



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



Geophysicists Kush Patel and David Harris use Swift's advanced 3-D seismic analysis system to generate amplitude maps (on wall) showing potential hydrocarbon traps in the subsurface. Geological data from existing wells (on table) are integrated in the analyses.

## Letter to Stockholders

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We are happy to report that, subsequent to the June 30, 1995, period covered by this report, Swift Energy made a successful sale to the public of 5,750,000 additional shares of common stock that resulted in net proceeds to the Company of approximately \$46 million. This infusion of capital substantially improved the overall financial position of the Company and allowed us to retire all short-term debt.

Most importantly, we now have funds to accelerate the expansive development drilling program that we initiated a few years ago. The result will be higher oil and gas sales, which, together with reduced interest payments, will greatly enhance our cash flow. This improved financial position gives us much more flexibility in both our short-term and long-term planning.

The acceleration of drilling activities has already begun. Whereas we drilled a total of 23 wells during the first six months of the year—five exploratory wells with two successes and 18 development wells with 18 successes—we have already drilled more than half this number during the first six weeks of the third quarter. During all of 1995, we expect to drill up to 85 wells.

Sixteen of the 1995 wells are expected to be exploratory, including several drilled to the Yegua and Frio formations along the Texas Gulf Coast. It was in this area that we conducted our first three-dimensional (3-D) seismic survey in late 1994. Using our in-house expertise in 3-D analysis to process and interpret the data, and also to integrate it with known geological data, our geophysicists and geologists have identified a number of locations along the coast for future exploratory drilling.

Other exploratory wells will include two drilled to the Minnelusa formation in Wyoming and two drilled in southwest Arkansas, one to the Smackover limestone and the other to the Mitchell sand.

Of the 69 development wells planned for the year, up to 40 wells are scheduled for McMullen County in South Texas. Several of our fields are located in that county, including the prolific AWP Olmos Field and an adjacent 8,830-acre leasehold which we acquired in 1994 and began developing this year. To date, 12 wells have been successfully completed on the new acreage, including eight since the end of the second quarter. The Company has a 100% working interest in the property.

This new leasehold acreage, identified as Two Rivers, has already had a tremendous impact on Swift's 1995 reserves. When our reservoir engineers completed their assessment of the area and had it audited in

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May, 1995, the Company had realized a 60% increase in its total proven reserves.

Our developmental drilling during the year will also include several additional horizontal wells on our large farmout acreage in Fayette County, Texas. During the second quarter, the LCRA/COA 5-H well successfully followed the two reported on during the first quarter, and at least four more wells are planned for the acreage before year end. Swift's working interest in these wells varies from 20 to 25%.

With our current large volumes of undeveloped reserves and our accelerated drilling program (which will require five to eight rigs operating in various areas throughout the remainder of the year), we are projecting a steady increase in the Company's oil and natural gas production. During the second quarter of 1995, our production totaled 2.5 billion cubic feet of natural gas equivalent, which was 12% higher than the production level during the same period in 1994.

The corresponding increase in 1995 second-quarter revenues compared to revenues for the same period of 1994 was limited to 7% due to persistently low natural gas prices. Second-quarter gas prices were an average of 17% lower in 1995 than in 1994 and were only partially offset by a 13% increase in the average price for oil, which comprised about 30% of our second-quarter production.

The lower gas prices, combined with higher costs that were largely associated with the increased production volumes, also caused 1995 second-quarter earnings to fall below those recorded in 1994—\$731,000 this year compared to \$1,076,000 last year. Correspondingly, net income per share dropped to \$0.11 from \$0.16.

As noted above, our expanded drilling program will increasingly include concentrations of wells in the same regions, which through economies of scale and our own efficiency measures should reduce our drilling and production costs. If the industry should also benefit from rising prices—as we continue to believe it will—then Swift Energy's financial position will improve even more. We look to the future with confidence.



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

## Consolidated Balance Sheets

### Swift Energy Company and Subsidiaries

(in Thousands)

	June 30, 1995	December 31, 1994
	(Unaudited)	
<b>Assets</b>		
Current assets . . . . .	\$ 31,030	\$ 39,209
Property and equipment, net . . . . .	98,946	90,286
Other . . . . .	6,297	6,178
	<u>\$ 136,273</u>	<u>\$ 135,673</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities . . . . .	\$ 51,698	\$ 52,346
Long-term debt . . . . .	28,750	28,750
Deferred revenues . . . . .	6,920	7,828
Deferred income taxes . . . . .	4,929	4,622
Stockholders' equity . . . . .	43,976	42,127
	<u>\$ 136,273</u>	<u>\$ 135,673</u>

## Second-Quarter Production and Sales

	1995	1994	% Change
Natural gas production (Mcf)	1,751,000	1,583,000	+11%
Oil & condensate production (barrels)	122,000	106,000	+15%
Average gas price per Mcf	\$ 1.64	\$ 1.98	-17%
Average oil price per barrel	\$ 16.36	\$ 14.47	+13%
Total oil and gas sales	\$ 4,866,000	\$ 4,662,000	+4%

