

**Oasis Petroleum Inc.**

**Non-GAAP Financial Measures**

Cash Interest is a supplemental non-GAAP financial measure that is used by management and external users of the Company's financial statements, such as industry analysts, investors, lenders and rating agencies. The Company defines Cash Interest as interest expense plus capitalized interest less amortization and write-offs of deferred financing costs included in interest expense. Cash Interest is not a measure of interest expense as determined by United States generally accepted accounting principles, or GAAP.

The following table presents a reconciliation of the GAAP financial measure of interest expense to the non-GAAP financial measure of Cash Interest for the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	<i>(In thousands)</i>			
<b>Interest expense</b>	\$ 34,979	\$ 37,405	\$ 73,718	\$ 76,189
Capitalized interest	4,835	4,851	9,303	8,776
Amortization of deferred financing costs	(2,030)	(2,368)	(5,947)	(3,956)
<b>Cash Interest</b>	<b><u>\$ 37,784</u></b>	<b><u>\$ 39,888</u></b>	<b><u>\$ 77,074</u></b>	<b><u>\$ 81,009</u></b>

Adjusted EBITDA and Free Cash Flow are supplemental non-GAAP financial measures that are used by management and external users of the Company's 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 or non-recurring charges. The Company defines Free Cash Flow as Adjusted EBITDA less Cash Interest and CapEx, excluding capitalized interest. Adjusted EBITDA and Free Cash Flow are not measures of net income (loss) or cash flows as determined by United States generally accepted accounting principles, or GAAP.

The following table presents reconciliations of the GAAP financial measures of net income (loss) and net cash provided by (used in) operating activities to the non-GAAP financial measures of Adjusted EBITDA and Free Cash Flow for the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	<i>(In thousands)</i>			
<b>Net loss</b>	\$ (89,931)	\$ (53,230)	\$ (154,386)	\$ (71,271)
Loss on sale of properties	1,311	—	1,311	—
Gain on extinguishment of debt	(11,642)	—	(18,658)	—
Net (gain) loss on derivative instruments	90,846	39,424	76,471	(7,648)
Derivative settlements <sup>(1)</sup>	30,477	104,077	103,790	213,336
Interest expense, net of capitalized interest	34,979	37,405	73,718	76,189
Depreciation, depletion and amortization	122,488	119,218	244,937	237,696
Impairment	23	19,516	3,585	24,837
Rig termination	—	2,815	—	3,895
Exploration expenses	340	1,082	703	1,925
Stock-based compensation expenses	6,249	6,057	12,979	13,663
Income tax benefit	(52,498)	(30,845)	(80,127)	(38,221)
Other non-cash adjustments	(484)	(97)	723	(101)
<b>Adjusted EBITDA</b>	<b>132,158</b>	<b>245,422</b>	<b>265,046</b>	<b>454,300</b>
Cash Interest	(37,784)	(39,888)	(77,074)	(81,009)
CapEx <sup>(2)</sup>	(131,288)	(170,408)	(219,243)	(441,513)
Capitalized interest	4,835	4,851	9,303	8,776
<b>Free Cash Flow</b>	<b>\$ (32,079)</b>	<b>\$ 39,977</b>	<b>\$ (21,968)</b>	<b>\$ (59,446)</b>
<b>Net cash provided by operating activities</b>	\$ 137,452	\$ 141,525	\$ 91,401	\$ 229,886
Derivative settlements <sup>(1)</sup>	30,477	104,077	103,790	213,336
Interest expense, net of capitalized interest	34,979	37,405	73,718	76,189
Rig termination	—	2,815	—	3,895
Exploration expenses	340	1,082	703	1,925
Deferred financing costs amortization and other	(1,486)	(3,404)	(6,552)	(5,059)
Changes in working capital	(69,120)	(37,981)	1,263	(65,771)
Other non-cash adjustments	(484)	(97)	723	(101)
<b>Adjusted EBITDA</b>	<b>132,158</b>	<b>245,422</b>	<b>265,046</b>	<b>454,300</b>
Cash Interest	(37,784)	(39,888)	(77,074)	(81,009)
CapEx <sup>(2)</sup>	(131,288)	(170,408)	(219,243)	(441,513)
Capitalized interest	4,835	4,851	9,303	8,776
<b>Free Cash Flow</b>	<b>\$ (32,079)</b>	<b>\$ 39,977</b>	<b>\$ (21,968)</b>	<b>\$ (59,446)</b>

