



SWIFT ENERGY COMPANY
2003 THIRD QUARTER REPORT



Swift Energy Company
16825 Northchase Drive, Suite 400
Houston, Texas 77060-6098
Web Site: <http://www.swiftenergy.com>
Telephone: (281) 874-2700

PRSR1 STD
US POSTAGE
PAID
PERMIT #465
KNOXVILLE, TN

Is an Electronic Version Preferable?

At the Swift Energy worldwide web site (<http://www.swiftenergy.com>), you can view Swift Energy's quarterly reports, press releases, and a number of other Company documents as soon as they are released for publication. If you prefer not to receive printed copies of these documents and to be notified when they are posted on the web site, please send your full name, e-mail address, and a request to be added to our e-mail updates list to: updates@swiftenergy.com.

Letter to Stockholders

During the third quarter of 2003, Swift Energy had oil and natural gas sales of \$52.1 million, leading to a net income of \$7.1 million (\$0.26 per diluted share) and net cash provided by operating activities of \$30.5 million. Compared to the third quarter of 2002, we realized increases of 42% in sales, 263% in net income, and 52% in net cash provided by operating activities.

For the nine months ending September 30, 2003, we had oil and natural gas sales of \$157.8 million, yielding a net income of \$20.4 million (after a \$4.4 million charge from mandatory adoption of a new accounting principle in the first quarter) and net cash provided by operating activities of \$84.0 million. Compared to the same period in 2002, we had increases of 55% in sales, 138% in net income, and 51% in net cash provided by operating activities.

Our total production in the third quarter of 2003 was 13.6 billion cubic feet of natural gas equivalent (Bcfe), a record volume that was 12% higher than the 12.2 Bcfe produced in the third quarter of 2002 and 3% higher than the 13.3 Bcfe produced in the second quarter of 2003. Our domestic production in the third quarter of 2003 was 8.7 Bcfe, an increase of 9% from the third quarter of 2002 and 3% from the second quarter of 2003. Our New Zealand production in the third quarter of 2003 totaled 4.9 Bcfe, an increase of 18% from the third quarter of 2002 and 2% from the second quarter of 2003.

Company-wide, the average price received for our third-quarter production was \$3.82 per thousand cubic feet of gas equivalent (per Mcfe), which was 27% higher than the price received in the third quarter of 2002 but 1% lower than that received in the second quarter of this year. The slight price reduction from the last quarter was due to a 10% decline in domestic natural gas prices, which reduced overall domestic prices 3% to \$4.56/Mcfe.

The average price received for our New Zealand production in the third quarter of 2003 was \$2.48 per Mcfe, which was 9% higher than the average price received in the second quarter of this year. New Zealand prices continue to appreciate, in the most recent quarter because of higher crude oil prices, the on-going tightening of the country's gas market, and the strengthening of the New Zealand dollar against the U.S. dollar.

The increase in domestic production during the third quarter came primarily from the Lake Washington Field in Plaquemines Parish, Louisiana, where we have been focusing our 2003 domestic drilling program and also working on a number of significant facility upgrades to increase the field's oil delivery capacity. During the third quarter we completed most of the major upgrades, including adding equipment and decking space to the field's three existing production platforms, adding new compression to the gas lift system used for oil production, installing a new oil delivery system, and building a permanent barge loading facility. By the end of November, we should have an oil delivery capacity of 20,000 barrels per day from the field. During September and October, our production averaged over 6,700 gross barrels per day (5,500 net barrels) from approximately 50 producing wells, with 15 additional wells awaiting flow line connections. We expect to exceed our production goal of 10,000 gross barrels per day (8,000 net barrels) from the field by year-end.

The Lake Washington wells awaiting connections include those completed during the third quarter—three exploratory wells and nine development wells. (Two other third-quarter development wells were not successful.) The exploratory wells were drilled on the southeast, south, and southwest sides of the field's salt dome and show that some of the productive sands we have found on the east, northeast, north, and northwest sides extend around the dome. We have already begun delineation wells to further define the new areas. We are also planning to conduct a three-dimensional seismic

survey in the field during 2004, the results of which should be available for planning our 2005 Lake Washington drilling program. At the end of the third quarter, we had state and federal approvals for a large number of additional drilling locations in the field and the permitting process is continuing for other locations. We are, however, temporarily releasing one of two rigs that have been drilling in the field throughout 2003 in order to focus more on the upcoming seismic survey and additional geologic and engineering reservoir studies.

In other domestic operations, we successfully drilled a development well (the Bego #1) in the Wilcox sands in Goliad County, Texas, and unsuccessfully drilled two of our several prospects to the Frio sands in the Garcia Ranch region in Kenedy County, Texas. The nonoperated Garcia Ranch well drilled to the Frio sands in the second quarter (the Burns #2) was completed and placed on production.