Mcf = 1,000 cubic feet

## 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,	
	1995	1994	1995	1994
<b>Revenues:</b>				
Oil and gas sales	\$ 4,866	\$ 4,662	\$ 9,742	\$ 9,479
Fees from limited partnerships and joint ventures	135	234	248	342
Supervision fees	960	952	1,864	1,895
Interest income	11	2	19	21
Other, net	592	257	950	508
	<u>6,564</u>	<u>6,107</u>	<u>12,823</u>	<u>12,245</u>
<b>Costs and Expenses:</b>				
Oil and gas production	1,707	1,218	3,337	2,360
General and administrative, net	1,445	1,221	2,752	2,416
Depreciation, depletion and amortization	1,834	1,803	4,002	3,492
Interest expense	613	402	1,090	761
	<u>5,599</u>	<u>4,644</u>	<u>11,181</u>	<u>9,029</u>
Income Before Income Taxes	965	1,463	1,642	3,216
Provision for Income Taxes	234	387	386	929
Income Before Cumulative Effect of Change in Accounting Principle	731	1,076	1,256	2,287
Cumulative Effect of Change in Accounting Principle	—	—	—	(16,773)
Net Income	<u>\$ 731</u>	<u>\$ 1,076</u>	<u>\$ 1,256</u>	<u>\$ (14,486)</u>
<b>Per Share Amounts—</b>				
Primary:				
Income Before Cumulative Effect of Change in Accounting Principle	<u>\$ 0.11</u>	<u>\$ 0.16</u>	<u>\$ 0.19</u>	<u>\$ 0.35</u>
Net Income	<u>\$ 0.11</u>	<u>\$ 0.16</u>	<u>\$ 0.19</u>	<u>\$ (2.19)</u>
Fully diluted:				
Income Before Cumulative Effect of Change in Accounting Principle	<u>\$ 0.11</u>	<u>\$ 0.15</u>	<u>\$ 0.19</u>	<u>\$ 0.32</u>
Net Income	<u>\$ 0.11</u>	<u>\$ 0.15</u>	<u>\$ 0.19</u>	<u>\$ (2.19)</u>
Weighted Average Shares Outstanding	6,723,635	6,625,105	6,706,492	6,613,419

# Consolidated Statements of Cash Flows

## Swift Energy Company and Subsidiaries

(Unaudited)  
(in Thousands)

	Six Months Ended June 30,	
	1995	1994
Cash Flows from Operating Activities:		
Net income (loss) . . . . .	\$ 1,256	\$ (14,486)
Non-cash revenue and expense items . . . . .	3,454	19,965
Net change in operating assets and liabilities . . . . .	100	(543)
Net Cash Provided by Operating Activities . . . . .	<u>4,810</u>	<u>4,936</u>
Cash Flows from Investing Activities:		
Additions to property and equipment . . . . .	(12,572)	(14,000)
Net cash received (distributed) as operator of oil and gas properties . . . . .	(2,789)	(2,499)
Property acquisition costs (incurred on behalf of reimbursed by partnerships and joint ventures . . . . .	6,819	(20,710)
Limited partnership formation and marketing costs . . . . .	—	(241)
Prepaid drilling costs . . . . .	(70)	1,226
Other . . . . .	2	(27)
Net Cash Used in Investing Activities . . . . .	<u>(8,610)</u>	<u>(36,251)</u>
Cash Flows from Financing Activities:		
Net proceeds from short-term bank borrowings . . . . .	4,071	30,530
Net proceeds from issuance of common stock . . . . .	593	555
Net Cash Provided by Financing Activities . . . . .	<u>4,664</u>	<u>31,085</u>
Net Increase in Cash and Cash Equivalents . . . . .	\$ 864	\$ (230)
Cash and Cash Equivalents at Beginning of Period . . . . .	985	636
Cash and Cash Equivalents at End of Period . . . . .	<u>\$ 1,849</u>	<u>\$ 406</u>

# 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

G. Robert Evans  
Chairman of the Board  
Material Sciences Corporation

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

James R. Stewart  
Vice President–Drilling & Production

Tara L. Seaman  
Assistant Vice President–Corporate Reserves

Adrian D. Shelley  
Treasurer

Wynn Ibach  
General Counsel

## CORPORATE HEADQUARTERS

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Houston, Texas 77060  
Telephones: (713) 874-2700  
(800) 777-2412

## TRANSFER AGENT AND REGISTRAR

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

## INDEPENDENT ACCOUNTANTS

Arthur Andersen LLP  
711 Louisiana, Suite 1300  
Houston, Texas 77002

## EXCHANGE LISTINGS

New York Stock Exchange  
Pacific Stock Exchange  
Symbol "SFY"



Swift Energy Company  
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Houston, Texas 77060



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