

SWIFT ENERGY CO
Form 424B5
August 05, 2009

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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-159341

**Prospectus Supplement
To prospectus dated June 26, 2009**

5,400,000 shares

Common Stock

We are selling 5,400,000 shares of our common stock.

Our common stock is listed on the New York Stock Exchange under the symbol SFY. On August 4, 2009, the last reported sale price of our common stock on the New York Stock Exchange was \$18.96 per share.

Investing in our common stock involves risk. Please read Risk Factors beginning on page S-11 of this prospectus supplement and on page 3 of the accompanying prospectus.

	Per share	Total
Public offering price	\$ 18.50	\$ 99,900,000
Underwriting discounts and commissions	\$ 0.93	\$ 4,995,000
Proceeds to Swift Energy Company, before expenses	\$ 17.58	\$ 94,905,000

We have granted the underwriters an option for a period of 30 days to purchase up to 810,000 additional shares of our common stock to cover over-allotments, if any.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares to purchasers on or about August 10, 2009.

Book-running manager
J.P. Morgan

Co-managers

UBS Investment Bank

Wells Fargo Securities

Credit Suisse

Howard Weil Incorporated

Natixis Bleichroeder Inc.

RBC Capital Markets

August 4, 2009

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it.

We are not, and the underwriters are not, making an offer to sell securities in any jurisdiction where the offer or sale is not permitted.

You should assume that the information appearing in this prospectus supplement and the accompanying prospectus is accurate only as of the respective dates on the front cover of these documents or earlier dates specified herein or therein and that the information incorporated herein by reference is accurate only as of its date. Our business, financial condition, results of operations and prospects may have changed since those dates. It is important that you read and consider all of the information in this prospectus supplement and the information contained in the accompanying prospectus and any document incorporated by reference in making your investment decision. To the extent there is a conflict between the information contained in this prospectus supplement and the information contained in the accompanying prospectus or any document incorporated by reference, you should rely on the information in this prospectus supplement.

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Prospectus supplement

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Summary

This summary highlights information included or incorporated by reference elsewhere in this prospectus supplement. It does not contain all of the information that you should consider before making an investment decision. We urge you to read the entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference carefully, including the historical financial statements and notes to those financial statements incorporated by reference. Please read Risk Factors in this prospectus supplement, in Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2008 and in Item 1A of Part II of our Quarterly Report on Form 10-Q for the quarter ended June 30, 2009 for more information about important risks that you should consider before investing in our common stock. Unless the context indicates otherwise, information presented in this prospectus supplement assumes the underwriters did not exercise their option to purchase additional shares. Further, unless otherwise indicated, information presented herein relates only to our continuing operations. As used in this prospectus supplement and the accompanying prospectus, unless the context otherwise requires or indicates, references to Swift, we, our, ours, and us refer to Swift Energy Company and its subsidiaries, collectively.

Our company

We are engaged in developing, exploring, acquiring, and operating oil and natural gas properties, with a focus on oil and natural gas reserves onshore in Louisiana and Texas, and in the inland waters of Louisiana. As of December 31, 2008, we had estimated proved reserves from our continuing operations of 116.4 million barrels of oil equivalent, or MMBoe. Our total estimated proved reserves at year-end 2008 were comprised of approximately 43% crude oil, 42% natural gas, and 15% natural gas liquids, or NGLs; and 53% of our total estimated proved reserves were proved developed. Our estimated proved reserves are concentrated with 61% of the total in Louisiana, 38% in Texas, and 1% in other states.

Our operations are primarily focused in four core areas identified as Southeast Louisiana, South Louisiana, Central Louisiana/East Texas, and South Texas. South Texas is the oldest of our core areas, with our operations first established in the AWP field in 1989, and subsequently expanded with the acquisition in 2007 of the Sun TSH, Briscoe Ranch, and Las Tiendas fields, and the 2008 acquisition of additional interests in the Briscoe Ranch field. Operations in our Central Louisiana/East Texas area began in mid-1998 when we acquired the Masters Creek field in Louisiana and the Brookeland field in Texas, to which we later added the South Bearhead Creek field in Louisiana in late 2005. The Southeast Louisiana and South Louisiana areas were established when we acquired majority interests in producing properties in the Lake Washington field in early 2001, in the Bay de Chene and Cote Blanche Island fields in December 2004, and in the Bayou Sale, Bayou Penchant, Horseshoe Bayou, and Jeanerette fields in 2006.

