

**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 September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	<i>(In thousands)</i>			
<b>Interest expense</b>	\$ 31,726	\$ 36,513	\$ 105,444	\$ 112,702
Capitalized interest	4,380	5,054	13,683	13,830
Amortization of deferred financing costs	(2,095)	(1,570)	(8,042)	(5,527)
Amortization of debt discount	(300)	—	(300)	—
<b>Cash Interest</b>	<b>\$ 33,711</b>	<b>\$ 39,997</b>	<b>\$ 110,785</b>	<b>\$ 121,005</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 September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	<i>(In thousands)</i>			
<b>Net income (loss)</b>	\$ (33,942)	\$ 27,055	\$ (188,328)	\$ (44,216)
(Gain) loss on sale of properties	(6)	(172)	1,305	(172)
(Gain) loss on extinguishment of debt	13,793	—	(4,865)	—
Net (gain) loss on derivative instruments	(20,847)	(103,637)	55,624	(111,285)
Derivative settlements <sup>(1)</sup>	11,786	78,100	115,576	291,436
Interest expense, net of capitalized interest	31,726	36,513	105,444	112,702
Depreciation, depletion and amortization	111,948	123,734	356,885	361,430
Impairment	382	80	3,967	24,917
Rig termination	—	—	—	3,895
Exploration expenses	489	327	1,192	2,252
Stock-based compensation expenses	5,782	5,966	18,761	19,629
Income tax (benefit) expense	(16,691)	20,392	(96,818)	(17,829)
Other non-cash adjustments	(26)	883	697	782
<b>Adjusted EBITDA</b>	<b>104,394</b>	<b>189,241</b>	<b>369,440</b>	<b>643,541</b>
Cash Interest	(33,711)	(39,997)	(110,785)	(121,005)
Capital expenditures <sup>(2)</sup>	(78,453)	(78,053)	(297,696)	(519,566)
Capitalized interest	4,380	5,054	13,683	13,830
<b>Free Cash Flow</b>	<b>\$ (3,390)</b>	<b>\$ 76,245</b>	<b>\$ (25,358)</b>	<b>\$ 16,800</b>
<b>Net cash provided by operating activities</b>	\$ 32,018	\$ 50,451	\$ 123,419	\$ 280,337
Derivative settlements <sup>(1)</sup>	11,786	78,100	115,576	291,436
Interest expense, net of capitalized interest	31,726	36,513	105,444	112,702
Rig termination	—	—	—	3,895
Exploration expenses	489	327	1,192	2,252
Deferred financing costs amortization and other	(3,622)	(2,409)	(10,174)	(7,468)
Changes in working capital	32,023	25,376	33,286	(40,395)
Other non-cash adjustments	(26)	883	697	782
<b>Adjusted EBITDA</b>	<b>104,394</b>	<b>189,241</b>	<b>369,440</b>	<b>643,541</b>
Cash Interest	(33,711)	(39,997)	(110,785)	(121,005)
Capital expenditures <sup>(2)</sup>	(78,453)	(78,053)	(297,696)	(519,566)
Capitalized interest	4,380	5,054	13,683	13,830
<b>Free Cash Flow</b>	<b>\$ (3,390)</b>	<b>\$ 76,245</b>	<b>\$ (25,358)</b>	<b>\$ 16,800</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 September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	<i>(In thousands)</i>			
<b>Income (loss) before income taxes</b>	\$ (66,333)	\$ 29,070	\$ (331,075)	\$ (104,102)
(Gain) loss on sale of properties	(6)	(172)	1,663	(172)
(Gain) loss on extinguishment of debt	13,793	—	(4,865)	—
Net (gain) loss on derivative instruments	(20,847)	(103,637)	55,624	(111,285)
Derivative settlements <sup>(1)</sup>	11,786	78,100	115,576	291,436
Interest expense, net of capitalized interest	31,726	36,513	105,444	112,702
Depreciation, depletion and amortization	109,668	122,075	346,240	357,664
Impairment	382	80	1,536	24,917
Rig termination	—	—	—	3,895
Exploration expenses	489	327	1,192	2,252
Stock-based compensation expenses	5,570	5,761	17,495	19,276
Other non-cash adjustments	(26)	883	697	782
<b>Adjusted EBITDA</b>	<b>\$ 86,202</b>	<b>\$ 169,000</b>	<b>\$ 309,527</b>	<b>\$ 597,365</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 September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	<i>(In thousands)</i>			
<b>Income before income taxes</b>	\$ 1,577	\$ 10,950	\$ 3,462	\$ 29,588
Depreciation, depletion and amortization	3,478	4,904	11,605	14,430
Stock-based compensation expenses	354	544	1,253	1,530
<b>Adjusted EBITDA</b>	<b>\$ 5,409</b>	<b>\$ 16,398</b>	<b>\$ 16,320</b>	<b>\$ 45,548</b>

### Midstream Services

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	<i>(In thousands)</i>			
<b>Income before income taxes</b>	\$ 16,065	\$ 18,828	\$ 49,262	\$ 44,039
Gain on sale of properties	—	—	(358)	—
Depreciation, depletion and amortization	1,909	1,509	5,325	4,070
Impairment	—	—	2,431	—
Stock-based compensation expenses	218	206	661	529
<b>Adjusted EBITDA</b>	<b>\$ 18,192</b>	<b>\$ 20,543</b>	<b>\$ 57,321</b>	<b>\$ 48,638</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 September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	<i>(In thousands, except per share data)</i>			
<b>Net income (loss)</b>	\$ (33,942)	\$ 27,055	\$ (188,328)	\$ (44,216)
(Gain) loss on sale of properties	(6)	(172)	1,305	(172)
(Gain) loss on extinguishment of debt	13,793	—	(4,865)	—
Net (gain) loss on derivative instruments	(20,847)	(103,637)	55,624	(111,285)
Derivative settlements <sup>(1)</sup>	11,786	78,100	115,576	291,436
Impairment	382	80	3,967	24,917
Rig termination	—	—	—	3,895
Amortization of deferred financing costs <sup>(2)</sup>	2,095	1,570	8,042	5,526
Amortization of debt discount	300	—	300	—
Other non-cash adjustments	(26)	883	697	782
Tax impact <sup>(3)</sup>	(2,798)	8,668	(67,598)	(80,447)
<b>Adjusted Net Income (Loss)</b>	<b>\$ (29,263)</b>	<b>\$ 12,547</b>	<b>\$ (75,280)</b>	<b>\$ 90,436</b>
<b>Diluted loss per share</b>	\$ (0.19)	\$ 0.20	\$ (1.09)	\$ (0.35)
(Gain) loss on sale of properties	—	—	0.01	—
(Gain) loss on extinguishment of debt	0.08	—	(0.03)	—
Net (gain) loss on derivative instruments	(0.12)	(0.76)	0.32	(0.87)
Derivative settlements <sup>(1)</sup>	0.07	0.57	0.67	2.28
Impairment	—	—	0.02	0.19
Rig termination	—	—	—	0.03
Amortization of deferred financing costs <sup>(2)</sup>	0.01	0.01	0.05	0.04
Amortization of debt discount	—	—	—	—
Other non-cash adjustments	—	0.01	—	0.01
Tax impact <sup>(3)</sup>	(0.02)	0.06	(0.39)	(0.62)
<b>Adjusted Diluted Earnings (Loss) Per Share</b>	<b>\$ (0.17)</b>	<b>\$ 0.09</b>	<b>\$ (0.44)</b>	<b>\$ 0.71</b>
Diluted weighted average shares outstanding	177,120	137,014	172,360	127,827
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 September 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 nine months ended September 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.