

SWIFT ENERGY CO  
Form 424B3  
April 12, 2012  
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Filed Pursuant to Rule 424(b)(3)  
Registration No. 333-180237

PROSPECTUS

*Offer to Exchange*

*Up To \$250,000,000 of*

*7<sup>7</sup>/<sub>8</sub>% Senior Notes due 2022*

*That Have Not Been Registered Under*

*The Securities Act of 1933*

*( Old Notes )*

*for*

*Up To \$250,000,000 of*

*7<sup>7</sup>/<sub>8</sub>% Senior Notes due 2022*

*That Have Been Registered Under*

*The Securities Act of 1933*

*( New Notes )*

**Terms of the new 7<sup>7</sup>/<sub>8</sub>% senior notes due 2022 offered in the exchange offer:**

The terms of the New Notes are identical to the terms of the Old Notes that were issued on November 30, 2011, except that the New Notes have been registered under the Securities Act of 1933 and will not contain restrictions on transfer, registration rights or provisions for additional interest.

**Terms of the exchange offer:**

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We are offering to exchange up to \$250,000,000 of our Old Notes for New Notes with materially identical terms that have been registered under the Securities Act of 1933 and are freely tradeable.

We will exchange all Old Notes that you validly tender and do not validly withdraw before the exchange offer expires for an equal principal amount of New Notes.

The exchange offer expires at 5:00 p.m., New York City time, on May 10, 2012, unless extended.

Tenders of Old Notes may be withdrawn at any time prior to the expiration of the exchange offer.

The exchange of Old Notes for New Notes will not be treated as a taxable event to holders for U.S. federal income tax purposes.

There is no existing market for the New Notes to be issued, and we do not intend to apply for their listing on any securities exchange or arrange for them to be quoted on any quotation system.

**You should carefully consider the Risk Factors beginning on page 6 of this prospectus before participating in the exchange offer.**

Each broker-dealer that receives New Notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such New Notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of New Notes received in exchange for Old Notes where such Old Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. See Plan of Distribution.

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

**The date of this prospectus is April 11, 2012**

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This prospectus is part of a registration statement we filed with the Securities and Exchange Commission. In making your investment decision, you should rely only on the information contained or incorporated by reference in this prospectus and in the accompanying letter of transmittal. In this prospectus, the words Swift, we, us and our refer to Swift Energy Company and not to any of its subsidiaries. We have not authorized anyone to provide you with any other information. We are not making an offer to sell these securities or soliciting an offer to buy these securities in any jurisdiction where an offer or solicitation is not authorized or in which the person making that offer or solicitation is not qualified to do so or to anyone whom it is unlawful to make an offer or solicitation. You should not assume that the information contained in this prospectus, as well as the information we previously filed with the Securities and Exchange Commission that is incorporated by reference herein, is accurate as of any date other than its respective date. Our business, financial condition, results of operations and prospects may have changed since those dates.

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This prospectus incorporates important business and financial information about us that is not included or delivered with this prospectus. Such information is available without charge to holders of Old Notes upon written or oral request made to Swift Energy Company, Investor Relations Department, 16825 Northchase Drive, Suite 400, Houston, Texas 77060 (Telephone (281) 874-2700). To obtain timely delivery of any requested information, holders of Old Notes must make any request no later than five business days prior to the expiration of the exchange offer.

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**Cautionary Note Regarding Forward-Looking Statements**

This prospectus and the documents incorporated by reference contain forward-looking statements. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond our control. All statements, other than statements of historical fact included in this prospectus and the documents incorporated by reference, regarding our strategy, future operations, financial position, estimated revenues, production and reserves, projected costs, prospects, plans and objectives of management are forward-looking statements. When used in this prospectus, the words could, believe, anticipate, intend, estimate, expect, may, continue, predict, potential, project and similar are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words.

Forward-looking statements may include statements about our:

business strategy;

reserves;

technology;

cash flows and liquidity;

financial strategy, budget, projections and operating results;

oil and natural gas realized prices;

timing and amount of future production of oil and natural gas;

availability of drilling and production equipment;

availability of oil field labor;

the amount, nature and timing of capital expenditures, including future development costs;

availability and terms of capital;

drilling of wells;

marketing of oil and natural gas;

property acquisitions;

costs of exploiting and developing our properties and conducting other operations;

general economic conditions;

competition in the oil and natural gas industry;

effectiveness of our risk management activities;

environmental liabilities;

counterparty credit risk;

governmental regulation and taxation of the oil and natural gas industry;

developments in oil-producing and natural gas-producing countries;

uncertainty regarding our future operating results;

estimated future net reserves and present value thereof; and

plans, objectives, expectations and intentions contained in this prospectus that are not historical.

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All forward-looking statements speak only as of the date they are made. You should not place undue reliance on these forward-looking statements. Although we believe that our plans, intentions and expectations reflected in or suggested by the forward-looking statements we make in this prospectus and the documents incorporated by reference are reasonable, we can give no assurance that these plans, intentions or expectations will be achieved. We disclose important factors that could cause our actual results to differ materially from our expectations under Risk Factors in this prospectus on page 6 and in Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2011. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf.

All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the foregoing. We undertake no obligation to publicly release the results of any revisions to any such forward-looking statements that may be made to reflect events or circumstances after the date of this prospectus or to reflect the occurrence of unanticipated events. See also Where You Can Find More Information; Incorporation by Reference.

**Where You Can Find More Information; Incorporation by Reference**

We are subject to the informational requirements of the Securities Exchange Act of 1934, which requires us to file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any document that we file at the Public Reference Room of the SEC at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of its public reference room and its copy charges. You may view our SEC filings electronically at the SEC's Internet site at <http://www.sec.gov>, or at our own website at <http://www.swiftenergy.com>. We do not intend for information contained in our website to be part of this prospectus.

The SEC allows us to incorporate by reference the information we file with them, which means that we can disclose important information to you by referring you to those documents. Any information referred to in this way is considered part of this prospectus from the date we file that document. Any reports filed by us with the SEC after the date of this prospectus and before the date that the offering of the securities by means of this prospectus and any supplement thereto is terminated will automatically update and, where applicable, supersede any information contained in this prospectus or incorporated by reference in this prospectus. We incorporate by reference (excluding any information furnished pursuant to Items 2.02 or 7.01 of any report on Form 8-K) the documents listed below and any future filings made with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until the date the exchange offer is terminated:

Our annual report on Form 10-K for the year ended December 31, 2011, filed February 23, 2012; and

Our current report on Form 8-K filed March 5, 2012.

You may request a copy of these filings at no cost, by writing or telephoning:

Swift Energy Company, Investor Relations Department

16825 Northchase Drive, Suite 400

Houston, TX 77060

Telephone number: (281) 874-2700

You should rely only on the information incorporated by reference or provided in this prospectus. We have not authorized anyone else to provide you with any information. You should not assume that the information provided in this prospectus or incorporated by reference is accurate as of any date other than the date on the front cover or the date of the incorporated material, as applicable.

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### **Prospectus Summary**

*This summary highlights some of the information contained in this prospectus and does not contain all of the information that may be important to you. You should read this entire prospectus and the documents incorporated by reference and to which we refer you before making an investment decision. You should carefully consider the information set forth under **Risk Factors** beginning on page 6 of this prospectus, the other cautionary statements described in this prospectus, and the risk factors and other cautionary statements, including those described under the heading **Risk Factors**, in our Annual Report on Form 10-K for the year ended December 31, 2011, which is incorporated by reference in this prospectus, and, to the extent applicable, any subsequently filed Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. In addition, certain statements include forward-looking information that involves risks and uncertainties. See **Cautionary note regarding forward-looking statements**.*

*In this prospectus we refer to the notes to be issued in the exchange offer as the **New Notes** and the notes issued on November 30, 2011 as the **Old Notes**. We refer to the **New Notes** and the **Old Notes** collectively as the **Notes**.*

### **The Company**

Swift Energy Company, founded in 1979 and headquartered in Houston, engages in developing, exploring, acquiring and operating oil and gas properties, with a focus on oil and natural gas reserves onshore in Texas and Louisiana and in the inland waters of Louisiana. Swift is one of the largest producers of crude oil in the state of Louisiana, and holds a large acreage position in Texas prospective for Eagle Ford shale and Olmos tight sands development.

At December 31, 2011, Swift had estimated proved reserves from continuing operations of 159.6 MMBoe. Our total estimated proved reserves at year-end 2011 comprised approximately 20% crude oil, 64% natural gas, and 16% NGLs; and 35% of our total proved reserves were proved developed. At December 31, 2011, our proved reserves are concentrated, with 79% of the total in Texas and 21% in Louisiana.

