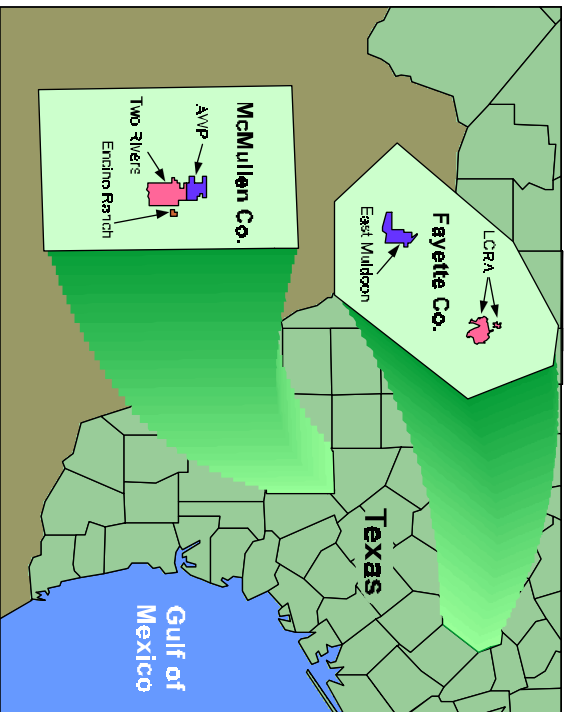




Swift Energy Company
16825 Northchase Drive, Suite 400
Houston, Texas 77060



Swift Energy's accelerated development drilling program is focused in two Texas counties: McMullen County, where the Company is expanding onto two new leases near its original AWP Field, and Fayette County, where Swift continues to drill horizontal wells.

Letter to Stockholders

During the third quarter of 1995, Swift Energy's earnings rose to \$1.3 million, a 12% increase over the earnings for the same period in 1994. Cash flows were \$3.7 million, representing a 5% increase for the period.

These gains in earnings and cash flows were realized in spite of lower oil and natural gas prices, which had decreased 7% and 12%, respectively, from the third-quarter prices of 1994. The low prices were partially offset by a 10% increase in production, which totaled 2.9 billion cubic feet of natural gas equivalent for the period.

Net income per share for the three months ending September 30 was \$0.12, down from \$0.17 for the same period in 1994. The reduction can be attributed to the 59% increase in the number of weighted average shares outstanding following our successful equity offering in July.

For the first nine months of 1995, earnings were \$2.5 million, compared with \$3.4 million for the same period in 1994 (before the cumulative effect of a change in accounting principle). Revenues from oil and gas sales for the nine-month periods were slightly higher in 1995, \$15.2 million versus \$15.0 million in 1994, again reflecting the compensating effect of higher production volumes in 1995 against lower product prices.

As had been planned, our development drilling program, facilitated by funds from the equity offering, was greatly accelerated during the third quarter of 1995. We drilled 20 new development wells with 19 successes during the three-month period, which is approximately the same number of successful development wells drilled during the first half of the year.

Thirteen of the successful wells were drilled to the Olmos sand in Two Rivers, our new leasehold acreage located adjacent to our AWP Field in McMullen County, Texas. With the production from these wells, plus an early fourth-quarter well, Two Rivers has become our largest producing field. Nine additional wells on the acreage, all successful, are currently in various stages of completion. We plan to have drilled a total of 29 wells in the Two Rivers program by year end, and to add another 40 wells on the acreage in 1996. Swift Energy has a 100% working interest in the field.

In addition, we expect before year end to begin drilling on another McMullen County lease, the Encino Ranch, also to the Olmos sand. We anticipate that the wells completed on this acreage will be similar to those in our AWP lease, which are expected to produce for 15 to 20 years, providing the Company with a steady long-term income.

During the third quarter, we also drilled a successful development well on our LCRA farmout acreage in Fayette County, where horizontal

drilling in the Austin Chalk formation yields initially high production rates that lead to strong cash flows. Selecting our drilling sites based on data we obtained during a 1994 seismic survey, together with geological data, we have to date drilled six consecutive successful horizontal wells on the LCRA acreage. Two are fourth-quarter wells, one of which is currently drilling although already a producer.

