

Non-GAAP Financial Measures

Cash MT&G, E&P Cash G&A, Cash Interest, E&P Cash Interest, Adjusted EBITDA, E&P Free Cash Flow, 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 our financial statements, such as industry analysts, investors, lenders and rating agencies. These non-GAAP measures should not be considered in isolation or as a substitute for marketing, transportation and gathering expenses, general and administrative expenses, interest expense, net income (loss), operating income (loss), net cash provided by (used in) operating activities, earnings (loss) per share or any other measures prepared under GAAP. Because these non-GAAP financial measures exclude some but not all items that affect net income (loss) and may vary among companies, the amounts presented may not be comparable to similar metrics of other companies.

Cash MT&G

We define Cash MT&G as 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 March 31,	
	2020	2019
	(In thousands)	
Marketing, transportation and gathering expenses	\$ 29,464	\$ 34,950
Pipeline imbalances	(245)	(2,275)
Cash MT&G	\$ 29,219	\$ 32,675

E&P Cash G&A

We define E&P Cash G&A as the general and administrative expenses less non-cash equity-based compensation expenses, other non-cash charges and G&A expenses attributable to other services, including midstream and others services, such as equipment rentals and well services. E&P Cash G&A is not a measure of general and administrative expenses as determined by GAAP. Management believes that the presentation of E&P Cash G&A provides useful additional information to investors and analysts to assess our operating costs in comparison to peers without regard to equity-based compensation programs, which can vary substantially from company to company.

The following table presents a reconciliation of the GAAP financial measure of general and administrative expenses to the non-GAAP financial measure of E&P Cash G&A for the periods presented:

	Three Months Ended March 31,	
	2020	2019
	(In thousands)	
General and administrative expenses	\$ 31,174	\$ 34,459
Equity-based compensation expenses	(6,621)	(8,580)
G&A expenses attributable to midstream and other services ⁽¹⁾	(7,888)	(6,932)
E&P Cash G&A	\$ 16,665	\$ 18,947

- (1) For the three months ended March 31, 2020, G&A expenses attributable to other services include \$0.8 million of severance expenses as we exited the well services business.

Cash Interest and E&P Cash Interest

We define Cash Interest as interest expense plus capitalized interest less amortization and write-offs of deferred financing costs and debt discounts included in interest expense, and E&P Cash Interest as total Cash Interest less Cash Interest attributable to OMP. E&P Cash Interest is not a measure of interest expense as determined by GAAP. Management believes that the

presentation of E&P Cash Interest provides useful additional information to investors and analysts for assessing the interest charges incurred on our debt to finance our E&P activities, excluding non-cash amortization, and our ability to maintain compliance with our debt covenants.

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

	Three Months Ended March 31,	
	2020⁽¹⁾⁽²⁾	2019
	(In thousands)	
Interest expense	\$ 95,757	\$ 44,468
Capitalized interest	2,287	2,818
Amortization of deferred financing costs	(1,699)	(1,770)
Amortization of debt discount	(2,839)	(2,884)
Cash Interest	93,506	42,632
Cash Interest attributable to OMP	(30,232)	(3,590)
E&P Cash Interest	\$ 63,274	\$ 39,042

- (1) For the three months ended March 31, 2020, interest expense, Cash Interest and E&P Cash Interest include additional interest charges of \$29.3 million per the Fourth Amendment of the Oasis Credit Facility. The Fourth Amendment provides for forbearance of such additional interest until the earlier to occur of (i) October 24, 2020 and (ii) an Event of Default.
- (2) For the three months ended March 31, 2020, interest expense and Cash Interest include additional interest charges for the OMP Credit Facility of \$25.9 million. The Limited Waiver provides for forbearance of such additional interest until the earlier to occur of (i) November 10, 2020 and (ii) an Event of Default.

Adjusted EBITDA and E&P Free Cash Flow

We define Adjusted EBITDA as earnings (loss) before interest expense, income taxes, DD&A, exploration expenses and other similar non-cash or non-recurring charges. Adjusted EBITDA is not a measure of net income (loss) or cash flows as determined by GAAP. Management believes that the presentation of Adjusted EBITDA provides useful additional information to investors and analysts for assessing our results of operations, financial performance and ability to generate cash from our business operations without regard to our financing methods or capital structure coupled with our ability to maintain compliance with our debt covenants.

