Swift Energy Company
1994 Second Quarter Report

Letter to Stockholders

Swift Energy Company posted an increase of approximately 12% in total revenues for the second quarter of 1994—$6.8 million compared to $6.0 million for the second quarter of 1993. The Company also had a 35% increase in cash flow from operations during the second quarter—$2.3 million compared to $1.7 million in 1993.

The increase in 1994 revenues and cash flow is primarily attributable to a 17% increase in oil and natural gas sales, which rose to approximately $4.7 million from $4.0 million during the second quarter of 1993. This increase occurred in spite of lower oil and gas prices. On average, oil prices received by the Company during the second quarter of 1994 decreased from 1993 second-quarter prices by 16%, and gas prices decreased by 2%. These declines were more than offset, however, by substantially higher oil and gas production. Oil and condensate output rose 30% to approximately 1,165 barrels per day and natural gas production rose 25% to about 17,400,000 cubic feet per day.

Swift Energy's strategy continues to be predicated on the assumption that over the long term both the prices and the volumes of oil and gas sold by the Company will increase. Recent trends indicate that oil prices are indeed on the rise. The average price received by the Company during the first quarter was $11.80 per barrel, whereas it was $14.47 per barrel during the second quarter. While this is substantially lower than the 1993 second-quarter price of $17.32 per barrel, early third-quarter prices are continuing the upward trend. We anticipate that gas prices, which dropped from an average of $2.21 per thousand cubic feet (Mcf) during the first quarter to $1.98 per Mcf during the second quarter, will also rise in the future.

With the current prices still relatively low, however, costs associated with the higher production volumes, including increased depreciation, depletion, and amoritization, reduced second-quarter earnings from $1.2 million in 1993 to $1.1 million in 1994. The corresponding earnings per share were $0.20 in 1993 and $0.19 in 1994.

Despite the earnings decrease, our strong cash flow position, together with our diversified capital formation strategy, has permitted our reserves growth activities to continue according to plan. On June 28, we announced our most recent producing property acquisition on behalf of the Company and its limited partnerships. The acquisition totaled $18.1 million and covered the purchase of net revenue interests in proved oil and natural gas reserves totaling approximately 28.8 billion cubic feet of gas equivalent (Bcfe). About 8.4 Bcfe is located in Cameron Parish, Louisiana, and 20.4 Bcfe in Mobile County, Alabama. The Company's net share of these new reserves, which are approximately 64% natural gas, will be about 7.8 Bcfe.

Our ambitious exploration and development program logged 21 wells during the first half of the year—five exploratory wells with two successes and 16 development wells with 14 successes. Swift Energy was the operator of approximately one-half of the wells, including all the exploratory wells. Four more exploratory wells, including two in Wharton County, Texas, are currently under way, together with two development wells. One of the development wells is an offset of a second-quarter well in Fayette County, Texas, that is currently producing 1,000 barrels of oil and 700,000 cubic feet of gas per day. Swift has high percentage interests in all six of these wells, which could make sizeable additions both to the Company's corporate reserves and to its production.

Additional wells in Fayette County and in other regions along the Texas Gulf are scheduled for later in the year, together with a number of wells in the Rocky Mountains, in the Ark-La-Tex region, and in Oklahoma and West Texas. Altogether, 21 more exploratory wells and 15 more development wells are planned for drilling prior to year end.

With the additional corporate reserves obtained by our acquisition and drilling activities and the increasing U.S. demand for both natural gas and oil, Swift's strategy for reserves growth appears increasingly sound. We accept the challenge of meeting our goals for 1994.

A. Earl Swift
President, Chief Executive Officer,
and Chairman

Swift Energy's Second-Quarter Production and Sales

	1994	1993	% Change
Natural gas production (Mcf)	1,583,000	1,270,000	+25%
Oil & condensate production (barrels)	106,000	81,000	+30%
Average gas price per Mcf	$1.98	$2.03	–2%
Average oil price per barrel	$14.47	$17.32	–16%
Total oil and gas sales	$4,662,036	$3,985,003	+17%

Mcf = 1,000 cubic feet.

Financial Report

Second Quarter 1994

Consolidated Balance Sheets

Swift Energy Company and Subsidiaries

(in Thousands)

	June 30, 1994	December 31, 1993
	(Unaudited)	
Assets		
Current assets	$ 57,644	$ 65,307
Property and equipment, net	101,328	91,306
Other	4,812	4,280
	$ 163,784	$ 160,893
Liabilities and Stockholders' Equity		
Current liabilities	$ 56,445	$ 55,565
Long-term debt	28,750	28,750
Deferred revenue	8,762	9,820
Deferred income taxes	12,852	12,292
Stockholders' equity	56,975	54,466
	$ 163,784	$ 160,893

Consolidated Statements of Income

Swift Energy Company and Subsidiaries

(Unaudited)
(in Thousands Except Income per Share)

	Three Months Ended June 30,		Six Months Ended June 30,	
	1994	1993	1994	1993
Revenues:				
Oil and gas sales	$ 4,662	$ 3,985	$ 9,479	$ 7,488
Earned interests and fees from limited partnerships and joint ventures	883	851	992	1,688
Supervision fees	952	1,021	1,895	1,796
Interest income	2	8	21	21
Other, net	257	147	508	344
	6,756	6,012	12,895	11,337
Costs and Expenses:				
Oil and gas production	1,218	1,089	2,360	2,200
General and administrative, net	1,221	1,389	2,416	2,601
Depreciation, depletion and amortization	2,352	1,790	4,642	3,381
Interest expense	402	—	761	—
	5,193	4,268	10,179	8,182
Income Before Income Taxes	1,563	1,744	2,716	3,155
Provision for Income Taxes	423	523	761	946
Net Income	$ 1,140	$ 1,221	$ 1,955	$ 2,209
Per Share Amounts—				
Primary	$ 0.19	$ 0.20	$ 0.33	$ 0.37
Fully diluted	$ 0.17	$ 0.20	$ 0.31	$ 0.37
Weighted Average Shares Outstanding	6,023	5,986	6,012	5,980