We plan to begin a seventh LCRA well before year end, as well as a horizontal well on our East Muldoon acreage in Fayette County. This latter well will offset a highly productive dual-lateral well drilled on the acreage in 1994.

With developmental drilling activities also under way in other areas, we expect to have drilled a total of 64 development wells by year end, which is more than double the number of development wells (30) drilled in 1994.

Our exploratory drilling program is also progressing. A third-quarter exploratory well drilled in Union Parish, Louisiana, tested at approximately 600 barrels of oil and 725,000 cubic feet of gas per day. The Company holds a 25% working interest in the well, which was our sixth exploratory well drilled and our third success for the year. Additional exploratory wells drilled before year end will include two in Wyoming and two in Arkansas.

The execution of our accelerated drilling program, which was designed to rely heavily on developmental drilling with carefully selected exploratory sites included, is proceeding according to plan. During my 40 years in the industry, I can't recall such a well-defined drilling program, nor as much enthusiasm and confidence among a technical staff. We expect to set new Company records in 1995 and to lay the foundation for increasing drilling successes in the years that follow.



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

Consolidated Balance Sheets

Swift Energy Company and Subsidiaries

(in Thousands)

	September 30, 1995	December 31, 1994
	(Unaudited)	
Assets		
Current assets	\$ 44,768	\$ 39,209
Property and equipment, net	105,224	90,286
Other	6,988	6,178
	<u>\$ 156,980</u>	<u>\$ 135,673</u>
Liabilities and Stockholders' Equity		
Current liabilities	\$ 25,509	\$ 52,346
Long-term debt	28,750	28,750
Deferred revenues	6,484	7,828
Deferred income taxes	5,277	4,622
Stockholders' equity	90,960	42,127
	<u>\$ 156,980</u>	<u>\$ 135,673</u>

Third-Quarter Volumes and Prices

	1995	1994	% Change
Natural gas production (Mcf)	2,028,373	1,814,257	+12%
Oil & condensate production (barrels)	137,829	128,841	+7%
Average gas price per Mcf	\$ 1.68	\$ 1.91	-12%
Average oil price per barrel	\$ 14.94	\$ 16.09	-7%

Mcf = 1,000 cubic feet

Consolidated Statements of Income

Swift Energy Company and Subsidiaries

(Unaudited)

(in Thousands Except Income per Share)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1995	1994	1995	1994
Revenues:				
Oil and gas sales	\$ 5,466	\$ 5,535	\$ 15,208	\$ 15,014
Fees from limited partnerships and joint ventures	91	204	339	546
Supervision fees	974	947	2,838	2,842
Interest income	113	8	132	29
Other, net	405	268	1,355	777
	<u>7,049</u>	<u>6,962</u>	<u>19,872</u>	<u>19,208</u>
Costs and Expenses:				
Oil and gas production	1,764	1,578	5,101	3,938
General and administrative, net	1,218	1,352	3,970	3,769
Depreciation, depletion and amortization	2,136	2,144	6,139	5,635
Interest expense	193	449	1,283	1,210
	<u>5,311</u>	<u>5,523</u>	<u>16,493</u>	<u>14,552</u>
Income Before Income Taxes	1,738	1,439	3,379	4,656
Provision for Income Taxes	473	309	859	1,238
Income Before Cumulative Effect of Change in Accounting Principle	1,265	1,130	2,520	3,418
Cumulative Effect of Change in Accounting Principle	—	—	—	(16,773)
Net Income	<u>\$ 1,265</u>	<u>\$ 1,130</u>	<u>\$ 2,520</u>	<u>\$ (13,355)</u>
Per Share Amounts—				
Primary:				
Income Before Cumulative Effect of Change in Accounting Principle	<u>\$ 0.12</u>	<u>\$ 0.17</u>	<u>\$ 0.32</u>	<u>\$ 0.52</u>
Net Income	<u>\$ 0.12</u>	<u>\$ 0.17</u>	<u>\$ 0.32</u>	<u>\$ (2.01)</u>
Fully diluted:				
Income Before Cumulative Effect of Change in Accounting Principle	<u>\$ 0.11</u>	<u>\$ 0.16</u>	<u>\$ 0.32</u>	<u>\$ 0.48</u>
Net Income	<u>\$ 0.11</u>	<u>\$ 0.16</u>	<u>\$ 0.32</u>	<u>\$ (2.01)</u>
Weighted Average Shares Outstanding	10,571,125	6,667,752	7,994,703	6,631,530