Our competitive strengths and business strategy

Our competitive strengths, together with a balanced and comprehensive business strategy, provide us with the flexibility and capability to achieve our goals. Our primary strengths and strategies are set forth below.

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Concentrated focus on core areas with operational control

We are one of the largest crude oil producers in Louisiana and have been the most active driller in Southern Louisiana from 2005 through 2008. This concentration and regional scale allows us to leverage our drilling unit and workforce synergies while enabling us to minimize development and operating costs. Each of our core areas includes properties that we have targeted for future growth. The value of this concentration is enhanced by our operational control of 96% of our proved oil and natural gas reserves base as of December 31, 2008. Retaining operational control allows us to more effectively manage production, control operating costs, allocate capital, and time field development.

Balanced portfolio of development and exploration prospects

We have identified almost 1,000 development and exploration prospects within our four core areas spanning our Gulf Coast asset base. These projects range from lower-risk repeatable targets, such as recompletions and behind-pipe development, to higher-risk/higher-reward exploration targets. Within our core area operations, we are diversified across geologic horizons and formations, including conventional sands, tight gas sands and shales. Our understanding of the underlying geology of our core areas, together with the depth and diversity of our projects in those areas, allows us to optimize the development of our prospect inventory.

Significant upside from two emerging resource plays

We currently own and operate significant leasehold positions in two emerging resource plays in South Texas: Olmos tight gas sands and Eagle Ford shale. Utilizing our nearly 20 years of history and extensive experience in the AWP field in South Texas, in the fourth quarter of 2008 we drilled what we believe to be the first horizontal well in the low-permeability, tight-sand Olmos formation by employing the multi-stage fracture technology being used in various domestic shale plays, with the well having an initial production test rate of over 10 MMcf/d. The cumulative production for this well from initial production in mid-January 2009 through July 31, 2009 was 746 MMcfe, and the average production rate during the month of July 2009 was 2.52 MMcf/d and 15 barrels of oil per day. In addition, while we have not drilled any wells in the Eagle Ford shale, there has been significant industry activity on trend with our leaseholds, with initial production test rates similar to other producing shale plays.

Balanced approach to growth

We have grown our estimated proved reserves from 107.4 MMBoe to 116.4 MMBoe over the five-year period ended December 31, 2008, which equates to a 120% production replacement rate. Over the same period, our annual production has grown from 5.6 MMBoe to 10.0 MMBoe. Our growth in reserves and production over this five-year period has resulted primarily from drilling activities and acquisitions in our core areas. During 2008, our estimated proved reserves decreased by 13% and we did not replace 2008 production, due mainly to technical adjustments in two fields and lower prices used in the 2008 computation of reserves. Based on our long-term historical performance and our business strategy going forward, we believe that we have the opportunities, experience, and knowledge to continue growing both our reserves and production.

Our strategy is to increase our reserves and production through both drilling and acquisitions, shifting the balance between the two activities in response to market conditions and strategic

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opportunities. In general, we focus on drilling in each of our core areas when oil and natural gas prices are strong. When prices weaken and the per unit cost of acquisitions becomes more attractive, or a strategic opportunity exists, we also focus on acquisitions. We believe this balanced approach has resulted in our ability to grow in a strategically cost effective manner.

Track record of developing under-exploited properties

We are focused on applying advanced technologies and recovery methods to areas with known hydrocarbon resources to optimize our exploration and exploitation of such properties, as illustrated in our core areas. For instance, we acquired our properties in the Lake Washington field, which originally was discovered in the 1930s, for \$30.5 million in 2001. Since that time, we have increased our average daily net production in that field from less than 700 Boe to 10,100 Boe during June 2009. We have also increased our estimated proved reserves in the Lake Washington field from 7.7 million Boe to approximately 31.8 million Boe as of December 31, 2008. We have acquired and successfully developed other fields since the Lake Washington acquisition, and we intend to continue acquiring significant acreage positions where we can grow production by applying advanced technologies and recovery methods using our experience and knowledge developed in our core areas.