Swift's executive offices are located at 16825 Northchase Drive, Suite 400, Houston, Texas 77060, and Swift's telephone number is (281) 874-2700.

### **The Subsidiary Guarantors**

Any Subsidiary Guarantors may fully and unconditionally guarantee our payment obligations under any series of debt securities offered by this prospectus. Initially, Swift Energy Operating, LLC, our principal domestic operating subsidiary, will guarantee the Notes. Financial information concerning our Subsidiary Guarantors and any non-guarantor subsidiaries will be included in our consolidated financial statements filed as part of our periodic reports filed pursuant to the Exchange Act to the extent required by the rules and regulations of the SEC.

### **Risk Factors**

Investing in the notes involves substantial risks. You should carefully consider all the information contained in this prospectus, including information in documents incorporated by reference, prior to participating in the exchange offer. In particular, we urge you to consider carefully the factors set forth under **Risk Factors** beginning on page 6 of this prospectus and those risk factors incorporated by reference to our Annual Report on Form 10-K for the year ended December 31, 2011 and, to the extent applicable, any subsequently filed Quarterly Reports on Form 10-Q or Current Reports on Form 8-K. Occurrence of the events described in any of those risks could have a material adverse effect on our business, financial condition, cash flows and results of operations.

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**Exchange Offer**

On November 30, 2011, we completed a private offering of the Old Notes. We entered into a registration rights agreement with the initial purchasers in the private offering in which we agreed to deliver to you this prospectus and to use commercially reasonable efforts to complete the exchange offer within 360 days after the date we issued the Old Notes.

Exchange Offer

We are offering to exchange Old Notes for New Notes.

Expiration Date

The exchange offer will expire at 5:00 p.m., New York City time, on, May 10, 2012, unless we decide to extend it.

Condition to the Exchange Offer

The registration rights agreement does not require us to accept Old Notes for exchange if the exchange offer, or the making of any exchange by a holder of the Old Notes, would violate any applicable law or interpretation of the staff of the Securities and Exchange Commission. The exchange offer is not conditioned on a minimum aggregate principal amount of Old Notes being tendered.

Procedures for Tendering Old Notes

Tender of Old Notes is to be made according to the Automated Tender Offer Program ( ATOP ) of The Depository Trust Company ( DTC ). DTC participants that are accepting the exchange offer must transmit their acceptance to DTC, which will verify the acceptance and execute a book-entry delivery to the exchange agent s DTC account. DTC will then send a computer generated message known as an agent s message to the exchange agent for its acceptance. For you to validly tender your Old Notes in the exchange offer the exchange agent must receive, prior to the expiration date, an agent s message under the ATOP procedures that confirms that:

DTC has received your instructions to tender your Old Notes; and

you agree to be bound by the terms of the letter of transmittal.

For more information on tendering your Old Notes, see the section in this prospectus entitled Exchange Offer Terms of the Exchange Offer, Exchange Offer Procedures for Tendering, and Description of Notes Book Entry.

Guaranteed Delivery Procedures

None.

Withdrawal of Tenders

You may withdraw your tender of Old Notes at any time prior to the expiration date. To withdraw, you may electronically transmit a request for withdrawal or revocation to DTC. DTC will then edit the request and send a request message (a request message ) to the exchange agent. The request message must be received prior to the expiration date. See the section in this prospectus entitled Exchange Offer Withdrawal of Tenders.



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Acceptance of Old Notes and Delivery of New Notes If you fulfill all conditions required for proper acceptance of Old Notes and all conditions to the exchange offer are satisfied, we will

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accept any and all Old Notes that you properly tender in the exchange offer on or before 5:00 p.m. New York City time on the expiration date. We will return any old note that we do not accept for exchange to you without expense promptly after the expiration date and acceptance of the Old Notes for exchange. See the section in this prospectus entitled "Exchange Offer - Terms of the Exchange Offer."

Fees and Expenses

We will bear expenses related to the exchange offer. See the section in this prospectus entitled "Exchange Offer - Fees and Expenses."

Use of Proceeds

The issuance of the New Notes will not provide us with any new proceeds. We are making this exchange offer solely to satisfy our obligations under our registration rights agreement.

Consequences of Failure to Exchange Old Notes

If you do not exchange your Old Notes in this exchange offer, you will no longer be able to require us to register the Old Notes under the Securities Act of 1933 except in limited circumstances provided under the registration rights agreement entered into as part of the original issuance of the Old Notes. In addition, you will not be able to resell, offer to resell or otherwise transfer the Old Notes unless we have registered the Old Notes under the Securities Act of 1933, or unless you resell, offer to resell or otherwise transfer them under an exemption from the registration requirements of, or in a transaction not subject to, the Securities Act of 1933.

U.S. Federal Income Tax Consequences

Subject to the foregoing, the exchange of Old Notes for New Notes in the exchange offer will not be treated as an "exchange" for U.S. federal income tax purposes, because the New Notes will not be considered to differ materially in kind or extent from the Old Notes. Accordingly, the exchange of Old Notes for New Notes will not be a taxable event to holders for U.S. federal income tax purposes. Moreover, the New Notes will have the same tax attributes as the Old Notes and the same United States federal income tax consequences to holders as the Old Notes have to holders, including without limitation, the same issue price, adjusted issue price, adjusted tax basis and holding period.

Exchange Agent

We have appointed Wells Fargo Bank, National Association as exchange agent for the exchange offer. You should direct questions and requests for assistance, requests for additional copies of this prospectus or the letter of transmittal to the exchange agent addressed as follows: Wells Fargo Bank, National Association, Attn: Patrick Giordano, Vice President, 750 N. Saint Paul Place, Suite 1750, Dallas, Texas 75201. Eligible institutions may make requests by facsimile at (214) 756-7401 and may confirm facsimile delivery by calling (214) 756-7401.

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**Terms of the New Notes**

The New Notes will be identical to the Old Notes except that the New Notes are registered under the Securities Act of 1933 and will not have restrictions on transfer, registration rights or provisions for additional interest except as set forth in the indenture under which the Old Notes were issued and under the heading *Description of Notes*. The New Notes will evidence the same debt as the Old Notes, and the same indenture will govern the New Notes and the Old Notes.

The following summary contains basic information about the New Notes and is not intended to be complete. It does not contain all information that may be important to you. For a more complete understanding of the New Notes, see the section entitled *Description of Notes* in this prospectus.

Issuer	Swift Energy Company
Securities Offered	\$250 million aggregate principal amount of 7 <sup>7</sup> / <sub>8</sub> % senior notes due 2022.
Maturity	March 1, 2022.
Interest Payment Dates	7 <sup>7</sup> / <sub>8</sub> % per annum, payable March 1 and September 1 of each year, which commenced March 1, 2012. Interest will accrue on the notes from November 30, 2011. Interest on each new note will accrue from the last interest payment date on which interest was paid on the old note tendered in exchange thereof.
Optional Redemption	<p>On or after March 1, 2017, we may redeem some or all of the notes at any time at the prices listed under the heading <i>Description of Notes Optional Redemption</i>, together with any accrued and unpaid interest to, but excluding the date of such redemption.</p> <p>Before March 1, 2015, we may redeem up to 35% of the aggregate principal amount of the notes originally issued with the proceeds from certain equity offerings. In addition, we may redeem some or all of the notes prior to March 1, 2017 at a price equal to 100% of the principal amount plus the applicable make-whole premium set forth under the heading <i>Description of Notes Optional Redemption</i>, together with any accrued and unpaid interest to, but excluding, the date of such redemption.</p>
Change of Control	If a change of control of Swift occurs, we must offer to repurchase the notes at a purchase price of 101% of their face amount, plus accrued interest to the date we repurchase the notes.
Subsidiary Guarantee	Initially, Swift Energy Operating, LLC, our principal domestic operating subsidiary, will guarantee the notes. In the future, if any of our other domestic subsidiaries incurs debt, issues preferred stock or guarantees any of our debt, that subsidiary may be required to guarantee the notes.
Ranking	The New Notes will be our general senior unsecured obligations and will:

rank equally in right of payment with all our existing and future senior indebtedness;

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be effectively subordinated to all of our existing and future secured indebtedness to the extent of the value of the collateral securing such indebtedness, including indebtedness under our bank credit facility;

rank senior to all of our existing and future subordinated indebtedness; and

effectively be subordinated to all indebtedness of our non-guarantor subsidiaries.

The guarantee of Swift Energy Operating, LLC will rank equally in right of payment with all of its existing and future senior indebtedness, including its indebtedness under our bank credit facility.