Consolidated Statements of Cash Flows

Swift Energy Company and Subsidiaries

(Unaudited)
(in Thousands)

	Nine Months Ended September 30,	
	1995	1994
Cash Flows from Operating Activities:		
Net income (loss)	\$ 2,520	\$ (13,355)
Non-cash revenue and expense items	5,528	21,896
Net change in operating assets and liabilities	499	(49)
Net Cash Provided by Operating Activities	<u>8,547</u>	<u>8,492</u>
Cash Flows from Investing Activities:		
Additions to property and equipment	(21,076)	(22,311)
Net cash received (distributed) as operator of oil and gas properties	(628)	(1,435)
Property acquisition costs (incurred on behalf of) reimbursed by partnerships and joint ventures	5,707	(12,462)
Limited partnership formation and marketing costs	(354)	(495)
Prepaid drilling costs	(102)	1,171
Other	6	(42)
Net Cash Used in Investing Activities	<u>(16,447)</u>	<u>(35,574)</u>
Cash Flows from Financing Activities:		
Net proceeds from (payments of) short-term bank borrowings	(27,229)	26,350
Net proceeds from issuance of common stock	46,312	572
Net Cash Provided by Financing Activities	<u>19,083</u>	<u>26,922</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 11,183	\$ (160)
Cash and Cash Equivalents at Beginning of Period	985	636
Cash and Cash Equivalents at End of Period	<u>\$ 12,168</u>	<u>\$ 476</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

Victor R. Moran
Vice President–Natural Gas Marketing/Business
Development

Khushroo N. J. Patel
Vice President–Geophysics

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

Swift Energy Company
Suite 400
16825 Northchase Drive
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

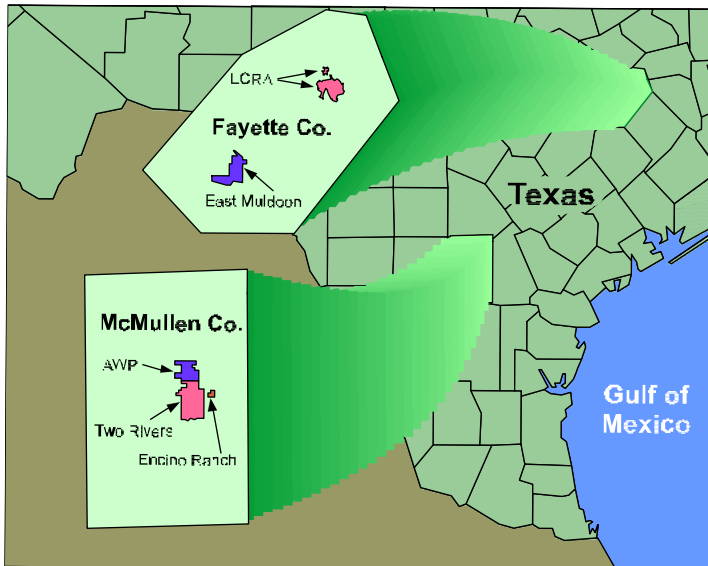
Arthur Andersen LLP
711 Louisiana, Suite 1300
Houston, Texas 77002

EXCHANGE LISTINGS

New York Stock Exchange
Pacific Stock Exchange
Symbol "SFY"



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



Swift Energy's accelerated development drilling program is focused in two Texas counties: McMullen County, where the Company is expanding onto two new leases near its original AWP Field, and Fayette County, where Swift continues to drill horizontal wells.