Financial flexibility and disciplined capital structure

We practice a disciplined approach to financial management and have historically maintained a disciplined capital structure to provide us with the ability to execute our business plan. As of December 31, 2008, our debt to capitalization ratio was approximately 49%, while our debt to estimated proved reserves ratio was \$4.99 per Boe, and our debt to PV-10 ratio was 44%. We plan to maintain a capital structure that provides financial flexibility through the prudent use of capital, aligning our capital expenditures to our cash flows, and maintaining a strategic hedging program when appropriate.

Experienced technical team and technology utilization

We employ 73 oil and gas professionals, including geophysicists, petrophysicists, geologists, petroleum engineers, and production and reservoir engineers, who have an average of approximately 24 years of experience in their technical fields. In addition, we engage experienced and qualified consultants to perform various comprehensive seismic acquisitions, processing, reprocessing, interpretation, and other related services. We continually apply our extensive in-house experience and current technologies to benefit our drilling and production operations.

We increasingly use advanced technology to enhance the results of our drilling and production efforts, including two and three-dimensional seismic acquisitions, pre-stack time and depth image enhancement reprocessing, amplitude versus offset datasets, coherency cubes, and detailed field reservoir depletion planning. In 2004, we performed a 3-D seismic survey covering our Lake Washington field, and in 2006 we carried out a second 3-D survey in and around our Cote Blanche Island field. We now have seismic data covering over 4,000 square miles in South Louisiana that have been merged into two data sets, inclusive of data covering five fields we acquired in 2006. In late 2007, we began to extend this methodology to South Texas and licensed approximately 400 square miles of 3-D seismic data. In 2008, we purchased data from a 3-D seismic survey in the AWP field. As these data are processed, merged with other available seismic data, and integrated with geologic data, we develop proprietary geo-science databases that we use to guide our exploration and development programs.

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We use various recovery techniques, including gas lift, water flooding, pressure maintenance, and acid treatments to enhance crude oil and natural gas production. We also fracture reservoir rock through the injection of high-pressure fluid, install gravel packs, and insert coiled-tubing velocity strings to enhance and maintain production. We believe that the application of fracturing and coiled-tubing technology has resulted in significant increases in production and decreases in completion and operating costs, particularly in our AWP field.

In South Louisiana we also employ measurement-while-drilling techniques extensively that allow us to guide the drill bit during the drilling process. This technology allows the well bore path to be steered parallel to the salt face and to intersect multiple targeted sands in a single well bore.

Recent developments**South Texas**

We followed our drilling of what we believe was the first horizontal well in the Olmos formation with the drilling of the first well of our 2009 horizontal drilling and completion program targeting the Olmos formation in the AWP field. Drilling operations recently finished on this well and it is being prepared for completion. The rig that drilled this well will soon be moved to begin drilling operations on the second well of the program.

Additionally, we are preparing to drill at least one horizontal well during the second half of the year to test the Eagle Ford shale formation in the AWP field, another potential resource play in the same area. Based on the experience we are gaining in the Olmos formation with horizontal well technology and our prior horizontal drilling experience in the Austin Chalk formation, we believe we have the technical expertise to develop the Eagle Ford formation using horizontal multi-state fracture technology. We are preparing an appraisal and development plan for Eagle Ford and considering a strategic joint venture with an industry partner to accelerate the Eagle Ford development and increase the value of our existing acreage position.

The following is our approximate acreage position in the South Texas area as of July 31, 2009:

County	Field	Undeveloped(1)		Eagle Ford formation	
		Gross acres	Net acres	Gross acres	Net acres
McMullen	AWP	37,000	37,000	60,000	60,000
La Salle	Sun TSH	17,000	15,000	8,000	8,000
Dimmitt	Briscoe	61,000	61,000	12,000	12,000
Webb	Fasken	0	0	9,000	9,000
Total Acres		115,000	113,000	89,000	89,000

(1) Includes surface acreage where our ownership interests in both formations overlap.

