



**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.

	<u>Three Months Ended</u>		<u>Six Months Ended June</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	<i>(In thousands)</i>			
<b>Adjusted EBITDA reconciliation to Net Income (Loss):</b>				
Net income (loss)	\$ 33,349	\$ (26,350)	\$ 26,502	\$ (29,581)
Change in unrealized gain on derivative instruments	(31,687)	(3,399)	(533)	(3,008)
Interest expense	6,761	509	11,959	847
Depreciation, depletion and amortization	13,100	8,783	26,912	14,632
Impairment of oil and gas properties	1,536	7,907	2,917	10,984
Exploration expenses	259	24	291	42
Stock-based compensation expenses	1,044	49	1,571	5,249
Income tax expense	20,230	29,867	16,069	29,867
<b>Adjusted EBITDA</b>	<b><u>\$ 44,592</u></b>	<b><u>\$ 17,390</u></b>	<b><u>\$ 85,688</u></b>	<b><u>\$ 29,032</u></b>
<b>Adjusted EBITDA reconciliation to Net Cash Provided by Operating Activities:</b>				
Net cash provided by operating activities	\$ 79,250	\$ 12,928	\$ 102,095	\$ 20,630
Realized loss on derivative instruments	(4,140)	(33)	(4,652)	(59)
Interest expense	6,761	509	11,959	847
Exploration expenses	259	24	291	42
Debt discount amortization and other	(392)	(147)	(648)	(332)
Changes in working capital	(37,146)	4,109	(23,357)	7,904
<b>Adjusted EBITDA</b>	<b><u>\$ 44,592</u></b>	<b><u>\$ 17,390</u></b>	<b><u>\$ 85,688</u></b>	<b><u>\$ 29,032</u></b>