As of December 31, 2011, we had no secured indebtedness outstanding under our revolving credit facility. As of December 31, 2011, our non-guarantor subsidiaries had no indebtedness outstanding.

**Certain Covenants**

We will issue the New Notes under the indenture containing covenants for your benefit. These covenants restrict our ability and the ability of our subsidiaries to:

incur, assume or guarantee additional debt or issue preferred stock;

create liens;

pay dividends or make other restricted payments;

make investments;

transfer or sell assets;

enter into transactions with affiliates;

incur dividend or other payment restrictions affecting subsidiaries; or

consolidate, merge or transfer all or substantially all of our assets.

These covenants are subject to important exceptions and qualifications, which are described under the captions **Description of Notes**, **Certain Covenants** and **Merger, Consolidation and Sale of Substantially All Assets**.

The indenture allows termination of many of the covenants discussed above if in the future the notes are rated investment grade by both Moody's and S&P and no default has occurred and is continuing under the indenture. See Description of Notes Certain Covenants Covenant Termination.

Investing in the New Notes involves risks. See Risk Factors beginning on page 6 for a discussion of certain factors you should consider in evaluating an investment in the New Notes.

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**Risk Factors**

*Investing in the notes involves risks. You should carefully consider the information included or incorporated by reference in this prospectus, including the matters addressed under **Cautionary Note Regarding Forward-Looking Statements**, and the following risks before investing in the notes. In addition, you should read the risk factors in our Annual Report on Form 10-K for the year ended December 31, 2011, which is incorporated by reference in this prospectus and, to the extent applicable, any subsequently filed Quarterly Reports on Form 10-Q or Current Reports on Form 8-K.*

*We are subject to certain risks and hazards due to the nature of the business activities we conduct. The risks to which we allude in the previous paragraph, any of which could materially and adversely affect our business, financial condition, cash flows, and results of operations, are not the only risks we face. We may experience additional risks and uncertainties not currently known to us; or, as a result of developments occurring in the future, conditions that we currently deem to be immaterial may also materially and adversely affect our business, financial condition, cash flows, and results of operations.*

**Risks relating to the notes**

*If you fail to exchange your Old Notes, they will continue to be restricted securities and may become less liquid.*

We will only issue New Notes in exchange for Old Notes that you timely and properly tender. Therefore, you should allow sufficient time to ensure timely delivery to the exchange agent of the Old Notes and you should carefully follow the instructions on how to tender your Old Notes. Neither we nor the exchange agent is required to tell you of any defects or irregularities with respect to your tender of Old Notes.

If you do not exchange your Old Notes for New Notes pursuant to the exchange offer, the Old Notes you hold will continue to be subject to the existing transfer restrictions. In general, you may not offer or sell the Old Notes except under an exemption from, or in a transaction not subject to, the Securities Act of 1933 and applicable state securities laws. We do not plan to register Old Notes under the Securities Act of 1933 unless our registration rights agreement with the initial purchasers of the Old Notes requires us to do so. Further, if you continue to hold any Old Notes after the exchange offer is consummated, you may have trouble selling them because there will be fewer of these notes outstanding.

*As a holding company, our only source of cash is distributions from our subsidiaries.*

We are a holding company with no operations of our own and we conduct all of our business through our subsidiaries. We are wholly dependent on the cash flow of our subsidiaries and dividends and distributions to us from our subsidiaries in order to service our current indebtedness, including the notes, and any of our future obligations. Our subsidiaries are separate and distinct legal entities and will have no obligation, contingent or otherwise, to pay any amounts due pursuant to the notes or to make any funds available therefor. The ability of our subsidiaries to pay such dividends and distributions will be subject to, among other things, statutory or contractual restrictions. We cannot assure you that our subsidiaries will generate cash flow sufficient to pay dividends or distributions to us in order for us to pay interest or make other payments on the notes.

*Holders of the notes will be effectively subordinated to all of our non-guarantor subsidiaries' indebtedness.*

Initially, Swift Energy Operating, LLC is required to guarantee the notes offered by this prospectus. None of our other subsidiaries are required to guarantee the notes. In addition, we may be able to designate one or more subsidiaries in the future as unrestricted subsidiaries that would not be required to guarantee the notes. As a result, holders of the notes will be effectively subordinated to the indebtedness and other liabilities of these non-guarantor subsidiaries, including trade creditors. Therefore, in the event of the insolvency or liquidation of a non-guarantor subsidiary, following payment by that subsidiary of its liabilities, such subsidiary may not have

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sufficient remaining assets to make payments to us. In the event of a default by any such subsidiary under any credit arrangement or other indebtedness, its creditors could accelerate such debt, prior to such subsidiary distributing amounts to us that we could have used to make payments on the notes. As of December 31, 2011, our non-guarantor subsidiaries had no indebtedness outstanding.

*The notes and the guarantee are not secured by our assets and are effectively subordinated to all of our secured indebtedness to the extent of the value of assets securing such indebtedness.*

The notes and the guarantee will be the general unsecured obligations of Swift and Swift Energy Operating, LLC, respectively, and will be effectively subordinated in right of payment to all of the secured indebtedness of Swift and Swift Energy Operating, LLC, to the extent of the value of the assets securing such indebtedness. If we become insolvent or are liquidated, our assets that serve as collateral under our secured indebtedness would be made available to satisfy our obligations under any secured debt before any payments are made on the notes. Our obligations under our bank credit facility are secured by substantially all of our assets. As of December 31, 2011, we had no outstanding bank borrowings, excluding letters of credit. See Description of Notes Certain Covenants Limitation on Indebtedness.

*We may not be able to generate enough cash flow to meet our debt obligations.*

We expect our earnings and cash flow to vary significantly from year to year due to the nature of our industry. As a result, the amount of debt that we can manage in some periods may not be appropriate for us in other periods. Additionally, our future cash flow may be insufficient to meet our debt obligations and other commitments, including our obligations under the notes. Any insufficiency could negatively impact our business. A range of economic, competitive, business and industry factors will affect our future financial performance, and, as a result, our ability to generate cash flow from operations and to pay our debt, including our obligations under the notes. Many of these factors, such as oil and natural gas prices, economic and financial conditions in our industry and the global economy and initiatives of our competitors, are beyond our control. If we do not generate enough cash flow from operations to satisfy our debt obligations, we may have to undertake alternative financing plans, such as:

Selling assets;

Reducing or delaying capital investments;

Seeking to raise additional capital; or

Refinancing or restructuring our debt.

If for any reason we are unable to meet our debt service and repayment obligations, we would be in default under the terms of the agreements governing our debt, which would allow our creditors at that time to declare all outstanding indebtedness to be due and payable, which would in turn trigger cross-acceleration or cross-default rights between the relevant agreements. In addition, our lenders could compel us to apply all of our available cash to repay our borrowings or they could prevent us from making payments on the notes. If amounts outstanding under our revolving credit facility, the \$250 million principal amount of our 7<sup>1</sup>/<sub>8</sub>% Senior Notes due 2017, the \$225 million principal amount of our 8<sup>7</sup>/<sub>8</sub>% Senior Notes due 2020 or the notes were to be accelerated, we cannot be certain that our assets would be sufficient to repay in full the money owed to our lenders or to our other debt holders, including you as a noteholder.

*The indenture governing the notes and our revolving credit facility contain operating and financial restrictions that may restrict our business and financing activities.*

The indenture governing the notes and our revolving credit facility contain, and any future indebtedness we incur may contain, a number of restrictive covenants that will impose significant operating and financial restrictions on us, including restrictions on our ability to, among other things:



sell assets, including equity interests in our subsidiaries;

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pay distributions on, redeem or repurchase our common stock or redeem or repurchase our subordinated debt;

make investments;

incur or guarantee additional indebtedness or issue preferred stock;

create or incur certain liens;

make certain acquisitions and investments;

redeem or prepay other debt;

enter into agreements that restrict distributions or other payments from our restricted subsidiaries to us;

consolidate, merge or transfer all or substantially all of our assets;

engage in transactions with affiliates;

create unrestricted subsidiaries;

enter into sale and leaseback transactions; and

engage in certain business activities.

As a result of these covenants, we will be limited in the manner in which we conduct our business, and we may be unable to engage in favorable business activities or finance future operations or capital needs.