Through the first nine months of the year, we drilled a total of 55 domestic wells with an 82% success rate, serving as the operator of all but one well. Currently we are completing a third-quarter well drilled to the Austin Chalk trend in the Brookeland Area in Newton County, Texas, and will soon move a rig to another Austin Chalk location in the Masters Creek Area in Vernon Parish, Louisiana. In addition, we have engaged two rigs in the AWP Olmos Field in McMullen County, Texas, to drill six wells to the Olmos sand before year-end 2003.

In New Zealand, we were able to respond to a higher than expected market demand for natural gas with increased production from the TAWN Area, which averaged about 42 MMcfe (million cubic feet of gas equivalent) per day and accounted for approximately 80% of our total third-quarter New Zealand production. Production from the Rimu/Kauri Area also increased throughout the quarter, from approximately 7.5 MMcfe per day in July to a peak of about 15 MMcfe per day in September when the Kauri-A4 well and the recently completed Kauri-E1 and -E2 wells were placed on line. Following the initial impact of the new wells, the area's production has averaged between 13 and 14 MMcfe per day. In July we entered into a new three-year agreement with Genesis Power for the sale of gas from the Rimu/Kauri Area.

We expect to drill more wells targeting the Kauri sand, spudding one (the Kauri-E3) during the fourth quarter. We also anticipate further drilling in the shallower Manutahi sand from which we are also producing. In addition, we are still looking at exploitation opportunities in the TAWN Area's Tariki Field, as well as exploratory prospects in other New Zealand permit areas. Our recent re-entry into the Tuihu exploratory well in permit area PEP 38718 was unsuccessful.

Despite some delays in several areas, our overall results for the year to date have been excellent. We are on course to achieve growth in production and reserves, and we will have done so without significant draws under our bank line. Looking ahead, our 2004 operating budget assumes that we will be drilling in all our core areas, with the near-term focus continuing in the Lake Washington Area. We will also persist in our efforts to develop or acquire new core areas, with natural gas as the primary target. We are particularly encouraged by the current oil and gas pricing environment, which, when combined with the opportunities we have and our own determination to reduce per-unit production costs, should lead to the continued expansion of our increasingly profitable operations.

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

Summary Balance Sheet Information

Swift Energy Company and Subsidiaries

(in Thousands)

	September 30, 2003	December 31, 2002
	(Unaudited)	
Assets		
Current assets	\$ 32,253	\$ 29,768
Property and equipment, net	789,670	725,510
Other	8,714	11,728
	<u>\$ 830,637</u>	<u>\$ 767,006</u>
Liabilities and Stockholders' Equity		
Current liabilities	\$ 57,723	\$ 46,884
Bank borrowings	11,900	—
Senior notes due 2009	124,333	124,272
Senior notes due 2012	200,000	200,000
Deferred income taxes	39,248	30,777
Asset retirement obligation	9,835	—
Stockholders' equity	387,598	365,073
	<u>\$ 830,637</u>	<u>\$ 767,006</u>

Third-Quarter Production and Prices

Swift Energy Company and Subsidiaries

(Unaudited)

	3rd Qtr. 2003	3rd Qtr. 2002	% Change
Total Production			
Combined oil & natural gas (Mcf)	13,637,871	12,210,326	+12%
Natural gas (Mcf)	6,653,067	6,761,456	-2%
Crude oil (barrels)	916,809	682,872	+34%
Natural gas liquids (barrels)	247,325	225,273	+10%
Average Prices			
Combined oil & natural gas (\$/Mcf)	3.82	3.00	+27%
Natural gas (\$/Mcf)	3.17	2.32	+37%
Crude oil (\$/barrel)	29.24	26.17	+12%
Natural gas liquids (\$/barrel)	16.81	13.58	+24%

