



BRIGHT
FUTURE

25 years

PROUD
PAST

Letter to Stockholders

For the first quarter of 2005, Swift Energy Company once again exceeded consensus earnings predictions due to increased production and a strong commodity market. Our net income for the quarter rose 76% to \$25.7 million (or \$0.89 per diluted share) compared to \$14.6 million (or \$0.52 per diluted share) for the first quarter of 2004. Net cash provided by operating activities increased 63% to \$64.7 million (or \$2.24 per diluted share).

The Company's total production for the first quarter of 2005 was 15.5 billion cubic feet of natural gas equivalent (Bcfe)—11.0 Bcfe from domestic production and 4.5 Bcfe from New Zealand production. It exceeded our total production in the first quarter of 2004 by 9% but was 2% lower than that in the fourth quarter of 2004 because of a third-party domestic pipeline interruption. Following a Company trend of the last two years, the production was predominantly crude oil and natural gas liquids (51% crude and 9% NGL). Domestic production was 72% oil and NGL, while New Zealand production was 71% natural gas.

The average price we received for all our production during the first quarter of 2005 was \$6.16 per thousand cubic feet of natural gas equivalent (Mcf), which was 33% above the average price of \$4.62 per Mcfe we received during the first quarter of 2004. This higher price resulted from average prices of \$4.25 for natural gas (a 17% increase), \$47.66 per barrel for crude oil (a 40% increase), and \$26.79 per barrel for NGL (a 20% increase). Domestically, we received an average of \$5.41 per Mcf for natural gas, \$47.20 per barrel for crude oil, and \$31.79 per barrel of NGL. In New Zealand, we received \$3.17 per Mcf for natural gas, \$51.68 per barrel of oil, and \$17.80 per barrel of NGL. As has been our practice for some time, we protect our domestic prices through a price risk management strategy that layers in price floors and our New Zealand prices by negotiations of short-term contracts.

We believe that commodity prices will remain higher throughout 2005 than they were in 2004, especially with the U.S., New Zealand, and numerous other world economies having increasing energy needs. This will help us carry out our diversified 2005 drilling program that includes exploration both in the United States and New Zealand, as well as considerable exploitation. We originally set our capital budget at \$200 million to \$220 million for this program, but with more and more competition for field services and climbing rig rates, we increased the capital budget to \$220 million to \$240 million. Even at the high end of our expenditures we should still be below our expected cash flow for the year, in which case we do not expect to borrow against our bank line to perform the planned projects.

In our domestic drilling operations, we are still focused in the Lake Washington Area in Plaquemines Parish, Louisiana, with a secondary emphasis in the AWP Olmos Area in McMullen County, Texas. In 2004, these two fields contributed 55% and 21%, respectively, of our domestic production, and in the first quarter of 2005 they contributed 62% and 18%, respectively. Lake Washington's first-quarter production was lowered by approximately 0.25 Bcfe by the third-party pipeline interruption.

During the first quarter, we completed 13 of 17 wells drilled in these two fields: two of three exploratory wells and nine of twelve development wells in Lake Washington and two of two development wells in AWP. We have had two rigs operating in Lake Washington this year and plan to move a second rig to AWP this summer. A little later we will begin drilling in our latest acquisitions, the Cote Blanche Island and Bay de Chene fields near Lake Washington, and expect to be producing approximately 1,500 barrels of oil equivalent per day from these fields by year end. We're also expecting to increase production from

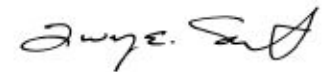
Lake Washington itself when work to expand the capacities of the field's gas lift system and sour crude processing platform are completed in the third quarter. In the meantime, our continued drilling in the area is resulting in a backlog of wells awaiting completions.

In our work on the north island of New Zealand, we were recently awarded a new petroleum exploration permit (PEP-38495) for 240,000 acres located offshore in the southern portion of the Taranaki Basin south and west of our Rimu/Kauri Area, and we will likely conduct a three-dimensional seismic survey on the acreage to assist in our prospect evaluations. We have also recently been awarded a petroleum mining permit (PMP-38155) for 8,708 acres within the Rimu/Kauri Area that will allow us to develop Kauri sand gas reservoirs and Manutahi sand oil reservoirs for 30 years. During the first quarter, we drilled the Kauri-E8 development well, which was unsuccessful, and early in the second quarter, we completed the Kauri-E9 well, which is awaiting a fracture stimulation.

Increasing production from the Rimu/Kauri Area is helping to offset the natural decline in production from our TAWN Area. First-quarter production from the Rimu/Kauri Area was 136% higher than in the first quarter of 2004 and 18% higher than in the fourth quarter of 2004, and as new contracts are negotiated in a tightening market, we are receiving higher prices for our production. To accommodate the expected higher gas volumes, we are considering a 50% to 100% expansion of our Rimu Production Station in 2006.

We have now begun our exploration program in the Taranaki Basin with our new partner, Mighty River Power Limited (MRP), a state-owned utility. MRP will provide the capital for three wells, the Tawa prospect under the Rimu/Kauri exploration permit and the Goss and Trapper prospects under petroleum mining permits in our TAWN Area. Early in the first quarter we drilled an unsuccessful shallow exploration test in the northern portion of the basin with Ballance Agri-Nutrients Limited.

