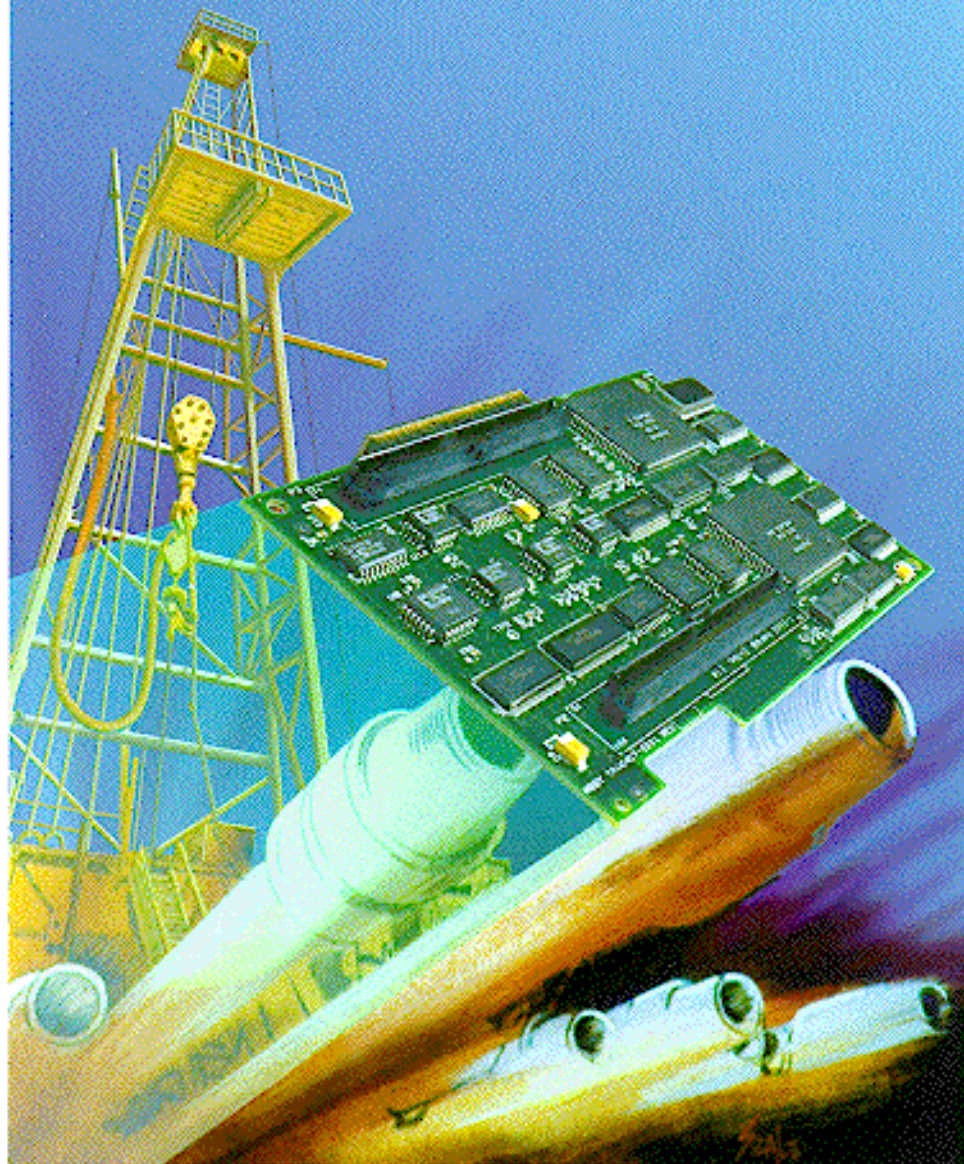


SUSTAINED GROWTH THROUGH STRATEGIC MANAGEMENT

SWIFT ENERGY
COMPANY
1998 FIRST QUARTER REPORT



Letter to Stockholders

Swift Energy Company's push toward ever-increasing production levels continued on course during the first quarter of 1998 with record production levels posted for the eleventh consecutive quarter. For the three months ended March 31, 1998, Swift's production of oil and natural gas totaled 7.0 billion cubic feet equivalent, 19% higher than that reported for the same period in 1997.

Despite this significant increase in production, first-quarter natural gas and oil sales were down owing to sharp declines in product prices from last year. Natural gas prices decreased 26% to \$2.28 per thousand cubic feet, and oil and condensate prices fell 37% to \$12.61 per barrel, reducing the Company's total revenues by 16%. As a result, our net income for the first three months of 1998 declined to \$3.2 million (\$.20 per share, diluted) from \$6.8 million (\$.37 per share, diluted) for the same period in 1997. The corresponding values for cash flows were \$13.0 million in 1998 compared to \$19.5 million in 1997.