We define E&P Free Cash Flow as Adjusted EBITDA for our exploration and production segment plus distributions to Oasis for our ownership of (i) OMP limited partner units, (ii) a controlling interest in OMP's general partner, OMP GP, and (iii) retained interests in Bobcat DevCo and Beartooth DevCo; less E&P Cash Interest, capital expenditures for E&P and other, excluding capitalized interest, and midstream capital expenditures attributable to our retained interests in Bobcat DevCo and Beartooth DevCo. E&P Free Cash Flow is not a measure of net income (loss) or cash flows as determined by GAAP. Management believes that the presentation of E&P Free Cash Flow provides useful additional information to investors and analysts for assessing the financial performance of our E&P business as compared to our peers and our ability to generate cash from our E&P operations and midstream ownership interests after interest and capital spending. In addition, E&P Free Cash Flow excludes changes in operating assets and liabilities that relate to the timing of cash receipts and disbursements, which we may not control, and changes in operating assets and liabilities may not relate to the period in which the operating activities occurred.

The following table presents reconciliations of the GAAP financial measures of net income (loss) including non-controlling interests and net cash provided by operating activities to the non-GAAP financial measure of Adjusted EBITDA for the periods presented:

	Three Months Ended March 31,	
	2020	2019
	(In thousands)	
Net loss including non-controlling interests	\$ (4,334,275)	\$ (107,978)
(Gain) loss on sale of properties	(11,226)	2,922
Gain on extinguishment of debt	(83,887)	—
Net (gain) loss on derivative instruments	(285,322)	117,611
Derivative settlements ⁽¹⁾	5,020	13,446
Interest expense, net of capitalized interest	95,757	44,468
Depreciation, depletion and amortization	203,755	189,833
Impairment	4,823,678	629
Exploration expenses	1,168	830
Equity-based compensation expenses	6,807	9,013
Income tax benefit	(254,738)	(3,703)
Other non-cash adjustments	245	2,275
Adjusted EBITDA	166,982	269,346
Adjusted EBITDA attributable to non-controlling interests	15,059	10,203
Adjusted EBITDA attributable to Oasis	\$ 151,923	\$ 259,143
Net cash provided by operating activities	\$ 107,775	\$ 174,926
Derivative settlements ⁽¹⁾	5,020	13,446
Interest expense, net of capitalized interest	95,757	44,468
Exploration expenses	1,168	830
Deferred financing costs amortization and other	(6,188)	(6,930)
Current tax benefit	(61)	(156)
Changes in working capital	(36,734)	40,487
Other non-cash adjustments	245	2,275
Adjusted EBITDA	166,982	269,346
Adjusted EBITDA attributable to non-controlling interests	15,059	10,203
Adjusted EBITDA attributable to Oasis	\$ 151,923	\$ 259,143

(1) Cash settlements represent the cumulative gains and losses on our 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.

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 our two reportable business segments and to the non-GAAP financial measure of E&P Free Cash Flow for our exploration and production segment for the periods presented:

Exploration and Production⁽¹⁾

	Three Months Ended March 31,	
	2020	2019
	(In thousands)	
Loss before income taxes including non-controlling interests	\$ (4,513,257)	\$ (156,039)
(Gain) loss on sale of properties	(11,226)	2,922
Gain on extinguishment of debt	(83,887)	—
Net (gain) loss on derivative instruments	(285,322)	117,611
Derivative settlements ⁽²⁾	5,020	13,446
Interest expense, net of capitalized interest	65,500	40,720
Depreciation, depletion and amortization	198,654	186,012
Impairment	4,715,394	629
Exploration expenses	1,168	830
Equity-based compensation expenses	6,596	8,755
Other non-cash adjustments	245	2,275
Adjusted EBITDA	98,885	217,161
Distributions to Oasis from OMP and DevCo interests ⁽³⁾	39,772	35,029
E&P Cash Interest ⁽⁴⁾	(63,274)	(39,042)
E&P and other capital expenditures	(153,629)	(169,686)
Midstream capital expenditures attributable to DevCo interests	(7,441)	(5,255)
Capitalized interest	2,287	2,818
E&P Free Cash Flow⁽⁴⁾	\$ (83,400)	\$ 41,025

- (1) In the first quarter of 2020, we exited the well services business. Because the well services business will not continue to be a separate reportable business segment going forward, it is included in the E&P business segment in the table above. Prior periods amounts have been restated to reflect the change in reportable segments.
- (2) Cash settlements represent the cumulative gains and losses on our 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.
- (3) Represents distributions to Oasis for our ownership of (i) OMP limited partner units, (ii) a controlling interest in OMP's general partner, OMP GP, and (iii) retained interests in Bobcat DevCo and Beartooth DevCo.
- (4) For the three months ended March 31, 2020, E&P Cash Interest and E&P Free Cash Flow include the impact of additional interest charges of \$29.3 million per the Fourth Amendment of the Oasis Credit Facility. The Fourth Amendment provides for forbearance of such additional interest until the earlier to occur of (i) October 24, 2020 and (ii) an Event of Default.

