

Non-GAAP Financial Measures

E&P Cash G&A Reconciliation

E&P Cash G&A 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 E&P Cash G&A as the total general and administrative expenses included in the Company's exploration and production segment less non-cash equity-based compensation expenses and other non-cash charges included in the Company's exploration and production segment. E&P Cash G&A is not a measure of general and administrative expenses as determined by United States generally accepted accounting principles, or GAAP.

The following table presents a reconciliation of the GAAP financial measure of general and administrative expenses included in the Company's exploration and production segment to the non-GAAP financial measure of E&P Cash G&A for the periods presented:

	Exploration and Production			
	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
	(In thousands)			
General and administrative expenses	\$ 19,036	\$ 25,057	\$ 118,701	\$ 102,482
Equity-based compensation expenses	(6,903)	(7,345)	(32,251)	(27,910)
Litigation contingency expenses ⁽¹⁾	—	—	(20,000)	—
E&P Cash G&A	\$ 12,133	\$ 17,712	\$ 66,450	\$ 74,572

- (1) In 2019, the Company incurred a charge to establish a loss accrual of \$20.0 million, which the Company believes is the estimable amount of loss that could potentially be incurred from its pending legal proceedings based upon currently available information.

Cash MT&G Reconciliation

Cash MT&G is defined as the total marketing, transportation and gathering expenses less non-cash valuation charges on pipeline imbalances. Cash MT&G is not a measure of marketing, transportation and gathering expenses as determined by GAAP. Management believes that the presentation of Cash MT&G provides useful additional information to investors and analysts to assess the cash costs incurred to get its commodities to market without regard for the change in value of its pipeline imbalances, which vary monthly based on commodity prices.

The following table presents a reconciliation of the GAAP financial measure of marketing, transportation and gathering expenses to the non-GAAP financial measure of Cash MT&G for the periods presented:

	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
		(In thousands)		
Marketing, transportation and gathering expenses	\$ 32,709	\$ 32,634	\$ 128,806	\$ 107,193
Pipeline imbalances	(130)	(3,774)	(2,446)	(4,331)
Cash MT&G	\$ 32,579	\$ 28,860	\$ 126,360	\$ 102,862

Cash Interest Reconciliation

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 and debt discounts included in interest expense. Cash Interest is not a measure of interest expense as determined by 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 December 31,		Year Ended December 31,	
	2019	2018	2019	2018
	(In thousands)			
Interest expense	\$ 44,672	\$ 41,469	\$ 176,223	\$ 159,085
Capitalized interest	2,500	4,017	11,964	17,226
Amortization of deferred financing costs	(3,378)	(2,079)	(8,832)	(7,590)
Amortization of debt discount	(3,137)	(2,919)	(12,164)	(11,120)
Cash Interest	\$ 40,657	\$ 40,488	\$ 167,191	\$ 157,601

Adjusted EBITDA and Free Cash Flow Reconciliations

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 attributable to Oasis 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 GAAP.

The following table presents reconciliations of the GAAP financial measures of net income (loss) including non-controlling interests 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 December 31,		Year Ended December 31,	
	2019	2018	2019	2018
	(In thousands)			
Net income (loss) including non-controlling interests	\$ (64,154)	\$ 226,866	\$ (90,647)	\$ (19,500)
(Gain) loss on sale of properties	505	10,236	4,455	(28,587)
(Gain) loss on extinguishment of debt	(4,312)	150	(4,312)	13,848
Net (gain) loss on derivative instruments	71,374	(268,402)	106,314	(28,457)
Derivative settlements ⁽¹⁾	8,346	(51,515)	19,098	(213,528)
Interest expense, net of capitalized interest	44,672	41,469	176,223	159,085
Depreciation, depletion and amortization	209,169	170,477	787,192	636,296
Impairment	9,604	—	10,257	384,228
Rig termination	384	—	384	—
Exploration expenses	4,289	3,731	6,658	27,432
Equity-based compensation expenses	7,237	7,687	33,607	29,273
Income tax (benefit) expense	(23,880)	69,548	(32,715)	(5,843)
Litigation contingency expenses ⁽²⁾	—	—	20,000	—
Other non-cash adjustments	719	3,878	3,035	4,435
Adjusted EBITDA	263,953	214,125	1,039,549	958,682
Adjusted EBITDA attributable to non-controlling interests	16,025	7,094	51,525	21,703
Adjusted EBITDA attributable to Oasis	247,928	207,031	988,024	936,979
Cash Interest	(40,657)	(40,488)	(167,191)	(157,601)
Capital expenditures ⁽³⁾	(134,484)	(305,348)	(843,368)	(2,203,453)
Capitalized interest	2,500	4,017	11,964	17,226
Free Cash Flow	\$ 75,287	\$ (134,788)	\$ (10,571)	\$ (1,406,849)
Net cash provided by operating activities	\$ 252,959	\$ 234,420	\$ 892,853	\$ 996,421
Derivative settlements ⁽¹⁾	8,346	(51,515)	19,098	(213,528)
Interest expense, net of capitalized interest	44,672	41,469	176,223	159,085
Rig termination	384	—	384	—
Exploration expenses	4,289	3,731	6,658	27,432
Deferred financing costs amortization and other	(9,073)	(8,983)	(27,263)	(29,057)
Current tax (benefit) expense	(21)	(4)	(16)	23
Changes in working capital	(38,322)	(8,871)	(51,423)	13,871
Litigation contingency expenses ⁽²⁾	—	—	20,000	—
Other non-cash adjustments	719	3,878	3,035	4,435
Adjusted EBITDA	263,953	214,125	1,039,549	958,682
Adjusted EBITDA attributable to non-controlling interests	16,025	7,094	51,525	21,703
Adjusted EBITDA attributable to Oasis	247,928	207,031	988,024	936,979
Cash Interest	(40,657)	(40,488)	(167,191)	(157,601)
Capital expenditures ⁽³⁾	(134,484)	(305,348)	(843,368)	(2,203,453)
Capitalized interest	2,500	4,017	11,964	17,226
Free Cash Flow	\$ 75,287	\$ (134,788)	\$ (10,571)	\$ (1,406,849)