As we continue what we believe will be another highly successful year for Swift Energy, we have three new members on our Board of Directors recently elected to three-year terms: Deanna L. Cannon, president of Cannon & Company CPA's PLC who filled a vacated position last year; Bruce H. Vincent, Swift Energy's president; and Douglas J. Lanier, retired vice president of ChevronTexaco Exploration & Production Company. Outgoing directors are Virgil N. Swift, who has been vice chairman of the Board since its inception and will now have the title of director emeritus, and G. Robert Evans, who joined the Board in 1994. We have also recently announced two promotions within the Company: Laurent Baillargeon to chief general counsel and Karen Bryant to chief governance officer and secretary, while continuing in her position as general counsel-corporate. In addition, R. Alan Cunningham, president and chief operating officer of Swift Energy New Zealand (SENZ), was named the principal executive officer in New Zealand for SENZ. We welcome each of these individuals in their new roles on the Swift team and look forward to many productive collaborations in the future.



Terry E. Swift
Chief Executive Officer
and Director

Summary Balance Sheet Information

Swift Energy Company and Subsidiaries

(in Thousands)

	March 31, 2005	December 31, 2004
	(Unaudited)	
Assets		
Current assets	\$ 63,067	\$ 54,386
Property and equipment, net	945,343	923,438
Other	10,855	12,749
	<u>\$ 1,019,265</u>	<u>\$ 990,573</u>
Liabilities and Stockholders' Equity		
Current liabilities	\$ 66,691	\$ 68,618
Bank borrowings	—	7,500
Senior Notes due 2011	150,000	150,000
Senior Notes due 2012	200,000	200,000
Deferred income taxes	84,775	73,107
Asset retirement obligation	16,329	17,176
Lease incentive obligation	136	—
Stockholders' equity	501,334	474,172
	<u>\$ 1,019,265</u>	<u>\$ 990,573</u>

First-Quarter Production and Prices

Swift Energy Company and Subsidiaries

(Unaudited)

	1st Qtr. 2005	1st Qtr. 2004	% Change
Total Production			
Combined oil & natural gas (Mcf)	15,518,463	14,286,225	+9%
Natural gas (Mcf)	6,257,151	5,873,026	+7%
Crude oil (barrels)	1,320,604	1,124,339	+17%
Natural gas liquids (barrels)	222,948	277,861	-20%
Average Prices			
Combined oil & natural gas (\$/Mcf)	6.16	4.62	+33%
Natural gas (\$/Mcf)	4.25	3.64	+17%
Crude oil (\$/barrel)	47.66	34.14	+40%
Natural gas liquids (\$/barrel)	26.79	22.30	+20%

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,	
	2005	2004
Revenues:		
Oil and gas sales	\$ 95,522	\$ 65,954
Price-risk management and other, net	99	(598)
	<u>95,621</u>	<u>65,356</u>
Costs and Expenses:		
General and administrative, net	4,874	4,030
Depreciation, depletion, and amortization	24,205	18,296
Accretion of asset retirement obligation	187	170
Lease operating costs	11,049	9,626
Severance and other taxes	9,203	6,247
Interest expense, net	6,344	6,901
	<u>55,862</u>	<u>45,270</u>
Income Before Income Taxes	39,758	20,086
Provision for Income Taxes	14,069	5,498
Net Income	<u>\$ 25,689</u>	<u>\$ 14,588</u>
Per Share Amounts—		
Basic: Net Income	<u>\$ 0.91</u>	<u>\$ 0.53</u>
Diluted: Net Income	<u>\$ 0.89</u>	<u>\$ 0.52</u>
Weighted Average Shares Outstanding	<u>28,161</u>	<u>27,553</u>

Consolidated Statements of Cash Flows

Swift Energy Company and Subsidiaries

(Unaudited)
(in Thousands)

	Period Ended March 31,	
	2005	2004
Cash Flows from Operating Activities:		
Net income	\$ 25,689	\$ 14,588
Non-cash revenue and expense items	39,447	24,175
Net change in operating assets and liabilities	(484)	833
Net Cash Provided by Operating Activities	64,652	39,596
Cash Flows from Investing Activities:		
Additions to property and equipment	(44,527)	(45,150)
Proceeds from the sale of property and equipment	122	23
Net cash distributed as operator of oil and gas properties	(7,914)	(8,708)
Net cash received (distributed) as operator of partnerships and joint ventures	(885)	106
Other	5	(1)
Net Cash Used in Investing Activities	(53,199)	(53,730)
Cash Flows from Financing Activities:		
Net proceeds from (payments of) bank borrowings	(7,500)	16,600
Net proceeds from issuances of common stock	841	866
Net Cash Provided by (Used in) Financing Activities	(6,659)	17,466
Net Increase in Cash and Cash Equivalents	\$ 4,795	\$ 3,332
Cash and Cash Equivalents at Beginning of Period	4,920	1,066
Cash and Cash Equivalents at End of Period	\$ 9,715	\$ 4,398

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
Chief Executive Officer
Swift Energy Company

Deanna L. Cannon
President
Cannon & Company CPA's PLC

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
Administration & Corporate Services
ChevronTexaco Corporation

Henry C. Montgomery
Chairman & Founder
Montgomery Professional Services Corporation

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

Raymond O. Loen
Director Emeritus

OFFICERS

Terry E. Swift
Chief Executive Officer

Bruce H. Vincent
President & Secretary

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

Alton D. Heckaman, Jr.
Executive Vice President
Chief Financial Officer

James M. Kitterman
Senior Vice President-Operations

James P. Mitchell
Senior Vice President-Commercial
Transactions & Land

Victor R. Moran
Senior Vice President
Chief Compliance Officer

Gerald B. Long
Vice President-Production Operations

Thomas E. Schmidt
Vice President-Exploitation & Development

Tara L. Seaman
Vice President-Reserves & Evaluations

Adrian D. Shelley
Treasurer

David W. Wesson
Controller

Laurent A. Baillargeon
General Counsel

CORPORATE HEADQUARTERS

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Trust Company
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Pacific Exchange, Inc.
Symbol "SFY"

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

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