



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

(\$ in thousands)	Three Months Ended December 31,		Year Ended December 31,	
	2010	2009	2010	2009
Adjusted EBITDA reconciliation to Net Income /(Loss):				
Net income / (loss)	\$ 1,587	\$ (3,643)	\$ (29,695)	\$ (15,209)
Change in unrealized loss on derivative instruments	7,417	1,676	7,533	7,043
Interest expense	274	311	1,357	912
Depreciation, depletion and amortization	13,447	6,532	37,832	16,670
Impairment to oil and gas properties	158	3,370	11,967	6,233
Exploration expenses	261	779	297	1,019
Stock-based compensation expenses	4,160	-	9,970	-
Income tax expense	3,856	-	42,962	-
Adjusted EBITDA	\$ 31,160	\$ 9,025	\$ 82,223	\$ 16,668
Adjusted EBITDA reconciliation to Net Cash Provided by Operating Activities:				
Net cash provided by operating activities	\$ 18,727	\$ 6,629	\$ 49,612	\$ 6,148
Realized gain (loss) on derivative instruments	(61)	(67)	(120)	2,296
Interest expense	274	311	1,357	912
Exploration expenses	261	779	297	1,019
Gain on sale of properties	-	1,455	-	1,455
Debt discount amortization and other	(48)	(24)	(470)	(95)
Changes in working capital	12,007	(58)	31,547	4,933
Adjusted EBITDA	\$ 31,160	\$ 9,025	\$ 82,223	\$ 16,668