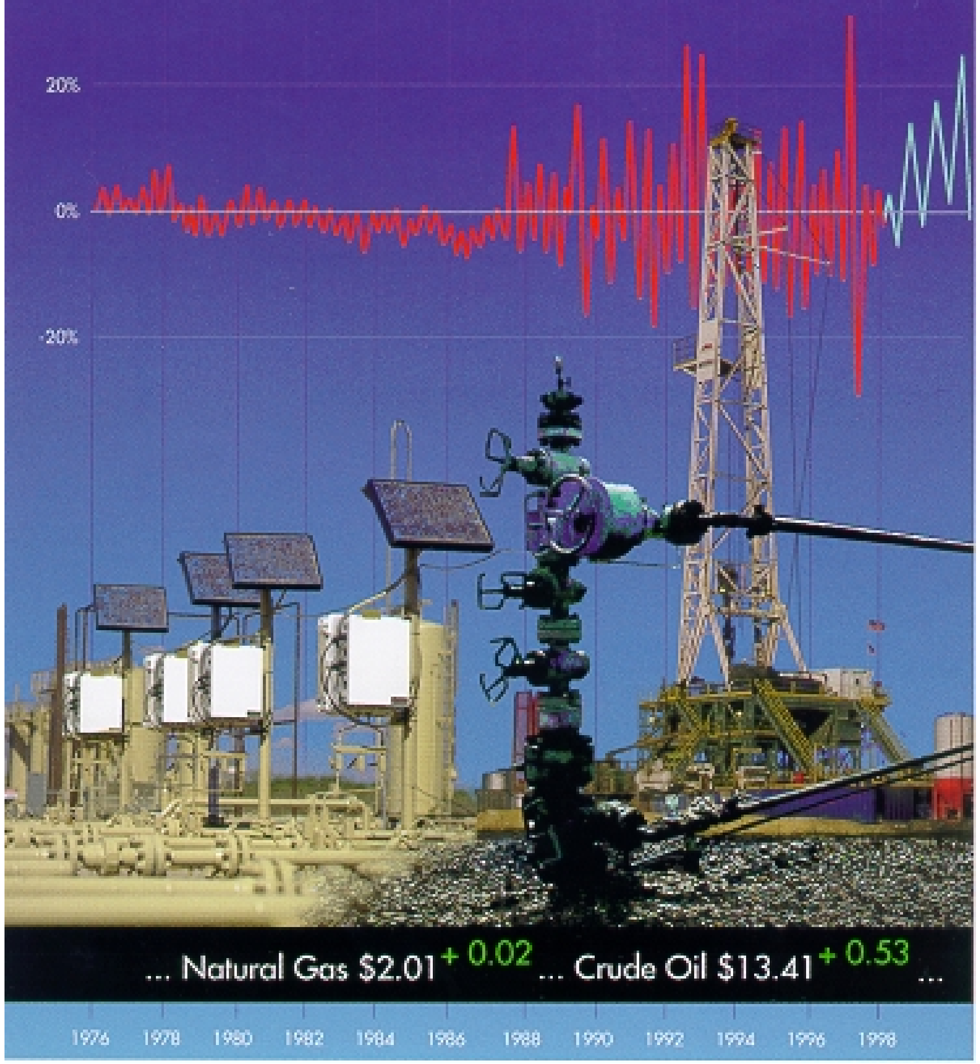
SWIFT ENERGY COMPANY

1999 FIRST QUARTER REPORT

Managing Growth in a Volatile Environment



Letter to Stockholders

With an expanded operating base following last year's large acquisition of producing properties in the Austin Chalk trend, Swift Energy Company produced 65% more oil and natural gas during the first quarter of 1999 than during the same period in 1998. Total production rose to 11.6 billion cubic feet of gas equivalent (Bcfe) compared to 7.0 Bcfe last year. Crude oil and condensate production more than tripled to 728,000 barrels, and natural gas production rose 23% to 7.2 billion cubic feet. As a result, the Company's sales revenues increased 34% to $21.1 million, and net cash provided by operating activities rose 14% to $14.8 million, or $.92 per share.

