,063</u>
Adjusted EBITDA reconciliation to Net Cash Provided by Operating Activities:				
Net cash provided by operating activities	\$ 37,587	\$ 10,255	\$ 139,682	\$ 30,885
Realized loss on derivative instruments	(179)	-	(4,831)	(59)
Interest expense	6,786	236	18,745	1,083
Exploration expenses	54	(6)	345	36
Debt discount amortization and other	(393)	(90)	(1,041)	(422)
Changes in working capital	19,093	11,636	(4,264)	19,540
Adjusted EBITDA	<u>\$ 62,948</u>	<u>\$ 22,031</u>	<u>\$ 148,636</u>	<u>\$ 51,063</u>