- (1) Cash settlements represent the cumulative gains and losses on the Company's derivative instruments for the periods presented and do not include a recovery of costs that were paid to acquire or modify the derivative instruments that were settled.
- (2) CapEx reflected in the table above differs from the amounts shown in the statement of cash flows in the Company's condensed consolidated financial statements because amounts reflected in the table above include changes in accrued liabilities from the previous reporting period for capital expenditures, while the amounts presented in the statement of cash flows are presented on a cash basis.

The following tables present reconciliations of the GAAP financial measure of income (loss) before income taxes to the non-GAAP financial measure of Adjusted EBITDA for the Company's three reportable business segments on a gross basis for the periods presented:

### Exploration and Production

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	<i>(In thousands)</i>			
<b>Loss before income taxes</b>	\$ (158,978)	\$ (99,164)	\$ (264,744)	\$ (133,172)
Loss on sale of properties	1,669	—	1,669	—
Gain on extinguishment of debt	(11,642)	—	(18,658)	—
Net (gain) loss on derivative instruments	90,846	39,424	76,471	(7,648)
Derivative settlements <sup>(1)</sup>	30,477	104,077	103,790	213,336
Interest expense, net of capitalized interest	34,979	37,405	73,718	76,189
Depreciation, depletion and amortization	120,039	118,049	240,881	235,589
Impairment	23	19,516	1,154	24,837
Rig termination	—	2,815	—	3,895
Exploration expenses	340	1,082	703	1,925
Stock-based compensation expenses	6,077	5,973	12,625	13,515
Other non-cash adjustments	(484)	(97)	723	(101)
<b>Adjusted EBITDA</b>	<b>\$ 113,346</b>	<b>\$ 229,080</b>	<b>\$ 228,332</b>	<b>\$ 428,365</b>

(1) Cash settlements represent the cumulative gains and losses on the Company's derivative instruments for the periods presented and do not include a recovery of costs that were paid to acquire or modify the derivative instruments that were settled.

### Well Services

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	<i>(In thousands)</i>			
<b>Income (loss) before income taxes</b>	\$ (2,142)	\$ 9,030	\$ 1,885	\$ 18,638
Depreciation, depletion and amortization	3,895	5,008	8,127	9,526
Stock-based compensation expenses	235	443	899	986
<b>Adjusted EBITDA</b>	<b>\$ 1,988</b>	<b>\$ 14,481</b>	<b>\$ 10,911</b>	<b>\$ 29,150</b>

### Midstream Services

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	<i>(In thousands)</i>			
<b>Income before income taxes</b>	\$ 18,040	\$ 15,922	\$ 33,198	\$ 25,211
Gain on sale of properties	(358)	—	(358)	—
Depreciation, depletion and amortization	1,732	1,375	3,415	2,561
Impairment	—	—	2,431	—
Stock-based compensation expenses	224	119	443	323
<b>Adjusted EBITDA</b>	<b>\$ 19,638</b>	<b>\$ 17,416</b>	<b>\$ 39,129</b>	<b>\$ 28,095</b>

Adjusted Net Income (Loss) and Adjusted Diluted Earnings (Loss) Per Share are supplemental non-GAAP financial measures that are used by management and external users of the Company's financial statements, such as industry analysts, investors, lenders and rating agencies. The Company defines Adjusted Net Income (Loss) as net income (loss) after adjusting first for (1) the impact of certain non-cash and non-recurring items, including non-cash changes in the fair value of derivative instruments, impairment, and other similar non-cash and non-recurring charges, and then (2) the non-cash and non-recurring items' impact on taxes based on the Company's effective tax rate applicable to those adjusting items in the same period. Adjusted Net Income (Loss) is not a measure of net income (loss) as determined by GAAP. The Company defines Adjusted Diluted Earnings (Loss) Per Share as Adjusted Net Income (Loss) divided by diluted weighted average shares outstanding.