These impressive gains were attained despite the fact that during the first three months of 1999 we received the lowest prices in this decade for our oil and condensate and the lowest prices since 1995 for our natural gas. During the last two years, oil prices have steadily declined from a quarterly average of $22.22 per barrel, which we received in late 1996, to $10.87 per barrel during the first quarter of 1999. At the same time, natural gas prices have slipped from $3.16 per thousand cubic feet (per Mcf) to $1.82 per Mcf. These declines, together with the increasing costs associated with our higher production, held our net income for the first quarter of 1999 to $1.3 million, or $.08 per share, compared to $3.2 million, or $.20 per share, for the same period last year.

As we have said before, price cycles have long been ingrained in the history of the oil and gas industry, which, like other industries, has difficulty in matching supply and demand. That the Company can successfully operate in such a volatile environment demonstrates that our long-term strategy accommodates price fluctuations, including those as severe as we have recently experienced.

The good news is that a significant price recovery appears to have begun, with the average sales price for our oil estimated to be nearly 70% higher in April than it was in December 1998. This is largely due to actions of the Organization of Petroleum Exporting Countries (OPEC), which announced in late March that its members (excluding Iraq) and several other oil-exporting countries would reduce their combined production for one year beginning April 1 in order to reduce the excess supply of oil and boost prices. The International Energy Agency reports that OPEC did cut production in April, although not as much as it had intended. Also, OPEC's efforts were somewhat offset by Iraq, which is now producing at record levels with the permission of the United Nations.

A major factor contributing to the recent worldwide glut of oil has been the economic crisis that has prevailed in East Asia since late 1997. From 1990 to 1996, East Asia's energy growth rate averaged 5.5% annually compared to 1.5% for the entire world, and it appeared that the region's demand for oil could only increase. What actually happened was that the economic crisis slowed development throughout East Asia, decreasing its energy growth rate to 2% in 1998. Thus oil that would have gone to the region became available to other markets at reduced prices.

In the United States, the cheap oil has competed with natural gas, depressing its price. We should note, however, that while gas prices have fluctuated greatly during the 1990s, they have maintained an overall upward trend owing to the increasing U.S. demand for natural gas for space heating and electricity generation. Unlike oil, which is a globally supplied and globally priced commodity, natural gas is much more regionally bound. U.S. supplies are largely produced within the country or imported from Canada. With a growing demand for these supplies, the upward trend in natural gas prices should continue, especially if we see a return to normal winter temperatures. This bodes well for Swift, since natural gas comprises 81% of our oil and gas reserves.

Although recent events are encouraging, Swift Energy will continue its operational mode for a low price environment. We will maintain a conservative approach to drilling and acquisitions and focus on maximizing production and minimizing costs in our core operating areas. During the first quarter of 1999, for example, we conducted a high level of operational activity aimed at enhancing production in our various producing fields. In the AWP Field in McMullen County, Texas, we continued to tailor our hydraulic fracture process to each well, with particular attention given to reducing costs without compromising the results. Our fracture-extension program included second fractures on 15 wells, resulting in average production increases of 217 Mcfe per well per day. We further increased production in the field by installing coiled tubing in 20 wells to accelerate the upward flow of hydrocarbons in the well bores. We also added to the production from the field by drilling a successful development well in which we retained a 40% working interest.

Throughout our Toledo Bend properties, which are located on both sides of the Texas-Louisiana border and comprise our largest acquisition in the Austin Chalk trend, we implemented numerous operating efficiencies consistent with our production experience with this formation. In addition, we placed the last of several wells drilled in 1998 in production (initially at 9.1 million cubic feet of gas equivalent per day) and continued to identify wells whose production could be stimulated through the application of the dendritic fracturing process. Together, the Toledo Bend properties contributed 55% of our first-quarter production.