Our ability to comply with some of the covenants and restrictions contained in our revolving credit facility and the indenture governing the notes may be affected by events beyond our control. If market or other economic conditions deteriorate, our ability to comply with these covenants may be impaired. A failure to comply with the covenants, ratios or tests in our revolving credit facility, the indenture governing the notes or any future indebtedness could result in an event of default under our revolving credit facility, the indenture governing the notes or our future indebtedness, which, if not cured or waived, could have a material adverse effect on our business, financial condition and results of operations. If an event of default under our revolving credit facility occurs and remains uncured, the lenders thereunder:

would not be required to lend any additional amounts to us;

could elect to declare all borrowings outstanding, together with accrued and unpaid interest and fees, to be due and payable;

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may have the ability to require us to apply all of our available cash to repay these borrowings; or

may prevent us from making debt service payments under our other agreements.

A payment default or an acceleration under our revolving credit facility could result in an event of default and an acceleration under the indenture for the notes.

If the indebtedness under the notes were to be accelerated, there can be no assurance that we would have, or be able to obtain, sufficient funds to repay such indebtedness in full. In addition, our obligations under our revolving credit facility are collateralized by first priority liens and security interests on substantially all of our assets, including mortgage liens on oil and natural gas properties having at least 80% of the reserve value as determined by reserve reports, and if we are unable to repay our indebtedness under the revolving credit facility, the lenders could seek to foreclose on our assets. Please see Description of notes.

*If we experience a change of control, we may be unable to repurchase the notes as required under the indenture.*

In the event of a change of control, holders of the notes will have the right to require us, subject to various conditions, to repurchase the notes, and the holders of our outstanding 7<sup>1</sup>/<sub>8</sub>% senior notes due 2017 and our

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outstanding 8<sup>7/8</sup>% senior notes due 2020 would all have a similar right. We may not have sufficient financial resources to repurchase the notes, or we may be prohibited from doing so under our bank credit facility or other debt agreements.

If a change of control occurs and we fail to repurchase the notes, our failure to do so would constitute a default under the indenture, which in turn is likely to be a default under our bank credit facility and our other outstanding senior notes.

The term "change of control" is limited to certain specified transactions and may not include other events that might adversely affect our financial condition. Our obligation to repurchase the notes upon a change of control would not necessarily afford holders of notes protection in the event of a highly leveraged transaction, reorganization, merger or similar transaction.

***Many of the covenants contained in the indenture governing the notes will terminate if the notes are rated investment grade by both Standard & Poor's Ratings Services and Moody's Investors Service, Inc.***

Many of the covenants in the indenture governing the notes will terminate if the notes are rated investment grade by both Standard & Poor's Ratings Services and Moody's Investors Service, Inc., provided at such time no default under the indenture governing the notes has occurred and is continuing. These covenants restrict, among other things, our ability to pay dividends, to incur indebtedness and to enter into certain other transactions. There can be no assurance that the notes will ever be rated investment grade, or that if they are rated investment grade, that the notes will maintain such ratings. However, termination of these covenants would allow us to engage in certain transactions that would not be permitted while these covenants were in force. See "Description of Notes—Certain Covenants—Covenant Termination."

***A guarantee could be avoided if the guarantor fraudulently transferred the guarantee at the time it incurred the indebtedness, which could result in the noteholders being able to rely on only us, and not the guarantor, to satisfy claims.***

Under U.S. bankruptcy law and comparable provisions of state fraudulent transfer laws, a guarantee can be avoided, or claims under a guarantee may be subordinated to all other debts of that guarantor if, among other things, the guarantor, at the time it incurred the indebtedness evidenced by its guarantee:

intended to hinder, delay or defraud any present or future creditor or received less than reasonably equivalent value or fair consideration for the incurrence of the guarantee;

was insolvent or rendered insolvent by reason of such incurrence;

was engaged in a business or transaction for which the guarantor's remaining assets constituted unreasonably small capital; or

intended to incur, or believed that it would incur, debts beyond its ability to pay those debts as they mature.

In addition, any payment by that guarantor under a guarantee could be avoided and required to be returned to the guarantor or to a fund for the benefit of the creditors of the guarantor.

The measures of insolvency for purposes of fraudulent transfer laws vary depending upon the governing law. Generally, a guarantor would be considered insolvent if:

the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all of its assets;

the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they became absolute and mature; or

it could not pay its debts as they became due.

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On the basis of historical financial information, recent operating history and other factors, we believe that the subsidiary guarantee of the notes is being incurred for proper purposes and in good faith and that the subsidiary guarantor, after giving effect to its guarantee of the notes, will not be insolvent, have unreasonably small capital for the business in which it is engaged or have incurred debts beyond its ability to pay those debts as they mature. We cannot be certain, however, that a court would agree with our conclusions in this regard.

*Your ability to sell the notes may be limited by the absence of a trading market.*

The New Notes will be securities for which there currently is no trading market. The liquidity of any market for the New Notes will depend on the number of holders of the New Notes, the interest of securities dealers in making a market in the New Notes and other factors. Accordingly, we cannot assure you as to the development or liquidity of any market for the New Notes. Historically, the market for noninvestment grade debt has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the notes. We cannot assure you that the market, if any, for the New Notes will be free from similar disruptions. Any such disruption may adversely affect the noteholders' ability to sell the New Notes.

Because we anticipate that most holders of Old Notes will elect to exchange such Old Notes, we expect that the liquidity of the market for any Old Notes remaining after the completion of the exchange offer may be substantially limited. Any Old Notes tendered and exchanged will reduce the aggregate principal amount of the Old Notes outstanding. Following the exchange offer, if you did not tender your Old Notes you generally will not have any further registration rights, and such Old Notes will continue to be subject to certain transfer restrictions. Accordingly, the liquidity of the market for such Old Notes could be adversely affected.

*A lowering or withdrawal of the ratings assigned to our debt securities by rating agencies may increase our future borrowing costs and reduce our access to capital.*

Our debt currently has a non-investment grade rating, and any rating assigned to the notes could be lowered or withdrawn entirely by a rating agency if, in that rating agency's judgment, future circumstances relating to the basis of the rating, such as adverse financial changes, so warrant. Consequently, real or anticipated changes in our credit ratings would generally affect the market value of the notes. Credit ratings are not recommendations to purchase, hold or sell the notes. Additionally, credit ratings may not reflect the potential effect of risks relating to the structure or marketing of the notes.

Any future lowering of our ratings likely would make it more difficult or more expensive for us to obtain additional debt financing. If any credit rating initially assigned to the notes is subsequently lowered or withdrawn for any reason, you may not be able to resell your notes without a substantial discount.

*A financial failure by us or our subsidiaries may result in the assets of any or all of those entities becoming subject to the claims of all creditors of those entities.*

A financial failure by us or our subsidiaries could affect payment of the notes if a bankruptcy court were to substantively consolidate us and our subsidiaries. If a bankruptcy court substantively consolidated us and our subsidiaries, the assets of each entity would be subject to the claims of creditors of all entities. This would expose you not only to the usual impairments arising from bankruptcy, but also to potential dilution of the amount ultimately recoverable because of the larger creditor base. Furthermore, forced restructuring of the notes could occur through the cram-down provision of the bankruptcy code. Under this provision, the notes could be restructured over your objections as to their general terms, including their interest rate and maturity.

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**Exchange Offer**

**Purpose and Effect of the Exchange Offer**

At the closing of the offering of the Old Notes, we entered into a registration rights agreement with the initial purchasers pursuant to which we agreed, for the benefit of the holders of the Old Notes, at our cost, to use commercially reasonable efforts to:

file an exchange offer registration statement with the SEC with respect to the exchange offer for the New Notes, and

have the exchange offer completed by the 360th day following issuance of the notes.

Additionally, we agreed to offer the New Notes in exchange for surrender of the Old Notes upon the SEC's declaring the exchange offer registration statement effective. We agreed to use commercially reasonable efforts to cause the exchange offer registration statement to become and remain effective until 180 days after the last exchange date for use by one or more participating broker-dealers, and to keep the exchange offer open for a period of not less than 20 business days.

For each Old Note surrendered to us pursuant to the exchange offer, the holder of such Old Note will receive a New Note having a principal amount equal to that of the surrendered Old Note. Interest on each New Note will accrue from the last interest payment date on which interest was paid on the surrendered Old Note.

Based on interpretations by the staff of the SEC set forth in no-action letters issued to third parties, we believe that the New Notes issued pursuant to the exchange offer would in general be freely tradable after the exchange offer without further registration under the Securities Act. However, any purchaser of Old Notes who is an affiliate of ours or who intends to participate in the exchange offer for the purpose of distributing the related New Notes:

will not be able to rely on the interpretation of the staff of the SEC,

will not be able to tender its Old Notes in the exchange offer, and

must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or transfer of the Old Notes unless such sale or transfer is made pursuant to an exemption from such requirements.