- (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) In 2019, the Company incurred a charge to establish a loss accrual of \$20.0 million, which the Company believes is the estimable amount of loss that could potentially be incurred from its pending legal proceedings based upon currently available information.
- (3) CapEx (including acquisitions) reflected in the table above differs from the amounts shown in the statements of cash flows in the Company's 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 statements of cash flows are presented on a cash basis. Acquisitions totaled \$12.7 million and \$21.0 million for the fourth quarter and full year 2019, respectively, and \$1.8 million and \$951.9 million for the fourth quarter and full year 2018, respectively. Additionally, CapEx (including acquisitions) reflected in the table above includes consideration paid through the issuance of common stock in connection with an acquisition for the year ended December 31, 2018.

Segment Adjusted EBITDA Reconciliations

The following tables present reconciliations of the GAAP financial measure of income (loss) before income taxes including non-controlling interests 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 December 31,		Year Ended December 31,	
	2019	2018	2019	2018
	(In thousands)			
Income (loss) before income taxes including non-controlling interests	\$ (147,931)	\$ 256,177	\$ (332,069)	\$ (167,292)
(Gain) loss on sale of properties	505	10,226	4,455	(38,188)
(Gain) loss on extinguishment of debt	(4,312)	150	(4,312)	13,848
Net (gain) loss on derivative instruments	71,374	(268,402)	106,314	(28,457)
Derivative settlements ⁽¹⁾	8,346	(51,515)	19,098	(213,528)
Interest expense, net of capitalized interest	40,205	39,734	159,287	156,742
Depreciation, depletion and amortization	203,551	165,319	766,959	618,402
Impairment	5,203	—	5,856	384,228
Exploration expenses	4,289	3,731	6,658	27,432
Rig termination	384	—	384	—
Equity-based compensation expenses	6,903	7,345	32,251	27,910
Litigation contingency expenses ⁽²⁾	—	—	20,000	—
Other non-cash adjustments	130	3,774	2,446	4,331
Adjusted EBITDA	\$ 188,647	\$ 166,539	\$ 787,327	\$ 785,428

- (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) In 2019, the Company incurred a charge to establish a loss accrual of \$20.0 million, which the Company believes is the estimable amount of loss that could potentially be incurred from its pending legal proceedings based upon currently available information.

Midstream

	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
	(In thousands)			
Income before income taxes including non-controlling interests	\$ 67,235	\$ 40,248	\$ 224,096	\$ 141,001
Loss on sale of properties	—	31	—	9,622
Interest expense, net of capitalized interest	4,467	1,735	16,936	2,343
Depreciation, depletion and amortization	9,732	8,380	37,152	29,282
Equity-based compensation expenses	381	325	1,744	1,547
Adjusted EBITDA	\$ 81,815	\$ 50,719	\$ 279,928	\$ 183,795