Burr Ferry joint venture

In the Central Louisiana/East Texas core area, we recently entered into a joint venture agreement with Anadarko E&P Company LP for development and exploitation in and around

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the Burr Ferry field in Vernon Parish, Louisiana. As the fee mineral owner, we leased a 50% working interest in approximately 33,623 gross acres to Anadarko. We retain a 50% working interest in the joint venture acreage as well as our fee mineral royalty rights.

Corporate information

We were incorporated in Texas in 1979. Our principal executive offices are located at 16825 Northchase Drive, Suite 400, Houston, Texas 77060, and our main telephone number is (281) 874-2700. Our internet address is www.swiftenergy.com. We have not incorporated by reference into this prospectus supplement or the accompanying prospectus the information included on, or linked from, our website, and you should not consider it to be part of this prospectus supplement or the accompanying prospectus.

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The offering

Common stock offered by us

5,400,000 shares

Over-allotment option

810,000 shares

Common stock to be outstanding after completion of this offering(1)

36,589,499 shares (or 37,399,499 shares if the underwriters exercise in full their over-allotment option)

Use of proceeds

We will receive net proceeds of approximately \$94.6 million from this offering, or \$108.8 million if the underwriters exercise in full their option to purchase additional shares, in each case, after deducting the underwriting discount and estimated offering expenses. We intend to use the net proceeds we receive from this offering to pay down borrowings under our revolving credit facility and to use the funds then made available under our revolving credit facility for general corporate purposes. General corporate purposes may include development and exploration expenditures, additions to working capital and the financing of acquisitions of oil and gas properties and related assets. The net proceeds may be invested temporarily until they are used for their stated purpose. Please read "Use of proceeds" in this prospectus supplement.

Risk factors

An investment in our common stock involves risk. Please read "Risk factors" in this prospectus supplement, in our Annual Report on Form 10-K for the year ended December 31, 2008 and in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2009. Realization of any of those risks or adverse results from the listed matters could have a material adverse effect on our business, financial condition, cash flows and results of operations.

New York Stock Exchange trading symbol

SFY

- (1) The number of shares of common stock outstanding after the offering is based on 31,189,499 shares of common stock outstanding as of June 30, 2009, excluding, as of that same date, an aggregate of 1,543,665 shares issuable under unexercised options to purchase common stock and upon vesting of restricted shares, both as granted under our employee benefit and equity plans.

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The summary historical consolidated financial data set forth below as of and for each of the three years ended December 31, 2006, 2007 and 2008 has been derived from our audited consolidated financial statements. The summary consolidated financial data as of and for each of the six months ended June 30, 2008 and 2009 has been derived from our unaudited consolidated financial statements. The summary consolidated financial data are qualified in their entirety by and should be read in conjunction with our consolidated financial statements and related notes and Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2008, and our Quarterly Report on Form 10-Q for the quarter ended June 30, 2009, both of which are incorporated by reference into this prospectus supplement.

(in thousands, except ratios)	2006	Year ended December 31,		Six months ended	
		2007	2008	2008	June 30, 2009
Operating data					
Revenues:					
Oil and gas sales	\$ 537,513	\$ 652,856	\$ 793,859	\$ 463,157	\$ 159,201
Price-risk management and other, net	13,323	1,265	26,956	(1,516)	79
	550,836	654,121	820,815	461,641	159,280
Costs and expenses:					
General and administrative, net	27,634	34,182	38,673	20,210	16,000
Depreciation, depletion, and amortization	139,245	188,393	222,288	109,774	84,299
Accretion of asset retirement obligation	884	1,437	1,958	921	1,419
Lease operating cost	49,948	70,893	104,874	55,009	38,626
Severance and other taxes	61,235	73,813	80,403	48,992	18,594
Interest expense, net	23,582	28,082	31,079	16,921	15,280
Debt retirement cost		12,765			
Write-down of oil and gas properties			754,298		79,312
	302,528	409,565	1,233,573	251,827	253,530
Income (loss) before income taxes	248,308	244,556	(412,758)	209,814	(94,250)
Provision (benefit) for income taxes	97,234	91,968	(155,628)	76,734	(33,037)
Income (loss) from continuing operations	151,074	152,588	(257,130)	133,080	(61,213)