Each holder of the Old Notes (other than certain specified holders) who desires to exchange Old Notes for the New Notes in the exchange offer will be required to make certain representations to us as described below under Procedures for Tendering Your Representations to Us and more particularly described in the registration rights agreement.

We further agreed to file with the SEC a shelf registration statement to register for public resale of Old Notes held by any holder who provides us with certain information for inclusion in the shelf registration statement if:

the exchange offer would violate any applicable interpretation of the staff of the SEC, or

the exchange offer is not for any other reason completed by the 360th day following the date of issuance of the notes.

We agreed, among other things, to use commercially reasonable efforts to keep the shelf registration statement continuously effective until the earlier of one year following its effective date and such time as all notes covered by the shelf registration statement have been sold.

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The registration rights agreement provides that, in the event that either the exchange offer is not completed (or, if required, the shelf registration statement is not declared effective or does not automatically become



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effective) on or before the 360<sup>th</sup> day following the Issue Date of the Old Notes, then we will pay liquidated damages to all holders of notes with the effect that the annual interest rate borne by the notes will be increased by one percentage point (1.0%) until the exchange offer is completed or the shelf registration statement is declared effective (or becomes automatically effective). All accrued liquidated damages will be paid by Swift on the next scheduled interest payment date in the same manner as interest is paid on the notes. Following the time that the New Notes are registered, the accrual of liquidated damages will cease.

If we effect the registered exchange offer, we will be entitled to close the registered exchange offer 20 business days after its commencement, provided that we have accepted all Old Notes validly surrendered in accordance with the terms of the exchange offer.

This summary of the material provisions of the registration rights agreement does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the registration rights agreement, a copy of which is filed as Exhibit 4.2 to Swift's Current Report on Form 8-K filed December 5, 2011.

Except as set forth above, after consummation of the exchange offer, holders of Old Notes which are the subject of the exchange offer have no registration or exchange rights under the registration rights agreement. See Consequences of Failure to Exchange.

### **Terms of the Exchange Offer**

Subject to the terms and conditions described in this prospectus and in the letter of transmittal, we will accept for exchange any Old Notes properly tendered and not withdrawn prior to 5:00 p.m. New York City time on the expiration date. We will issue New Notes in principal amount equal to the principal amount of Old Notes surrendered in the exchange offer. Old Notes may be tendered only for New Notes and only in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

The exchange offer is not conditioned upon any minimum aggregate principal amount of Old Notes being tendered for exchange.

As of the date of this prospectus, \$250,000,000 in aggregate principal amount of the Old Notes is outstanding. This prospectus and the letter of transmittal are being sent to all registered holders of Old Notes. There will be no fixed record date for determining registered holders of Old Notes entitled to participate in the exchange offer.

We intend to conduct the exchange offer in accordance with the provisions of the registration rights agreement, the applicable requirements of the Securities Act of 1933 and the Securities Exchange Act of 1934 and the rules and regulations of the SEC. Old Notes that the holders thereof do not tender for exchange in the exchange offer will remain outstanding and continue to accrue interest. These Old Notes will continue to be entitled to the rights and benefits such holders have under the indenture relating to the notes.

We will be deemed to have accepted for exchange properly tendered Old Notes when we have given oral (promptly followed in writing) or written notice of the acceptance to the exchange agent and complied with the applicable provisions of the registration rights agreement. The exchange agent will act as agent for the tendering holders for the purposes of receiving the New Notes from us.

If you tender Old Notes in the exchange offer, you will not be required to pay brokerage commissions or fees or, subject to the letter of transmittal, transfer taxes with respect to the exchange of Old Notes. We will pay all charges and expenses, other than certain applicable taxes described below, in connecting with the exchange offer. It is important that you read the section labeled Fees and Expenses for more details regarding fees and expenses incurred in the exchange offer.

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We will return any Old Notes that we do not accept for exchange for any reason without expense to their tendering holder promptly after the expiration or termination of the exchange offer.

### **Expiration Date**

The exchange offer will expire at 5:00 p.m., New York City time, on May 10, 2012, unless, in our sole discretion, we extend it.

### **Extensions, Delays in Acceptance, Termination or Amendment**

We expressly reserve the right, at any time or various times, to extend the period of time during which the exchange offer is open. We may delay acceptance of any Old Notes by giving oral (promptly followed in writing) or written notice of such extension to the holders. During any such extensions, all Old Notes previously tendered will remain subject to the exchange offer, and we may accept them for exchange.

To extend the exchange offer, we will notify the exchange agent orally (promptly followed in writing) or in writing of any extension. We will notify the registered holders of Old Notes of the extension no later than 9:00 a.m., New York City time, on the business day after the previously scheduled expiration date.

If any of the conditions described below under **Conditions to the Exchange Offer** have not been satisfied, we reserve the right, in our sole discretion:

to delay accepting for exchange any Old Notes,

to extend the exchange offer, or

to terminate the exchange offer,

by giving oral (promptly followed in writing) or written notice of such delay, extension or termination to the exchange agent. Subject to the terms of the registration rights agreement, we also reserve the right to amend the terms of the exchange offer in any manner.

Any such delay in acceptance, extension, termination or amendment will be followed promptly by oral (promptly followed in writing) or written notice thereof to the registered holders of Old Notes. If we amend the exchange offer in a manner that we determine to constitute a material change, we will promptly disclose such amendment by means of a prospectus supplement. The supplement will be distributed to the registered holders of the Old Notes. Depending upon the significance of the amendment and the manner of disclosure to the registered holders, we may extend the exchange offer. In the event of a material change in the exchange offer, including the waiver by us of a material condition, we will extend the exchange offer period if necessary so that at least five business days remain in the exchange offer following notice of the material change.

### **Conditions to the Exchange Offer**

We will not be required to accept for exchange, or exchange any New Notes for, any Old Notes if the exchange offer, or the making of any exchange by a holder of Old Notes, would violate applicable law or rules or regulations of the SEC or any interpretation thereof. Similarly, we may terminate the exchange offer as provided in this prospectus before accepting Old Notes for exchange in the event of such a potential violation.

In addition, we will not be obligated to accept for exchange the Old Notes of any holder that has not made to us the representations described under **Purpose and Effect of the Exchange Offer**, **Procedures for Tendering** and **Plan of Distribution** and such other representations as may be reasonably necessary under applicable SEC rules, regulations or interpretations to allow us to use an appropriate form to register the New Notes under the Securities Act.



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We expressly reserve the right to amend or terminate the exchange offer, and to reject for exchange any Old Notes not previously accepted for exchange, upon the occurrence of any of the conditions to the exchange offer and in the manner specified above.

These conditions are for our sole benefit, and we may assert them or waive them in whole or in part at any time or at various times in our sole discretion. If we fail at any time to exercise any of these rights, this failure will not mean that we have waived our rights. Each such right will be deemed an ongoing right that we may assert at any time or at various times.

In addition, we will not accept for exchange any Old Notes tendered, and will not issue New Notes in exchange for any such Old Notes, if at such time any stop order has been threatened or is in effect with respect to the registration statement of which this prospectus constitutes a part or the qualification of the indenture relating to the notes under the Trust Indenture Act of 1939.

## **Procedures for Tendering**

In order to participate in the exchange offer, you must properly tender your Old Notes to the exchange agent as described below. It is your responsibility to properly tender your notes. We have the right to waive any defects. However, we are not required to waive defects and are not required to notify you of defects in your tender.

If you have any questions or need help in exchanging your notes, please call the exchange agent, whose address and phone number are set forth in Prospectus Summary The Exchange Offer Exchange Agent.

All of the Old Notes were issued in book-entry form, and all of the Old Notes are currently represented by global certificates held for the account of DTC. We have confirmed with DTC that the Old Notes may be tendered using the Automated Tender Offer Program ( *ATOP* ) instituted by DTC. The exchange agent will establish an account with DTC for purposes of the exchange offer promptly after the commencement of the exchange offer and DTC participants may electronically transmit their acceptance of the exchange offer by causing DTC to transfer their Old Notes to the exchange agent using the ATOP procedures. In connection with the transfer, DTC will send an agent's message to the exchange agent. The agent's message will be deemed to state that DTC has received instructions from the participant to tender Old Notes and that the participant agrees to be bound by the terms of the letter of transmittal.

By using the ATOP procedures to exchange Old Notes, you will not be required to deliver a letter of transmittal to the exchange agent. However, you will be bound by its terms just as if you had signed it.

There is no procedure for guaranteed late delivery of the notes.

