

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 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 loss and net cash provided by operating activities, respectively.

Adjusted EBITDA Reconciliations

	Three Months Ended March 31,	
	2011	2010
	<i>(In thousands)</i>	
Adjusted EBITDA reconciliation to Net Income /(Loss):		
Net income (loss)	\$ (6,847)	\$ (3,231)
Change in unrealized loss (gain) on derivative instruments	31,154	391
Interest expense	5,198	338
Depreciation, depletion and amortization	13,812	5,849
Impairment of oil and gas properties	1,381	3,077
Exploration expenses	32	18
Stock-based compensation expenses	527	5,200
Income tax expense (benefit)	(4,161)	-
Adjusted EBITDA	\$ 41,096	\$ 11,642
Adjusted EBITDA reconciliation to Net Cash Provided by Operating Activities:		
Net cash provided by operating activities	\$ 22,845	\$ 7,702
Realized gain (loss) on derivative instruments	(512)	(26)
Interest expense	5,198	338
Exploration expenses	32	18
Debt discount amortization and other	(256)	(185)
Changes in working capital	13,789	3,795
Adjusted EBITDA	\$ 41,096	\$ 11,642