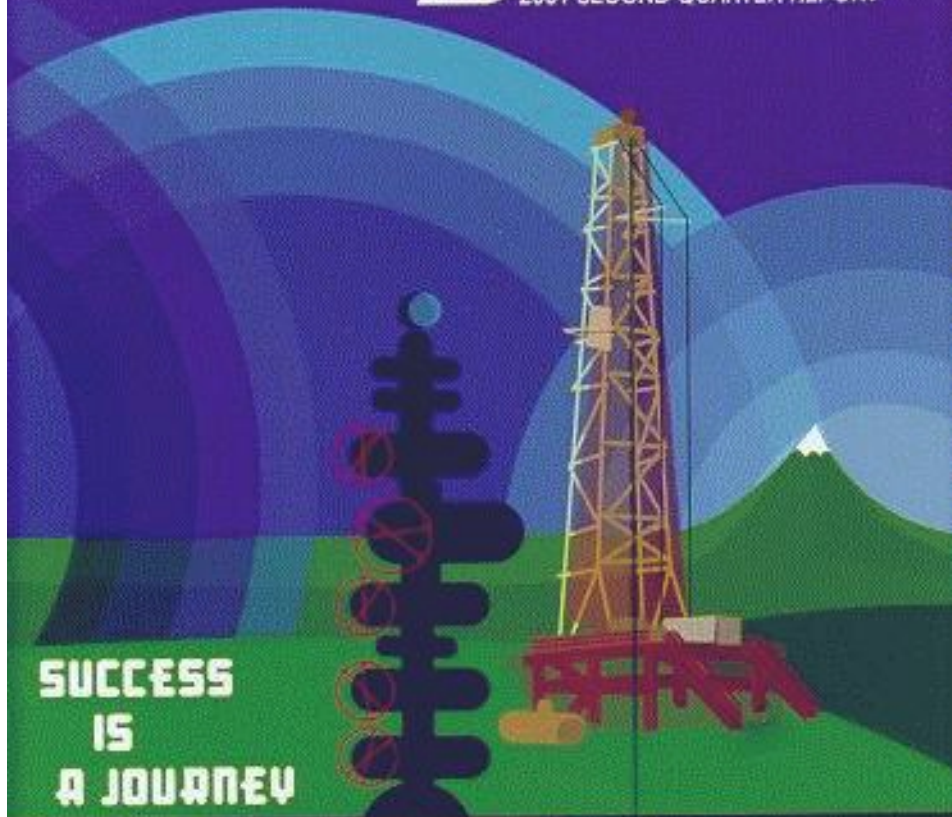




SWIFT ENERGY
COMPANY
2001 SECOND QUARTER REPORT



**SUCCESS
IS
A JOURNEY**



Letter to Stockholders

Swift Energy posted a 13% increase in revenues and a 5% increase in earnings for the second quarter of 2001 compared to the second quarter of 2000. Revenues rose to \$52.3 million and earnings to \$15.0 million, with per-share earnings at \$0.61 (basic) and \$0.59 (diluted). The Company also had a 50% increase in net cash provided by operating activities, which rose to \$47.8 million.

Compared to the first half of 2000, revenues for the first half of 2001 increased by 37% to \$114.7 million and earnings by 57% to \$37.3 million. Per-share earnings, before an accounting principal change in the first quarter, were \$1.53 (basic) and \$1.48 (diluted). Net cash provided by operating activities rose by 73% to \$96.0 million.

The high prices we received for natural gas in the first quarter of this year declined significantly in the second quarter—from an average of \$6.86 per thousand cubic feet (Mcf) to \$4.66 per Mcf. The latter, however, was still above the second quarter 2000 price of \$3.99 per Mcf and above the very low prices we have experienced for prolonged periods in recent years. In fact, our strategic planning, which focuses on increasing production at acceptable costs, has always been based on moderate pricing assumptions.

Our second-quarter production reached 11.3 billion cubic feet equivalent (Bcfe), including an initial 0.2 Bcfe from New Zealand. This is a 4% increase from the second quarter of 2000, but, more importantly, it is a 10% increase from the first quarter of this year and a confirmation that we have reestablished our momentum after overcoming several on-going production constraints.

That momentum has been apparent throughout our 2001 domestic drilling program, which during the first half of the year included five exploratory wells and 23 development wells, all with hydrocarbon shows. Of these, most of the development wells were placed in production during the first half of the year, with the remaining wells, including all the exploratory wells, either still undergoing production tests or awaiting the construction of facilities.