## **Determinations Under the Exchange Offer**

We will determine in our sole discretion all questions as to the validity, form, eligibility, time of receipt, acceptance of tendered Old Notes and withdrawal of tendered Old Notes. Our determination will be final and binding. We reserve the absolute right to reject any Old Notes not properly tendered or any Old Notes our acceptance of which would, in the opinion of our counsel, be unlawful. Our interpretation of the terms and conditions of the exchange offer, including the instructions in the letter of transmittal, will be final and binding on all parties. Unless waived, all defects or irregularities in connection with tenders of Old Notes must be cured within such time as we shall determine. Although we intend to notify holders of defects or irregularities with respect to tenders of Old Notes, neither we, the exchange agent nor any other person will incur any liability for failure to give such notification. Tendere of Old Notes will not be deemed made until such defects or irregularities have been cured or waived. Any Old Notes received by the exchange agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned to the tendering holder, unless otherwise provided in the letter of transmittal, promptly following the expiration date.

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### **When We Will Issue New Notes**

In all cases, we will issue New Notes for Old Notes that we have accepted for exchange under the exchange offer only if the exchange agent receives prior to 5:00 p.m., New York City time on the expiration date:

a book-entry confirmation of such Old Notes into the exchange agent's account at DTC; and

a properly transmitted agent's message.

### **Return of Old Notes Not Accepted or Exchanged**

If we do not accept any tendered Old Notes for exchange or if Old Notes are submitted for a greater principal amount than the holder desires to exchange, the unaccepted or non-exchanged Old Notes will be returned without expense to their tendering holder. Such non-exchanged Old Notes will be credited to an account maintained with DTC. These actions will occur promptly after the expiration or termination of the exchange offer.

### **Your Representations to Us**

By agreeing to be bound by the letter of transmittal, you represent to us that, among other things:

any New Notes that you receive will be acquired in the ordinary course of your business;

you have no arrangement or understanding with any person or entity to participate in the distribution of the New Notes;

you are not an affiliate (within the meaning of Rule 405 under the Securities Act of 1933) of Swift or any Subsidiary Guarantors; and

if you are a broker-dealer that will receive New Notes for your own account in exchange for Old Notes, you acquired those notes as a result of market-making activities or other trading activities and you will deliver a prospectus (or to the extent permitted by law, make available a prospectus) in connection with any resale of such New Notes.

### **Withdrawal of Tenders**

Except as otherwise provided in this prospectus, you may withdraw your tender at any time prior to 5:00 p.m. New York City time on the expiration date. To withdraw, you may electronically transmit a request for withdrawal or revocation to DTC. DTC will then edit the request and send a request message (a request message) to the exchange agent. Any notice of withdrawal must specify the name and number of the account at DTC to be credited with withdrawn Old Notes and otherwise comply with the procedures of DTC.

We will determine all questions as to the validity, form, eligibility and time of receipt of notice of withdrawal. Our determination shall be final and binding on all parties. We will deem any Old Notes so withdrawn not to have been validly tendered for exchange for purposes of the exchange offer.

Any Old Notes that have been tendered for exchange but are not exchanged for any reason will be credited to an account maintained with DTC for the Old Notes. This crediting will take place as soon as practicable after withdrawal, rejection of tender or termination of the exchange offer. You may retender properly withdrawn Old Notes by following the procedures described under Procedures for Tendering above at any time prior to 5:00 p.m., New York City time, on the expiration date.

### **Fees and Expenses**

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We will bear the expenses of soliciting tenders. The principal solicitation is being delivered by mail; however, we may make additional solicitation by facsimile, telephone, electronic mail or in person by our officers and regular employees and those of our affiliates.

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We have not retained any dealer-manager in connection with the exchange offer and will not make any payments to broker-dealers or others soliciting acceptances of the exchange offer. We will, however, pay the exchange agent reasonable and customary fees for its services and reimburse it for its related reasonable out-of-pocket expenses.

We will pay the cash expenses to be incurred in connection with the exchange offer. They include:

all registration and filing fees and expenses;

all fees and expenses of compliance with federal securities and state blue sky or securities laws;

accounting fees, legal fees incurred by us, disbursements and printing, messenger and delivery services, and telephone costs; and

related fees and expenses.

### **Transfer Taxes**

We will pay all transfer taxes, if any, applicable to the exchange of Old Notes under the exchange offer. The tendering holder, however, will be required to pay any transfer taxes, whether imposed on the registered holder or any other person, if a transfer tax is imposed for any reason other than the exchange of Old Notes under the exchange offer.

### **Consequences of failure to exchange**

If you do not exchange New Notes for your Old Notes under the exchange offer, you will remain subject to the existing restrictions on transfer of the Old Notes. Any Old Notes not exchanged will remain outstanding and continue to accrue interest but will not retain any rights under the registration rights agreement, except as otherwise specified therein. In general, you may not offer or sell the Old Notes unless the offer or sale is either registered under the Securities Act of 1933 or exempt from the registration under the Securities Act of 1933 and applicable state securities laws. Except as required by the registration rights agreement, we do not intend to register resales of the Old Notes under the Securities Act of 1933.

### **Accounting Treatment**

We will record the New Notes in our accounting records at the same carrying value as the Old Notes. This carrying value is the aggregate principal amount of the Old Notes less any bond discount, as reflected in our accounting records on the date of exchange. Accordingly, we will not recognize any gain or loss for accounting purposes in connection with the exchange offer.

### **Other**

Participation in the exchange offer is voluntary, and you should carefully consider whether to accept. You are urged to consult your financial and tax advisors in making your own decision on what action to take.

We may in the future seek to acquire untendered Old Notes in open market or privately negotiated transactions, through subsequent exchange offers or otherwise. We have no present plans to acquire any Old Notes that are not tendered in the exchange offer or to file a registration statement to permit resales of any untendered Old Notes.

**Table of Contents****Ratio of Earnings to Fixed Charges**

The following table sets forth our ratio of earnings to fixed charges:

		Year Ended December 31,				
	2007	2008	2009	2010	2011	
Ratio of earnings to fixed charges (1)	7.17x			2.6x	3.88x	

(1) Earnings were inadequate to cover fixed charges for the year ended December 31, 2008 by approximately \$420.8 million and for the year ended December 31, 2009 by approximately \$70.7 million.

For purposes of calculating the ratio of earnings to fixed charges, fixed charges include interest expense, capitalized interest, amortization of debt issuance costs and discounts, and that portion of non-capitalized rental expense deemed to be the equivalent of interest. Earnings represent income before income taxes and continuing operations before fixed charges.



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**Use of Proceeds**

The exchange offer is intended to satisfy our obligations under the registration rights agreement. We will not receive any proceeds from the issuance of the New Notes in the exchange offer. In consideration for issuing the New Notes as contemplated by this prospectus, we will receive Old Notes in a like principal amount. Old Notes surrendered in exchange for the New Notes will be retired and cancelled and will not be reissued. Accordingly, the issuance of the New Notes will not result in any change in outstanding indebtedness.

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**Description of Notes**

You can find the definitions of certain terms used in this description under the subheading *Certain Definitions*, beginning on page 34. In this description, the words *Swift*, *we*, *us* and *our* refer to Swift Energy Company and not to any of its subsidiaries. The notes to be issued in the exchange offer are referred to in this description as the *New Notes* and the notes issued on the Issue Date (as defined below) as the *Old Notes*. References to the *Notes* are to the *New Notes* and the *Old Notes* collectively. The Indenture treats the registered holder of a Note as the owner of it for all purposes. Only registered holders of the Notes have rights under the Indenture, and all references to *holders* in this description are to registered holders of the Notes.

We issued the *Old Notes* and we will issue the *New Notes* under an original indenture dated as of May 19, 2009, as supplemented by a second supplemental indenture dated as of November 30, 2011, referred to, as supplemented, as the *Indenture*, among Swift, as issuer, Swift Energy Operating, LLC, as a Subsidiary Guarantor, and Wells Fargo Bank, National Association, as trustee (the *Trustee*). The Indenture is governed by the Trust Indenture Act of 1939 (the *Trust Indenture Act*). The terms of the *New Notes* will include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act.

The following description is a summary of the material provisions of the Indenture, including the *New Notes* offered hereby. We urge you to read the Indenture because it, and not this description, define your rights as a holder of the *New Notes*. The original indenture and the second supplemental indenture are incorporated by reference. The original indenture is filed as an exhibit to our registration statement on Form S-3, filed with the Securities and Exchange Commission on May 19, 2009, and the second supplemental indenture is filed as an exhibit to our Current Report on Form 8-K filed December 5, 2011. You may request copies of these agreements at our address set forth under *Additional Information*.