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,	
	2003	2002	2003	2002
Revenues:				
Oil and gas sales	\$ 52,087	\$ 36,592	\$ 157,847	\$ 101,536
Fees from limited partnerships and joint ventures	6	6	20	60
Interest income	26	159	137	191
Gain on asset disposition	—	—	—	7,333
Price-risk management and other, net	(567)	(186)	(2,234)	375
	<u>51,552</u>	<u>36,571</u>	<u>155,770</u>	<u>109,495</u>
Costs and Expenses:				
Oil and gas production	13,731	11,005	39,392	30,602
General and administrative, net	3,670	2,497	10,565	7,369
Depreciation, depletion, and amortization	16,042	13,487	46,631	41,790
Accretion of asset retirement obligation	207	—	624	—
Interest expense, net	6,749	6,648	20,107	16,608
	<u>40,399</u>	<u>33,637</u>	<u>117,319</u>	<u>96,369</u>
Income Before Income Taxes and Change in Accounting Principle	11,153	2,933	38,451	13,126
Provision for Income Taxes	4,090	986	13,682	4,575
Income Before Change in Accounting Principle	7,063	1,947	24,769	8,551
Cumulative Effect of Change in Accounting Principle (net of taxes)	—	—	4,377	—
Net Income	<u>\$ 7,063</u>	<u>\$ 1,947</u>	<u>\$ 20,392</u>	<u>\$ 8,551</u>
Per Share Amounts—				
Basic: Income Before Change in Accounting Principle	\$ 0.26	\$ 0.07	\$ 0.91	\$ 0.33
Change in Accounting Principle	—	—	(0.16)	—
Net Income	<u>\$ 0.26</u>	<u>\$ 0.07</u>	<u>\$ 0.75</u>	<u>\$ 0.33</u>
Diluted: Income Before Change in Accounting Principle	\$ 0.26	\$ 0.07	\$ 0.90	\$ 0.32
Change in Accounting Principle	—	—	(0.16)	—
Net Income	<u>\$ 0.26</u>	<u>\$ 0.07</u>	<u>\$ 0.74</u>	<u>\$ 0.32</u>
Weighted Average Shares Outstanding	27,424	26,889	27,326	26,112

Consolidated Statements of Cash Flows

Swift Energy Company and Subsidiaries

(Unaudited)
(In Thousands)

	Period Ended September 30,	
	2003	2002
Cash Flows from Operating Activities:		
Net income	\$ 20,392	\$ 8,551
Non-cash revenue and expense items	65,666	47,073
Gain on asset disposition	—	(7,333)
Net change in operating assets and liabilities	(2,036)	7,403
Net Cash Provided by Operating Activities	84,022	55,694
Cash Flows from Investing Activities:		
Additions to property and equipment	(101,511)	(132,522)
Proceeds from the sale of property and equipment	3,840	11,526
Net cash distributed as operator of oil and gas properties	(989)	(4,247)
Net cash received (distributed) as operator of partnerships and joint ventures	472	(26,527)
Other	(90)	68
Net Cash Used in Investing Activities	(98,278)	(151,702)
Cash Flows from Financing Activities:		
Proceeds from long-term debt	—	200,000
Net proceeds from (payments of) bank borrowings	11,900	(129,500)
Net proceeds from issuances of common stock	1,218	31,330
Payments of debt issuance costs	—	(6,257)
Net Cash Provided by Financing Activities	13,118	95,573
Net Decrease in Cash and Cash Equivalents	\$ (1,138)	\$ (435)
Cash and Cash Equivalents at Beginning of Period	3,816	2,149
Cash and Cash Equivalents at End of Period	\$ 2,678	\$ 1,714

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
Chairman, Swift Energy International

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

G. Robert Evans
Retired Chairman & CEO
Material Sciences Corporation

Raymond E. Galvin
Retired President
Chevron U.S.A. Production Company

Greg Matiuk
Retired Executive Vice President
Administrative & Corporate Services
ChevronTexaco Corporation

Henry C. Montgomery
Chairman & Founder
Montgomery Financial Services Corporation

Clyde W. Smith, Jr.
President
Ascentron, Inc.

Harold J. Withrow
Consultant

Raymond O. Loen
Director Emeritus

OFFICERS

Terry E. Swift
President
Chief Executive Officer

Joseph 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

James P. Mitchell
Senior Vice President—Commercial
Transactions and Land

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

Gerald B. Long
Vice President—Production Operations

Thomas E. Schmidt
Vice President—Exploration & Development

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

Adrian D. Shelley
Treasurer

David W. Wesson
Controller

D. Wynn Ibach
General Counsel

CORPORATE HEADQUARTERS

Swift Energy Company
16825 Northchase Drive, Suite 400
Houston, Texas 77060-6098
Telephones: (281) 874-2700 or (800) 777-2412

INDEPENDENT ACCOUNTANTS

Ernst & Young LLP
1221 McKinney Street
Houston, Texas 77010

TRANSFER AGENT AND REGISTRAR

American Stock Transfer &
Trust Company
59 Maiden Lane, Plaza Level
New York, New York 10038
Telephone: (212) 936-5100

EXCHANGE LISTINGS

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

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

For additional information, contact: Investor Relations Department, Phone: (281) 874-2700 or (800) 777-2412, Fax: (281) 874-2726, E-mail: info@swiftenergy.com, Web site: www.swiftenergy.com.