As would be expected, the entire oil and gas industry has been negatively affected by the recent low product prices. At Swift Energy we weather such periods by adhering to our mission of increasing our oil and gas reserves, and thereby our production, at the same time striving for the lowest possible operational costs. Over the last five years, we have sustained compounded annual growth rates of 44% in proved reserves, and, thanks to our application of innovative technologies and economy-of-scale advantages, our per-unit costs for drilling and production have been low.

Our operations remain concentrated in the tight sands of South Texas, where we continue to develop a formation-fracturing expertise, and in the Texas Austin Chalk trend, where we have become proficient in horizontal drilling.

Our tight-sand position was considerably enhanced in February when a second exploratory well drilled to the Queen City formation in Jim Hogg County, Texas, (the Lobo Solo #1) confirmed a new field discovery indicated by a well drilled late last year (the Chaparral #1). The second well, which found two producing zones, began production at a daily rate of 2.6 million cubic feet of gas and 66 barrels of condensate and was followed by two successful development wells (the Chapparral # 2 and the Lobo Solo #2). Swift has retained significant working interests in these wells, which are located on a block of 10,420 gross acres under lease or option that can support a large number of additional wells. The new discovery is identified as the West Coyote Field.

We are also continuing our tight sands development in the AWP Olmos Field in McMullen County, Texas, where we drilled 15 successful wells during the first quarter, bringing to 313 the number of producers we have drilled in the area since early 1995. Swift holds a 100% working interest in all but one of the 15 new wells.

In the Texas Austin Chalk trend, most of our activity is in Fayette County, where during the first quarter of 1998 we drilled a successful exploratory well (the Kana #1-H) with a retained working interest of 88.75%. In addition to this well, which was placed on production at 1.3 million cubic feet of gas and 400 barrels of condensate per day, we drilled five successful development wells in

Fayette County and participated in a sixth well. As part of our development program in the county, we have recently shot two seismic lines totaling 18.6 miles.

In Washington County, we participated in a development well drilled by Union Pacific Resources (the Cobb #1-OL) that is the most prolific well in the Company's history. It was placed on production at 58 million cubic feet of natural gas per day and has been followed in the second quarter by a second joint venture well that is currently undergoing tests. Swift holds working interests of 7.4% and 50%, respectively, in these two wells.

Overall, Swift Energy's Austin Chalk program, which began in early 1992, has resulted in 63 horizontal wells being drilled with a success rate of 92% through the first quarter of 1998, and seven additional wells being completed or in progress midway through the second quarter.

In addition, we announced on May 12 that we had signed a joint agreement with Chevron USA Production Company for further development of the Texas Austin Chalk trend and other formations in the counties of Fayette, Colorado, and Austin. The agreement encompasses 144,000 gross acres (64,000 net acres), with Swift owning a 50% working interest within the area and also serving as the operator.

In New Zealand, we are concluding negotiations for the formation of a joint venture with another company that will expand the horizon and reduce the risks of our respective exploration programs in the Onshore Taranaki Basin on the North Island. As a result, we have a 25% working interest in a well to be drilled by the other company in an area north of that covered by Swift's exploration permits. As part of our participation, we are evaluating seismic data provided by the New Zealand government for that area. The seismic evaluations for our own area have been completed, and we anticipate drilling a well late this year or early next year.

In other action, the Company has proposed purchasing the properties of 63 production partnerships it formed between 1986 and 1994. Subject to certain restrictions, investors who approve the proposals may elect to receive shares of Swift's common stock or cash distributions.

With these various projects under way and others soon to be initiated, Swift Energy continues its synergistic approach to reserves growth utilizing drilling projects and/or property acquisitions as indicated by the economic climate. We are confident that, with this strategy, 1998 will be yet another year of significant growth.