If the exchange offer contemplated by this prospectus is consummated, holders of *Old Notes* who do not exchange those *Old Notes* for *New Notes* in the exchange offer will vote together with holders of *New Notes* for all relevant purposes under the Indenture. In that regard, the Indenture requires that certain actions by the holders thereunder must be taken, and certain rights must be exercised, by specified minimum percentages of the aggregate principal amount of the outstanding securities issued under the Indenture. In determining whether holders of the requisite percentage in principal amount of Notes have given any notice, consent or waiver or taken any other action permitted under the Indenture, any *Old Notes* that remain outstanding after the exchange offer will be aggregated with the *New Notes*, and the holders of such *Old Notes* and the *New Notes* will vote together as a single class for all such purposes. Accordingly, all references herein to specified percentages in aggregate principal amount of the Notes outstanding shall be deemed to mean, at any time after the exchange offer for the *Old Notes* is consummated, such percentages in aggregate principal amount of the *Old Notes* and the *New Notes* then outstanding.

**Principal, Maturity and Interest**

We will issue the *New Notes* with a maximum aggregate principal amount of up to \$250 million now and can issue an unlimited amount of notes at later dates under the Indenture. Any notes that we issue in the future of the same series as the *New Notes* will be identical in all respects to the *New Notes* that we are issuing now, except that notes issued in the future will have different issuance prices and issuance dates. We can issue notes as part of the same series or as an additional series. We will issue the *New Notes* and any additional notes later issued under the Indenture only in fully registered form without coupons, in denominations of \$2,000 and integral multiples of \$1,000.

The Notes will mature on March 1, 2022.

Interest on the Notes will accrue at a rate of 7<sup>7</sup>/<sub>8</sub>% per annum and will be payable semi-annually in arrears on March 1 and September 1, commencing on March 1, 2012. We will pay interest to those persons who were holders of record on February 15 and August 15 immediately preceding each interest payment date.

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Interest on the Notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

### **Methods of Receiving Payments on the Notes**

If a holder of Notes has given wire transfer instructions to Swift, Swift will pay all principal, interest and premium, if any, on that holder's Notes in accordance with those instructions. All other payments on the Notes will be made at the office or agency of the paying agent in New York, New York, unless we elect to make interest payments by check mailed to the holders at their addresses set forth in the register of holders.

### **Paying Agent and Registrar**

The Trustee will initially act as paying agent and registrar for the Notes. Swift may change the paying agent or registrar without prior notice to the holders of the Notes, and Swift or any Subsidiary may act as either paying agent or registrar.

### **Transfer and Exchange**

A holder may transfer or exchange Notes in accordance with the Indenture. The registrar and the Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents in connection with a transfer of the Notes, and Swift may require a holder to pay any taxes imposed in relation thereto. Swift will not be required to transfer or exchange any Note (or portion of a Note) selected, called or being called for redemption. Also, Swift will not be required to transfer or exchange any Note for a period beginning 15 days before a selection of Notes to be redeemed and ending on the date of selection.

### **Subsidiary Guarantees of the Notes**

Our payment obligations with respect to the New Notes, like the Old Notes, will be jointly and severally guaranteed on a senior, unsecured basis by the Subsidiary Guarantors. As of the date of this prospectus, there is one Subsidiary Guarantor, Swift Energy Operating, LLC, our principal domestic operating subsidiary and a guarantor on our outstanding 8<sup>7/8</sup>% senior notes due 2020 and our 7<sup>1/8</sup>% senior notes due 2017. Under the circumstances described below under **Certain Covenants** Future Subsidiary Guarantors, Swift's payment obligations under the Notes may in the future be jointly and severally guaranteed by one or more other Subsidiary Guarantors. The Subsidiary Guarantee of any Subsidiary Guarantor will be an unsecured senior obligation of such Subsidiary Guarantor.

Upon the sale or other disposition of all the Capital Stock of a Subsidiary Guarantor (other than to Swift or an Affiliate of Swift) permitted by the Indenture, such Subsidiary Guarantor will be released from all its obligations under its Subsidiary Guarantee. For a more detailed description of these obligations, see **Certain Covenants** Limitation on Asset Sales. In addition, any Subsidiary Guarantor that is designated an Unrestricted Subsidiary in accordance with the terms of the Indenture shall be released from and relieved of its obligations under its Subsidiary Guarantee upon execution and delivery of a supplemental indenture satisfactory to the Trustee. Any Subsidiary Guarantor may be released from its obligation under its Subsidiary Guarantee if such Subsidiary Guarantor no longer has any outstanding Indebtedness or Preferred Stock or it again qualifies as an Exempt Foreign Subsidiary.

Each of Swift and any Subsidiary Guarantors will agree to contribute to any other Subsidiary Guarantor that makes payments pursuant to its Subsidiary Guarantee an amount equal to Swift's or such Subsidiary Guarantor's proportionate share of such payment, based on the net worth of Swift or such Subsidiary Guarantor relative to the aggregate net worth of Swift and the Subsidiary Guarantors.

**Table of Contents****Optional redemption**

Except as set forth below or in the last paragraph of **Repurchase at the Option of Holders upon a Change of control**, we will not be entitled to redeem the Notes at our option prior to their Stated Maturity.

On or after March 1, 2017, we may redeem all or any portion of the Notes upon not less than 30 nor more than 60 days' prior notice, at the redemption prices set forth below, plus accrued and unpaid interest, if any, to the redemption date subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date. The following prices are for Notes redeemed during the 12-month period commencing on March 1 of the years set forth below, and are expressed as percentages of principal amount:

<b>Year</b>	<b>Redemption price</b>
2017	103.938%
2018	102.625%
2019	101.313%
2020 and thereafter	100.000%

We may on any one or more occasions prior to March 1, 2015, redeem up to 35% of the aggregate principal amount of the Notes originally issued with the net proceeds of one or more Equity Offerings of Swift at a redemption price of 107.875% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of redemption, subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date, provided that at least 65% of the aggregate principal amount of the Notes originally issued remains outstanding after the occurrence of such redemption. Any such redemption shall occur not later than 90 days after the date of the closing of any such Equity Offering upon not less than 30 nor more than 60 days' prior notice. The redemption shall be made in accordance with procedures set forth in the Indenture.

At any time prior to March 1, 2017, we will be entitled, at our option, to redeem all or any portion of the Notes at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date). Notice of such redemption must be mailed by first-class mail to each holder's registered address, not less than 30 nor more than 60 days prior to the redemption date.

If less than all the Notes are to be redeemed at any time, selection of Notes for redemption will be made by the Trustee in compliance with the requirements of the principal national securities exchange, if any, on which the Notes are listed, or, if the Notes are not so listed, on a pro rata basis (or, in the case of Notes in global form, the Trustee will select Notes for redemption based on DTC's method that most nearly approximates a pro rata selection).

**Sinking Fund**

There will be no mandatory sinking fund payments for the Notes.

**Repurchase at the Option of Holders upon a Change of Control**

Upon the occurrence of a Change of Control, each holder of Notes shall have the right to require us to repurchase all or any part (equal to \$2,000 in principal amount or an integral multiple of \$1,000 in excess thereof) of such holder's Notes pursuant to the offer described below ( *Change of Control Offer* ) at a purchase price in cash (a *Change of Control Payment* ) equal to 101% of the principal amount of the Notes repurchased, plus accrued and unpaid interest, if any, to the date of purchase, subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date.

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Within 30 days following any Change of Control, we shall:

- (a) cause a notice of the Change of Control Offer to be sent at least once to the Dow Jones News Service or similar business news service in the United States; and
- (b) send, by first-class mail, with a copy to the Trustee, to each holder of Notes, at such holder's address appearing in the Debt Security Register, a notice stating, among other things:
  - (1) that a Change of Control has occurred and a Change of Control Offer is being made pursuant to the Indenture and that all Notes, or portions thereof, properly tendered will be accepted for payment,
  - (2) the Change of Control Payment and the purchase date, which shall be, subject to any contrary requirements of applicable law, a business day (a *Change of Control Payment Date*) no earlier than 30 days nor later than 60 days from the date we mail such notice,
  - (3) that any Note, or portion thereof, accepted for payment, and duly paid on the Change of Control Payment Date, pursuant to the Change of Control Offer shall cease to accrue interest on the Change of Control Payment Date,
  - (4) that any Notes, or portions thereof, not properly tendered will continue to accrue interest,
  - (5) a description of the transaction or transactions constituting the Change of Control,
  - (6) the procedures that the holders of the Notes must follow in order to tender their Notes, or portions thereof, for payment and the procedures that holders of Notes must follow in order to withdraw an election to tender Notes, or portions thereof, for payment, and
  - (7) all other instructions and materials necessary to enable holders to tender Notes pursuant to the Change of Control Offer.