The following table presents reconciliations of the GAAP financial measure of net income (loss) to the non-GAAP financial measure of Adjusted Net Income (Loss) and the GAAP financial measure of diluted earnings (loss) per share to the non-GAAP financial measure of Adjusted Diluted Earnings (Loss) Per Share for the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	<i>(In thousands, except per share data)</i>			
<b>Net loss</b>	\$ (89,931)	\$ (53,230)	\$ (154,386)	\$ (71,271)
Loss on sale of properties	1,311	—	1,311	—
Gain on extinguishment of debt	(11,642)	—	(18,658)	—
Net (gain) loss on derivative instruments	90,846	39,424	76,471	(7,648)
Derivative settlements <sup>(1)</sup>	30,477	104,077	103,790	213,336
Impairment	23	19,516	3,585	24,837
Rig termination	—	2,815	—	3,895
Amortization of deferred financing costs <sup>(2)</sup>	2,030	2,368	5,947	3,956
Other non-cash adjustments	(484)	(97)	723	(101)
Tax impact <sup>(3)</sup>	(42,075)	(62,871)	(64,731)	(89,115)
<b>Adjusted Net Income (Loss)</b>	<b>\$ (19,445)</b>	<b>\$ 52,002</b>	<b>\$ (45,948)</b>	<b>\$ 77,889</b>
<b>Diluted loss per share</b>	\$ (0.51)	\$ (0.39)	\$ (0.91)	\$ (0.58)
Loss on sale of properties	0.01	—	0.01	—
Gain on extinguishment of debt	(0.07)	—	(0.11)	—
Net (gain) loss on derivative instruments	0.51	0.29	0.45	(0.06)
Derivative settlements <sup>(1)</sup>	0.17	0.76	0.61	1.73
Impairment	—	0.14	0.02	0.20
Rig termination	—	0.02	—	0.03
Amortization of deferred financing costs <sup>(2)</sup>	0.01	0.02	0.03	0.03
Other non-cash adjustments	—	—	—	—
Tax impact <sup>(3)</sup>	(0.23)	(0.46)	(0.37)	(0.72)
<b>Adjusted Diluted Earnings (Loss) Per Share</b>	<b>\$ (0.11)</b>	<b>\$ 0.38</b>	<b>\$ (0.27)</b>	<b>\$ 0.63</b>
Diluted weighted average shares outstanding	176,984	136,859	169,953	123,157
Effective tax rate applicable to adjustment items	37.4%	37.4%	37.4%	37.4%

(1) Cash settlements represent the cumulative gains and losses on the Company's derivative instruments for the periods presented and do not include a recovery of costs that were paid to acquire or modify the derivative instruments that were settled.

(2) As of June 30, 2016, Adjusted Net Income (Loss) includes the non-cash adjustment for amortization of deferred financing costs. Comparative periods have been conformed. The amortization of deferred financing costs are included in interest expense on the Company's Condensed Consolidated Statement of Operations. For the six months ended June

30, 2016 and 2015, the amortization of deferred financing costs included \$1.8 million and \$0.5 million, respectively, for unamortized deferred financing costs related to the revolving credit facility, which were written off in proportion to the decreases in the borrowing base.

- (3) The tax impact is computed utilizing the Company's effective tax rate applicable to the adjustments for certain non-cash and non-recurring items.