Midstream

	Three Months Ended March 31,	
	2020	2019
	(In thousands)	
Income (loss) before income taxes including non-controlling interests	\$ (72,709)	\$ 46,058
Interest expense, net of capitalized interest	30,257	3,748
Depreciation, depletion and amortization	10,403	9,187
Impairment	108,284	—
Equity-based compensation expenses	428	465
Adjusted EBITDA	\$ 76,663	\$ 59,458

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

We define Adjusted Net Income (Loss) Attributable to Oasis as net income (loss) after adjusting for (i) the impact of certain non-cash items, including non-cash changes in the fair value of derivative instruments, impairment and other similar non-cash charges, or non-recurring items, (ii) the impact of net income (loss) attributable to non-controlling interests and (iii) the non-cash and non-recurring items' impact on taxes based on our effective tax rate applicable to those adjusting items, excluding net income (loss) 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. We define 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) as determined by GAAP. Management believes that the presentation of Adjusted Net Income (Loss) Attributable to Oasis and Adjusted Diluted Earnings (Loss) Attributable to Oasis Per Share provides useful additional information to investors and analysts for evaluating our operational trends and performance in comparison to our peers. This measure is more comparable to earnings estimates provided by securities analysts, and charges or amounts excluded cannot be reasonably estimated and are excluded from guidance provided by us.

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 March 31,	
	2020	2019
(In thousands, except per share data)		
Net loss attributable to Oasis	\$ (4,310,861)	\$ (114,882)
(Gain) loss on sale of properties	(11,226)	2,922
Gain on extinguishment of debt	(83,887)	—
Net (gain) loss on derivative instruments	(285,322)	117,611
Derivative settlements ⁽¹⁾	5,020	13,446
Impairment ⁽²⁾	4,797,530	629
Additional interest charges ⁽³⁾⁽⁴⁾	55,263	—
Amortization of deferred financing costs ⁽⁵⁾	1,611	1,770
Amortization of debt discount	2,839	2,884
Other non-cash adjustments	245	2,275
Tax impact ⁽⁶⁾	(1,061,518)	(6,921)
Deferred tax asset valuation allowance adjustment ⁽⁷⁾	827,502	—
Adjusted Net Income (Loss) Attributable to Oasis	\$ (62,804)	\$ 19,734
Diluted loss attributable to Oasis per share	\$ (13.61)	\$ (0.37)
(Gain) loss on sale of properties	(0.04)	0.01
Gain on extinguishment of debt	(0.26)	—
Net (gain) loss on derivative instruments	(0.90)	0.37
Derivative settlements ⁽¹⁾	0.02	0.04
Impairment ⁽²⁾	15.14	—
Additional interest charges ⁽³⁾⁽⁴⁾	0.17	—
Amortization of deferred financing costs ⁽⁵⁾	0.01	0.01
Amortization of debt discount	0.01	0.01
Other non-cash adjustments	—	0.01
Tax impact ⁽⁶⁾	(3.35)	(0.02)
Deferred tax asset valuation allowance adjustment ⁽⁷⁾	2.61	—
Adjusted Diluted Earnings (Loss) Attributable to Oasis Per Share	\$ (0.20)	\$ 0.06
Diluted weighted average shares outstanding ⁽⁸⁾	316,828	314,578

Effective tax rate applicable to adjustment items⁽⁶⁾

23.7 %

4.9 %

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- (1) Cash settlements represent the cumulative gains and losses on our 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) For the three months ended March 31, 2020, OMP recorded impairment expense of \$101.8 million, which is included in our unaudited condensed consolidated financial statements. The portion of OMP impairment expense attributable to non-controlling interests of \$26.1 million is excluded from impairment expense in the table above for the three months ended March 31, 2020.
 - (3) For the three months ended March 31, 2020, we accrued additional interest charges of \$29.3 million per the Fourth Amendment of the Oasis Credit Facility. The Fourth Amendment provides for forbearance of such additional interest until the earlier to occur of (i) October 24, 2020 and (ii) an Event of Default under the Oasis Credit Facility.
 - (4) For the three months ended March 31, 2020, we accrued additional interest charges for the OMP Credit Facility of \$25.9 million. The Limited Waiver provides for forbearance of such additional interest until the earlier to occur of (i) November 10, 2020 and (ii) an Event of Default under the OMP Credit Facility.
 - (5) The portion of amortization of deferred financing costs attributable to non-controlling interests of \$0.1 million is excluded from amortization of deferred financing costs in the table above for the three months ended March 31, 2020.
 - (6) The tax impact is computed utilizing our effective tax rate applicable to the adjustments for certain non-cash and non-recurring items.
 - (7) Deferred tax asset valuation allowance is adjusted to reflect the tax impact of the other adjustments using an assumed effective tax rate that excludes the impact of the valuation allowance.
 - (8) We included 114,000 unvested stock awards for the three months ended March 31, 2019 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 March 31, 2020 because the effect was anti-dilutive due to the Adjusted Net Loss Attributable to Oasis.