Terry E. Swift
President and
Chief Operating Officer



A. Earl Swift
Chairman and
Chief Executive Officer

Consolidated Balance Sheets

Swift Energy Company and Subsidiaries

(in Thousands)

	March 31, 1998	December 31, 1997
	(Unaudited)	
Assets		
Current assets	\$ 22,631	\$ 29,982
Property and equipment, net	331,283	304,219
Other	4,917	4,914
	<u>\$ 358,831</u>	<u>\$ 339,115</u>
Liabilities and Stockholders' Equity		
Current liabilities	\$ 36,331	\$ 28,518
Long-term debt	115,000	115,000
Bank borrowings	15,124	7,915
Deferred revenues	2,592	2,927
Deferred income taxes	26,839	25,354
Stockholders' equity	162,945	159,401
	<u>\$ 358,831</u>	<u>\$ 339,115</u>

First-Quarter Volumes and Prices

	1998	1997	% Change
Natural gas production (Mcf)	5,858,509	4,903,206	+19%
Oil & condensate production (barrels)	195,114	166,240	+17%
Average gas price per Mcf	\$ 2.28	\$ 3.06	-26%
Average oil price per barrel	\$ 12.61	\$ 20.13	-37%

Mcf = 1,000 cubic feet

Consolidated Statements of Income

Swift Energy Company and Subsidiaries

(Unaudited)

(in Thousands Except Income per Share)

	Three Months Ended March 31,	
	1998	1997
Revenues:		
Oil and gas sales	\$ 15,802	\$ 18,370
Fees from limited partnerships and joint ventures	80	99
Supervision fees	1,286	1,248
Interest income	19	999
Other, net	575	530
	<u>17,762</u>	<u>21,246</u>
Costs and Expenses:		
Oil and gas production	3,163	2,763
General and administrative, net	1,643	1,575
Depreciation, depletion, and amortization	6,735	5,397
Interest expense, net	1,385	1,350
	<u>12,926</u>	<u>11,085</u>
Income Before Income Taxes	4,836	10,161
Provision for Income Taxes	1,606	3,392
Net Income	<u>3,230</u>	<u>6,769</u>
Per Share Amounts—		
Basic	<u>\$ 0.20</u>	<u>\$ 0.41</u>
Diluted	<u>\$ 0.20</u>	<u>\$ 0.37</u>
Weighted Average Shares Outstanding	<u>16,500</u>	<u>16,703</u>

Consolidated Statements of Cash Flows

Swift Energy Company and Subsidiaries

(Unaudited)
(in Thousands)

	Three Months Ended March 31,	
	1998	1997
Cash Flows from Operating Activities:		
Net income	\$ 3,230	\$ 6,769
Non-cash revenue and expense items	7,999	8,562
Net change in operating assets and liabilities	1,791	4,208
Net Cash Provided by Operating Activities	13,020	19,539
Cash Flows from Investing Activities:		
Additions to property and equipment	(27,980)	(28,409)
Proceeds from the sale of property and equipment	1,146	530
Net cash received (distributed) as operator of oil and gas properties	2,821	1,288
Net cash received (distributed) as operator of partnerships and joint ventures	3,835	738
Limited partnership formation and marketing costs	(453)	(462)
Other	(16)	151
Net Cash Used in Investing Activities	(20,647)	(26,164)
Cash Flows from Financing Activities:		
Net proceeds from bank borrowings	7,209	—
Net proceeds from issuances of common stock	860	759
Purchase of treasury stock	(574)	(3,760)
Net Cash Provided by (Used in) Financing Activities	7,495	(3,001)
Net Decrease in Cash and Cash Equivalents	\$ (132)	\$ (9,626)
Cash and Cash Equivalents at Beginning of Period	2,047	77,795
Cash and Cash Equivalents at End of Period	\$ 1,915	\$ 68,169

Investor Information

BOARD OF DIRECTORS

A. Earl Swift
Chairman of the Board
Swift Energy Company

Virgil N. Swift
Vice Chairman of the Board
Swift Energy Company

G. Robert Evans
Retired Chairman and CEO
Material Sciences Corporation

Raymond O. Loen
President
R. O. Loen Company

Henry C. Montgomery
Chairman and Founder
Montgomery Financial Services Corp.

Clyde W. Smith, Jr.
President
Millennium Technology Services, Inc.
Harold J. Withrow
Consultant

OFFICERS

A. Earl Swift
Chief Executive Officer

Terry E. Swift
President
Chief Operating Officer

Virgil N. Swift
Executive Vice President—Business Development

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

Joe A. D'Amico
Senior Vice President—Exploration & Development

James M. Kitterman
Senior Vice President—Operations

Bruce H. Vincent
Senior Vice President—Funds Management

Alton D. Heckaman, Jr.
Vice President
Controller

James P. Mitchell
Vice President—Land

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

Khushroo N. J. Patel
Vice President—Geophysics

Tara L. Seaman
Vice President—Acquisitions, Dispositions,
& Reserves

James R. Stewart, Jr.
Vice President—Drilling & Production

Adrian D. Shelley
Treasurer

D. Wynn Ibach
General Counsel

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New York Stock Exchange
Pacific Exchange, Inc.
Symbol "SFY"