The impact of our 2001 drilling program and other operating improvements has been especially apparent in the Brookeland Area, where we drilled four development wells to the Austin Chalk trend in the first quarter and three wells in the second quarter. Located in Jasper County and Newton County, Texas, this area had a significant increase in production from the first-quarter level and provided 17% of our second-quarter production. Of the seven new wells, five are Swift-operated with Swift working interests from 96% to 100%. We completed drilling another well in this area (with a 75.5% working interest) early in the third quarter.

The Masters Creek Area in Rapides Parish and Vernon Parish, Louisiana, which includes the South Burr Ferry Field, contributed 33% of our second-quarter production. In this area, three development wells were drilled to the Austin Chalk trend in the first quarter and two in the second quarter. All five wells are Swift-operated, four with Swift working interests from 91% to 100%. In mid-August, we had three additional wells under way, all with high Swift working interests.

The AWP Olmos Field in McMullen County, Texas, provided 28% of our second-quarter production. We drilled five new development wells in this area

in the first quarter and five in the second quarter, all with 100% Swift interests. In addition, we improved production by refracturing the Olmos formation around 26 producing wells and installing coiled tubing in 18 wells. Early in the third quarter, we completed two additional wells.

Late in the second quarter, we also initiated limited production from 20 wells recently acquired in the Lake Washington Field in Plaquemines Parish, Louisiana, an area with tremendous exploration and development potential.

Since the end of the second quarter, one of our five exploratory wells has been placed in production. Drilled on the Nita prospect in Goliad County, Texas, it is producing from the Wilcox formation. Two other wells, one drilled to the deep Frio sands (Rome prospect) in Willacy County, Texas, and another to the Wilcox formation (Falcon Ridge prospect) in Zapata County, Texas, are awaiting connections to pipelines. A fourth well, which was drilled in Kenedy County, Texas, and found hydrocarbon shows in several Frio sands (Siena prospect), is undergoing production tests, as is a fifth well that was drilled to the Woodbine sands (Lion prospect) in San Jacinto County, Texas.

Our plans to drill more domestic exploratory wells during the first half of the year were delayed because of the limited availability of quality service providers. However, early in the third quarter we completed drilling and began testing two additional exploratory wells—one in Goliad County, Texas, and another in Converse County, Wyoming—and we were participating in one well nearing completion in Cameron Parish, Louisiana. Later this year, we plan to spud at least two more exploratory wells, both in Plaquemines Parish, Louisiana.

In the Taranaki Basin on the north island of New Zealand, we completed drilling our first exploratory well on the Kauri prospect in mid-July and found multiple hydrocarbon-bearing zones, including the expected Upper Tariki sandstone and the Upper Rimu limestone, as well as two highly prospective higher zones, the Manutahi sand and the Kauri sand. We will evaluate the Manutahi sand in a separate shallow well to be drilled prior to extensive testing of the other zones in the Kauri-A1 well. In the Rimu Area about 5 miles to the north, we initiated preliminary production from the Rimu-A1 well during the second quarter, performed extended production testing on our other four wells, made plans to drill two more wells, worked on establishing markets, and continued to meet the construction schedule for our production facility. In another permit area covering 48,931 acres further north, we increased our 25% interest to 100% and plan to acquire additional seismic data there to evaluate several leads.

In summary, the first half of the year 2001 has been very successful for Swift Energy Company, and we look forward to the second half and beyond with great expectations.

Terry E. Swift
Chief Executive Officer,
President, and Director

A. Earl Swift
Chairman of
Board of Directors

Summary Balance Sheet Information

Swift Energy Company and Subsidiaries

(in Thousands)

	June 30, 2001	December 31, 2000
	(Unaudited)	
Assets		
Current assets	\$ 36,787	\$ 41,873
Property and equipment, net	664,398	527,087
Other	3,239	3,427
	<u>\$ 704,424</u>	<u>\$ 572,387</u>
Liabilities and Stockholders' Equity		
Current liabilities	\$ 61,019	\$ 64,325
Long-term debt	210,862	134,729
Deferred income taxes	61,141	41,179
Stockholders' equity	371,402	332,154
	<u>\$ 704,424</u>	<u>\$ 572,387</u>

Second-Quarter Volumes and Prices

Swift Energy Company and Subsidiaries

(Unaudited)

	2nd Qtr. 2001	2nd Qtr. 2000	% Change
Natural gas production (Mcf)	7,111,811	6,910,947	+3%
Oil & condensate production (barrels)	690,599	649,894	+6%
Average gas price per Mcf	\$ 4.66	\$ 3.99	+17%
Average oil price per barrel	\$ 26.05	\$ 27.55	-5%