In another area of the Austin Chalk trend, in Fayette County, Texas, we drilled a second successful development well, in which we retained a 65% working interest.

While these activities were under way, we took several steps to decrease general and administrative costs, including instituting salary and hiring freezes, delaying capital expenditures, and, most difficult of all, downsizing our work force by 15%. As a result, we reduced the overall overhead of the Company by more than 20%.

As our 1999 program continues, we are experiencing increases in the price of our stock, which we all believe to be significantly undervalued. Because of this and other encouraging indicators, we are optimistic that an upturn in the price cycle has indeed begun and that the economics of the oil and gas industry will improve accordingly.

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, 1999 (Unaudited)	December 31, 1998
Assets		
Current assets	$ 30,000	$ 35,246
Property and equipment, net	358,970	359,723
Other	7,732	8,676
	$ 396,702	$ 403,645
Liabilities and Stockholders' Equity		
Current liabilities	$ 28,387	$ 31,415
Convertible notes	115,000	115,000
Bank borrowings	141,800	146,200
Deferred revenues	1,363	1,667
Deferred income taxes	357	—
Stockholders' equity	109,795	109,363
	$ 396,702	$ 403,645

First-Quarter Volumes and Prices

	1999	1998	% Change
Natural gas production (Mcf)	7,224,188	5,858,509	+23%
Oil & condensate production (barrels)	727,810	195,114	+273%
Average gas price per Mcf	$ 1.82	$ 2.28	–20%
Average oil price per barrel	$ 10.87	$ 12.61	–14%

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, 1999	1998
Revenues:		
Oil and gas sales	$ 21,096	$ 15,802
Fees from limited partnerships and joint ventures	42	80
Interest income	14	19
Other, net	336	575
	21,488	16,476
Costs and Expenses:		
Oil and gas production	4,420	2,520
General and administrative, net	1,110	1,000
Depreciation, depletion, and amortization	10,748	6,735
Interest expense, net	3,304	1,385
	19,582	11,640
Income Before Income Taxes	1,906	4,836
Provision for Income Taxes	624	1,606
Net Income	1,282	3,230
Per Share Amounts—		
Basic	$ 0.08	$ 0.20
Diluted	$ 0.08	$ 0.20
Weighted Average Shares Outstanding	16,156	16,500

Consolidated Statements of Cash Flows

Swift Energy Company and Subsidiaries

(Unaudited)
(in Thousands)

	Three Months Ended March 31, 1999	Three Months Ended March 31, 1998
Cash Flows from Operating Activities:		
Net income	$ 1,282	$ 3,230
Non-cash revenue and expense items	11,194	7,999
Net change in operating assets and liabilities	2,361	1,791
Net Cash Provided by Operating Activities	14,837	13,020
Cash Flows from Investing Activities:		
Additions to property and equipment	(13,194)	(27,980)
Proceeds from the sale of property and equipment	430	1,146
Net cash received (distributed) as operator of oil and gas properties	2,611	2,821
Net cash received (distributed) as operator of partnerships and joint ventures	1,647	3,835
Limited partnership formation and marketing costs	(397)	(453)
Other	(96)	(16)
Net Cash Used in Investing Activities	(8,999)	(20,647)
Cash Flows from Financing Activities:		
Net proceeds from (payments of) bank borrowings	(4,400)	7,209
Net proceeds from issuances of common stock	115	860
Purchase of treasury stock	(1,463)	(574)
Net Cash Provided by (Used in) Financing Activities	(5,748)	7,495
Net Increase (Decrease) in Cash and Cash Equivalents	$ 90	$ (132)
Cash and Cash Equivalents at Beginning of Period	1,631	2,047
Cash and Cash Equivalents at End of Period	$ 1,721	$ 1,915

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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Pacific Exchange, Inc.
Symbol "SFY"

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