Well Services

	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
	(In thousands)			
Income (loss) before income taxes including non-controlling interests	\$ (4,560)	\$ 5,708	\$ (1,866)	\$ 31,023
Depreciation, depletion and amortization	3,138	4,138	13,631	15,698
Impairment	4,401	—	4,401	—
Equity-based compensation expenses	267	439	1,397	1,588
Other non-cash adjustments	589	104	589	104
Adjusted EBITDA	\$ 3,835	\$ 10,389	\$ 18,152	\$ 48,413

Adjusted Net Income (Loss) Attributable to Oasis and Adjusted Diluted Earnings (Loss) Attributable to Oasis Per Share Reconciliations

Adjusted Net Income (Loss) Attributable to Oasis and Adjusted Diluted Earnings (Loss) Attributable to Oasis 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) Attributable to Oasis as net income (loss) after adjusting 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, (2) the impact of net income attributable to non-controlling interests and (3) the non-cash and non-recurring items' impact on taxes based on the Company's effective tax rate applicable to those adjusting items, excluding net income attributable to non-controlling interests, in the same period. Adjusted Net Income (Loss) Attributable to Oasis is not a measure of net income (loss) as determined by GAAP. The Company defines Adjusted Diluted Earnings (Loss) Attributable to Oasis Per Share as Adjusted Net Income (Loss) Attributable to Oasis divided by diluted weighted average shares outstanding. Adjusted Diluted Earnings (Loss) Attributable to Oasis Per Share is not a measure of diluted earnings (loss) per share as determined by GAAP.

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

	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
	(In thousands, except per share data)			
Net income (loss) attributable to Oasis	\$ (76,406)	\$ 221,977	\$ (128,243)	\$ (35,296)
(Gain) loss on sale of properties	505	10,236	4,455	(28,587)
(Gain) loss on extinguishment of debt	(4,312)	150	(4,312)	13,848
Net (gain) loss on derivative instruments	71,374	(268,402)	106,314	(28,457)
Derivative settlements ⁽¹⁾	8,346	(51,515)	19,098	(213,528)
Impairment	9,604	—	10,257	384,228
Rig termination	384	—	384	—
Amortization of deferred financing costs	3,378	2,079	8,832	7,591
Amortization of debt discount	3,137	2,919	12,164	11,120
Litigation contingency expenses ⁽²⁾	—	—	20,000	—
Other non-cash adjustments	719	3,878	3,035	4,435
Tax impact ⁽³⁾	(22,108)	71,365	(42,782)	(35,759)
Adjusted Net Income (Loss) Attributable to Oasis	\$ (5,379)	\$ (7,313)	\$ 9,202	\$ 79,595
Diluted earnings (loss) attributable to Oasis per share	\$ (0.24)	\$ 0.70	\$ (0.41)	\$ (0.11)
(Gain) loss on sale of properties	—	0.03	0.01	(0.09)
(Gain) loss on extinguishment of debt	(0.01)	—	(0.01)	0.04
Net (gain) loss on derivative instruments	0.23	(0.85)	0.34	(0.09)
Derivative settlements ⁽¹⁾	0.03	(0.16)	0.06	(0.69)
Impairment	0.03	—	0.03	1.24
Rig termination	—	—	—	—
Amortization of deferred financing costs	0.01	0.01	0.03	0.02
Amortization of debt discount	0.01	0.01	0.04	0.04
Litigation contingency expenses ⁽²⁾	—	—	0.06	—
Other non-cash adjustments	—	0.01	0.01	0.01
Tax impact ⁽³⁾	(0.08)	0.23	(0.13)	(0.11)
Adjusted Diluted Earnings (Loss) Attributable to Oasis Per Share	\$ (0.02)	\$ (0.02)	\$ 0.03	\$ 0.26
Diluted weighted average shares outstanding ⁽⁴⁾	315,416	313,260	315,324	310,860
Effective tax rate applicable to adjustment items	23.7 %	23.7 %	23.7 %	23.7 %

- (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) In 2019, the Company incurred a charge to establish a loss accrual of \$20.0 million, which the Company believes is the estimable amount of loss that could potentially be incurred from its pending legal proceedings based upon currently available information.
- (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. The tax impact was not computed for the tax reform rate change adjustments.
- (4) The Company included 322,000 and 3,379,000 of unvested stock awards for the years ended December 31, 2019 and 2018, respectively, in computing Adjusted Diluted Earnings Attributable to Oasis Per Share due to the dilutive effect under the treasury stock method. No unvested stock awards were included in computing Adjusted Diluted Loss Attributable to Oasis Per Share for the three months ended December 31, 2019 and 2018 because the effect was anti-dilutive due to the Company incurring an Adjusted Net Loss Attributable to Oasis.