Income (loss) from discontinued operations, net of taxes	10,491	(131,301)	(3,360)	(2,800)	(183)
Net income (loss)	\$ 161,565	\$ 21,287	\$ (260,490)	\$ 130,280	\$ (61,396)

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(in thousands, except ratios)	Year ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
Continuing Operations					
Fully diluted earnings per share(1)	\$ 5.00	\$ 4.91	\$ (8.39)	\$ 4.22	\$ (1.97)
Total diluted weighted average shares outstanding(1)	29,847	30,422	30,661	30,833	31,103
Other financial data					
EBITDA(2)	\$ 412,019	\$ 462,468	\$ 596,865	\$ 337,430	\$ 86,060
Net cash provided by operating activities	424,921	467,902	588,066	301,433	83,236
Capital expenditures including acquisitions	488,226	650,594	674,797	318,962	135,801
Balance sheet data (at end of period)					
Working capital (deficit)	\$ (61,688)	\$ (10,211)	\$ (75,413)	\$ (41,664)	\$ (8,958)
Total assets	1,585,682	1,969,051	1,517,288	2,105,742	1,410,358
Total debt	381,400	587,000	580,700	524,200	628,000
Stockholders equity	797,917	836,054	600,877	982,679	544,712

(1) The effect of the adoption of FASB issued Staff Position No. EITF 03-6-1 effective January 1, 2009, on prior years earnings per share and diluted weighted average shares outstanding from previously reported amounts, as stated in our Annual Report on Form 10-K for the years ended December 31, 2008, 2007, and 2006, were as follows: no effect for full-year 2008, lower Basic EPS and Diluted EPS from continuing operations for full-year 2007 by \$0.11 per share and \$0.07 per share, respectively, and lower Basic EPS and Diluted EPS from continuing operations for full-year 2006 by \$0.06 per share and \$0.03 per share, respectively.

(2) EBITDA represents income before interest expense, income tax, depreciation, depletion, amortization and accretion of asset retirement obligation. We have reported EBITDA because we believe EBITDA is a measure commonly reported and widely used by investors as an indicator of a company's operating performance. We believe EBITDA assists such investors in comparing a company's performance on a consistent basis without regard to depreciation, depletion and amortization, which can vary significantly depending upon accounting methods or nonoperating factors such as historical cost. EBITDA is not a calculation based on generally accepted accounting principles (GAAP) and should not be considered an alternative to net income in measuring our performance or used as an exclusive measure of cash flow because it does not consider the impact of working capital growth, capital expenditures, debt principal reductions and other sources and uses of cash which are disclosed in our Consolidated Statements of Cash Flows. Investors should carefully consider the specific items included in our computation of EBITDA. While EBITDA has been disclosed herein to permit a more complete comparative analysis of our operating performance relative to other companies, investors should be cautioned that EBITDA as reported by us may not be comparable in all instances to EBITDA as reported by other companies. EBITDA amounts may not be fully available for management's discretionary use, due to certain requirements to conserve funds for capital expenditures, debt service and other commitments.

EBITDA is not intended to represent net income as defined by GAAP and such information should not be considered as an alternative to net income, cash flow from operations or any other measure of performance prescribed by GAAP in the United States. The following table reconciles net income to EBITDA for the periods presented:

(in thousands)	Year ended December 31,			Six months ended	
	2006	2007	2008	2008	June 30, 2009
Income (Loss) from Continuing Operations	\$ 151,074	\$ 152,588	\$ (257,130)	\$ 133,080	\$ (61,213)
Depreciation, depletion and amortization	139,245	188,393	222,288	109,774	84,299
Accretion of asset retirement obligation	884	1,437	1,958	921	1,419
Write-down of oil and gas properties			754,298		