Consolidated Statements of Cash Flow

Swift Energy Company and Subsidiaries

(Unaudited)
(in Thousands)

	Periods Ended June 30,	
	1994	1993
Cash Flows from Operating Activities:		
Net income	$ 1,954	$ 2,209
Non-cash revenue and expense items	3,560	1,500
Net change in operating assets and liabilities	(578)	(478)
Net Cash Provided by Operating Activities	4,936	3,231
Cash Flows from Investing Activities:		
Additions to property and equipment	(14,000)	(7,502)
Net cash received (distributed) as operator of oil and gas properties	(2,498)	(3,585)
Property acquisition costs (incurred on behalf of) reimbursed by partnerships and joint ventures	(20,710)	(15,225)
Limited partnership formation and marketing costs	(241)	—
Prepaid drilling costs	1,226	—
Other	(28)	(16)
Net Cash Used in Investing Activities	(36,251)	(26,328)
Cash Flows from Financing Activities:		
Proceeds from long-term debt	—	28,750
Net proceeds from short-term bank borrowings	30,530	8,000
Net proceeds from issuance of common stock	555	204
Payments of debt issuance costs	—	(1,331)
Net Cash Provided by Financing Activities	31,085	35,623
Net Increase (Decrease) in Cash and Cash Equivalents	$ (230)	$ 12,526
Cash and Cash Equivalents at Beginning of Period	636	1,317
Cash and Cash Equivalents at End of Period	$ 406	$ 13,843

Investor Information

BOARD OF DIRECTORS

A. Earl Swift
Chairman of the Board
President
Swift Energy Company

Virgil N. Swift
Vice Chairman
Executive Vice President–Business Development
Swift Energy Company

Raymond O. Loen
President
R. O. Loen Company

Henry C. Montgomery
Chairman of the Board
Montgomery Financial Services

Clyde W. Smith, Jr.
President
Somerset Properties, Inc.

Harold J. Withrow
Consultant

OFFICERS

A. Earl Swift
President
Chief Executive Officer

Terry E. Swift
Executive Vice President
Chief Operating Officer

Virgil N. Swift
Executive Vice President–Business Development

John R. Alden
Senior Vice President–Finance
Chief Financial Officer, Secretary

James M. Kitterman
Senior Vice President–Operations

Bruce H. Vincent
Senior Vice President–Funds Management

Joe D'Amico
Vice President–Exploration & Development

Alton D. Heckaman, Jr.
Vice President
Controller

Charles H. Stewart
Vice President–Engineering

James R. Stewart
Vice President–Drilling and Production

George A. Stovall
Vice President–Acquisitions & Dispositions

Adrian D. Shelley
Treasurer

Wynn Ibach
General Counsel

CORPORATE HEADQUARTERS

Swift Energy Company
Suite 400
16825 Northchase Drive
Houston, Texas 77060
Telephones: (713) 874-2700
(800) 777-2412

INDEPENDENT ACCOUNTANTS

Arthur Andersen & Co.
711 Louisiana, Suite 1300
Houston, Texas 77002

TRANSFER AGENT AND REGISTRAR

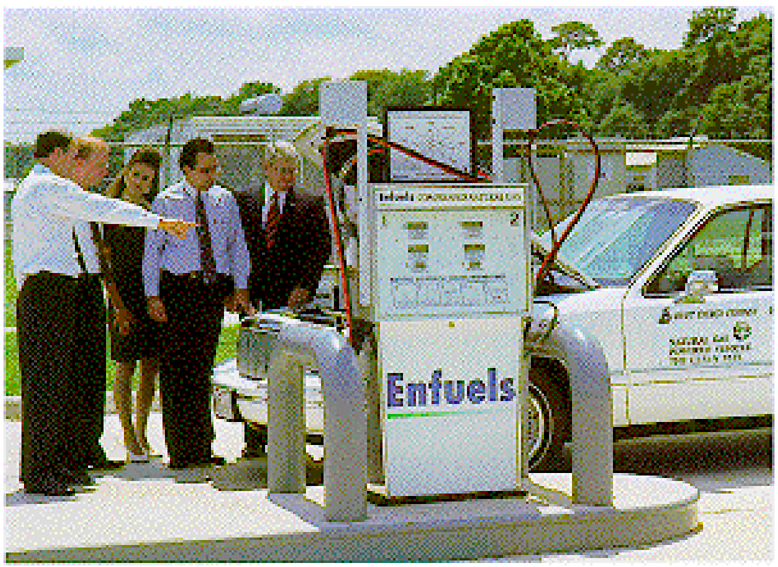
American Stock Transfer & Trust Company
40 Wall Street
New York, New York 10005
Telephone: 212-936-5100

EXCHANGE LISTINGS

New York Stock Exchange
Pacific Stock Exchange
Symbol "SFY"

Swift Energy Company
16825 Northchase Drive, Suite 400
Houston, Texas 77060

BULK RATE
U. S. POSTAGE
P A I D
KNOXVILLE, TN
PERMIT NO. 465



Swift converts to natural gas. Swift Energy Company recently converted its company car to natural gas, a cleaner and cheaper fuel that also extends the length of time between engine tune-ups. Inspecting the car at a compressed natural gas pump are Swift employees John Landgraf, Bruce Beneke, Victor Moran, and Virgil Swift, joined by Enfuels Corporation representative Ann-Marie Nemer.