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,	
	2001	2000	2001	2000
Revenues:				
Oil and gas sales	\$ 51,113	\$ 45,503	\$ 113,808	\$ 82,687
Fees from limited partnerships and joint ventures	130	76	193	119
Interest income	12	371	24	639
Price-risk management and other, net	1,048	177	670	430
	<u>52,303</u>	<u>46,127</u>	<u>114,695</u>	<u>83,875</u>
Costs and Expenses:				
Oil and gas production	8,979	6,888	17,937	13,032
General and administrative, net	2,008	1,460	3,892	2,608
Depreciation, depletion, and amortization	14,719	11,551	28,106	23,022
Interest expense, net	3,188	4,010	5,838	8,076
	<u>28,894</u>	<u>23,909</u>	<u>55,773</u>	<u>46,738</u>
Income Before Income Taxes and Cumulative Effect of Change in Accounting Principle	23,409	22,218	58,922	37,137
Provision for Income Taxes	8,436	8,005	21,229	13,334
Income Before Cumulative Effect of Change in Accounting Principle	14,973	14,213	37,693	23,803
Cumulative Effect of Change in Accounting Principle (net of taxes)	—	—	393	—
Net Income	<u>\$ 14,973</u>	<u>\$ 14,213</u>	<u>\$ 37,300</u>	<u>\$ 23,803</u>
Per Share Amounts—				
Basic: Income Before Cumulative Effect of Change in Accounting Principle	\$ 0.61	\$ 0.68	\$ 1.53	\$ 1.14
Cumulative Effect of Change in Accounting Principle	—	—	0.02	—
Net Income	<u>\$ 0.61</u>	<u>\$ 0.68</u>	<u>\$ 1.51</u>	<u>\$ 1.14</u>
Diluted: Income Before Cumulative Effect of Change in Accounting Principle	\$ 0.59	\$ 0.61	\$ 1.48	\$ 1.04
Cumulative Effect of Change in Accounting Principle	—	—	0.02	—
Net Income	<u>\$ 0.59</u>	<u>\$ 0.61</u>	<u>\$ 1.46</u>	<u>\$ 1.04</u>
Weighted Average Shares				
Outstanding	24,723	21,008	24,694	20,928

Consolidated Statements of Cash Flows

Swift Energy Company and Subsidiaries

(Unaudited)
(in Thousands)

	Period Ended June 30,	
	2001	2000
Cash Flows from Operating Activities:		
Net income	\$ 37,300	\$ 23,803
Non-cash revenue and expense items	48,736	36,025
Net change in operating assets and liabilities	9,993	(4,479)
Net Cash Provided by Operating Activities	96,029	55,349
Cash Flows from Investing Activities:		
Additions to property and equipment	(161,624)	(51,151)
Proceeds from the sale of property and equipment	2,940	759
Net cash received (distributed) as operator of oil and gas properties	(16,671)	4,887
Net cash received as operator of partnerships and joint ventures	2,087	1,353
Other	(72)	(26)
Net Cash Used in Investing Activities	(173,340)	(44,178)
Cash Flows from Financing Activities:		
Net proceeds from bank borrowings	76,100	—
Net proceeds from issuances of common stock	1,321	2,355
Net Cash Provided by Financing Activities	77,421	2,355
Net Increase in Cash and Cash Equivalents	110	13,526
Cash and Cash Equivalents at Beginning of Period	1,987	22,686
Cash and Cash Equivalents at End of Period	\$ 2,097	\$ 36,212

Investor Information

BOARD OF DIRECTORS

A. Earl Swift
Chairman of the Board
Swift Energy Company

Virgil N. Swift
Vice Chairman, Swift Energy Company
Chairman, Swift Energy International

Terry E. Swift
CEO and President, Swift Energy Company
President, Swift Energy International

G. Robert Evans
Retired Chairman and CEO
Material Sciences Corporation

Henry C. Montgomery
Chairman and Founder
Montgomery Financial Management

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

OFFICERS

Terry E. Swift
Chief Executive Officer
President

Joe A. D'Amico
Executive Vice President
Chief Operating Officer

Bruce H. Vincent
Executive Vice President—Corporate
Development, Secretary

Alton D. Heckaman, Jr.
Senior Vice President—Finance,
Chief Financial Officer

James M. Kitterman
Senior Vice President—Operations

Victor R. Moran
Senior Vice President—Energy Marketing &
Business Development

James P. Mitchell
Vice President—Land

Khushroo N. J. Patel
Vice President—Geophysics

Thomas E. Schmidt
Vice President—Exploration &
Development

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

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

Adrian D. Shelley
Treasurer

David W. Wesson
Controller

D. Wynn Ibach
General Counsel

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Trust Company
59 Maiden Lane, Plaza Level
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New York Stock Exchange
Pacific Exchange, Inc.
Symbol "SFY"

Swift Energy ® and  ® are registered service marks of Swift Energy Company.

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