We will comply, to the extent applicable, with the requirements of Section 14(e) under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the purchase of Notes pursuant to a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions relating to the Change of Control Offer, we will comply with the applicable securities laws and regulations and will not be deemed to have breached our obligations described above by virtue of such compliance.

If a Change of Control were to occur, Swift and any Subsidiary Guarantors may not have sufficient financial resources, or may not be able to arrange financing, to pay the purchase price for all Notes tendered by the holders thereof. In addition, as of the Issue Date, our existing credit facility does, and any future Bank Credit Facilities or other agreements relating to indebtedness to which Swift or any Subsidiary Guarantor becomes a party may, provide that certain events that would constitute a Change of Control are events of default thereunder or require such indebtedness to be repurchased upon a Change of Control. If a Change of Control occurs at a time when Swift and the Subsidiary Guarantors are unable to purchase the Notes (due to insufficient financial resources, contractual prohibition or otherwise), such failure to purchase tendered Notes would constitute an Event of Default under the Indenture, which would, in turn, constitute a default under our credit facility and may constitute a default under the terms of any other Bank Credit Facility or other Indebtedness of Swift or any Subsidiary Guarantors then outstanding. The provisions under the Indenture related to Swift's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified, at any time prior to the occurrence of such Change of Control, with the written consent of the holders of a majority in principal amount of the Notes.

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We will not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by us and purchases all Notes validly

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tendered and not withdrawn under such Change of Control Offer or (2) notice of redemption has been given pursuant to the Indenture as described above under Optional Redemption, unless and until there is a default in payment of the applicable redemption price.

A Change of Control means the occurrence of any of the following, if followed by a Rating Decline within 90 days thereof:

- (a) any person or group (within the meaning of Section 13(d)(3) and 14(d)(2) of the Exchange Act or any successor provision to either of the foregoing, including any group acting for the purpose of acquiring, holding or disposing of securities within the meaning of Rule 13d-5(b)(1) under the Exchange Act) becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a Person will be deemed to have beneficial ownership of all shares that any such Person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), of 40 percent or more of the total voting power of all classes of the Voting Stock of Swift;
- (b) the sale, lease, transfer or other disposition, directly or indirectly, of all or substantially all the Property of Swift and the Restricted Subsidiaries taken as a whole (other than a disposition of such Property as an entirety or virtually as an entirety to any Wholly Owned Subsidiary) shall have occurred;
- (c) the shareholders of Swift shall have approved any plan of liquidation or dissolution of Swift;
- (d) Swift consolidates with or merges into another Person or any Person consolidates with or merges into us in any such event pursuant to a transaction in which the outstanding Voting Stock of Swift is reclassified into or exchanged for cash, securities or other Property, other than any such transaction where the outstanding Voting Stock of Swift is reclassified into or exchanged for Voting Stock of the surviving Person and the holders of the Voting Stock of Swift immediately prior to such transaction own, directly or indirectly, not less than a majority of the Voting Stock of the surviving Person immediately after such transaction in substantially the same proportion as before the transaction; or
- (e) during any period of two consecutive years, individuals who at the beginning of such period constituted Swift's Board of Directors (together with any new directors whose election or appointment by such Board or whose nomination for election by the shareholders of Swift was approved by a vote of a majority of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously approved by such a vote) cease for any reason to constitute a majority of Swift's Board of Directors then in office.

The Change of Control repurchase feature is a result of negotiations between Swift and the initial purchasers of the Old Notes. We have no present intention to engage in a transaction involving a Change of Control, although it is possible that we would decide to do so in the future. Subject to certain covenants described below, we could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control under the Indenture, but that could increase the amount of indebtedness outstanding at such time or otherwise affect Swift's capital structure or credit ratings.

The definition of Change of Control includes a phrase relating to the sale, lease, transfer or other disposition of all or substantially all of the Property of Swift and its Restricted Subsidiaries taken as a whole. The Indenture is governed by New York law, and there is no established quantitative definition under New York law of substantially all the assets of a corporation. Accordingly, if Swift or any Restricted Subsidiary were to engage in a transaction in which it disposed of less than all the assets of Swift and its Restricted Subsidiaries taken as a whole, a question of interpretation could arise as to whether such disposition was of substantially all such assets and whether we are required to make a Change of Control Offer.

Except as described above with respect to a Change of Control, the Indenture does not contain any other provisions that permit the holders of the Notes to require that we repurchase or redeem the Notes in the event of a takeover, recapitalization or similar restructuring.

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In the event that holders of not less than 90% of the aggregate principal amount of the outstanding Notes accept a Change of Control Offer and Swift (or a third party as described above) purchases all of the Notes held by such holders, Swift will have the right, upon not less than 30 nor more than 60 days' prior notice, given not more than 30 days following the purchase pursuant to the Change of Control Offer described above, to redeem all of the Notes that remain outstanding following such purchase at a redemption price equal to the Change of Control Payment plus, to the extent not included in the Change of Control Payment, accrued and unpaid interest on the Notes that remain outstanding, to the date of redemption (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

### **Certain Covenants**

#### **Covenant Termination**

If at any time (a) the rating assigned to the notes by each of S&P and Moody's is an Investment Grade Rating and (b) no Default has occurred and is continuing, we and our Restricted Subsidiaries will no longer be subject to the following covenants:

- (a) Limitation on Indebtedness ;
- (b) Limitation on Restricted Payments ;
- (c) Limitation on Asset Sales ;
- (d) Limitation on Transactions with Affiliates ;
- (e) Limitation on Restrictions on Distributions from Restricted Subsidiaries ;
- (f) Future Subsidiary Guarantors ; and

(g) clause (d) of the covenant described under Merger, Consolidation and Sale of Substantially All Assets. After these covenants have terminated, we may not designate any of our Subsidiaries as Unrestricted Subsidiaries.

#### **Limitation on Indebtedness**

The Indenture provides that we will not, and will not permit any of our Restricted Subsidiaries to, directly or indirectly, Incur any Indebtedness unless, after giving pro forma effect to the Incurrence of such Indebtedness and the receipt and application of the proceeds thereof, no Default or Event of Default would occur as a consequence of, or be continuing following, such Incurrence and application and either:

- (a) after giving pro forma effect to such Incurrence and application, the Consolidated Interest Coverage Ratio would exceed 2.25 to 1.0; or

- (b) such Indebtedness is Permitted Indebtedness.

*Permitted Indebtedness* means any and all of the following:



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- (a) Indebtedness arising under the Indenture with respect to the New Notes and any Subsidiary Guarantees relating thereto;
  
- (b) Indebtedness under Bank Credit Facilities, provided that the aggregate principal amount of all Indebtedness under Bank Credit Facilities, at any one time outstanding does not exceed the greater of:
  - (1) \$300.0 million, and
  
  - (2) an amount equal to the sum of:
    - (A) \$150.0 million, and

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- (B) 25% of Adjusted Consolidated Net Tangible Assets determined as of the date of Incurrence of such Indebtedness, and, in the case of either (1) or (2), plus all interest and fees and other obligations thereunder and any Guarantee of such Indebtedness;
  
- (c) Indebtedness of Swift owing to and held by any Wholly Owned Subsidiary and Indebtedness of a Restricted Subsidiary owing to and held by Swift or any Wholly Owned Subsidiary; provided, however, that any subsequent issue or transfer of Capital Stock or other event that results in any such Wholly Owned Subsidiary ceasing to be a Wholly Owned Subsidiary or any subsequent transfer of any such Indebtedness (except to Swift or a Wholly Owned Subsidiary) shall be deemed, in each case, to constitute the Incurrence of such Indebtedness by the issuer thereof;
  
- (d) Indebtedness in respect of bid, performance, reimbursement or surety obligations issued by or for the account of Swift or any Restricted Subsidiary in the ordinary course of business, including Guarantees and letters of credit functioning as or supporting such bid, performance, reimbursement or surety obligations (in each case other than for an obligation for money borrowed);
  
- (e) Indebtedness under Permitted Hedging Agreements;
  
- (f) in-kind obligations relating to oil or gas balancing positions arising in the ordinary course of business;
  
- (g) Indebtedness outstanding on the Issue Date not otherwise permitted in clauses (a) through (f) above;
  
- (h) Non-recourse Purchase Money Indebtedness;
  
- (i) Indebtedness not otherwise permitted to be Incurred pursuant to this paragraph (excluding any Indebtedness Incurred pursuant to clause (a) of Limitation on Indebtedness ), provided that the aggregate principal amount of all Indebtedness Incurred pursuant to this clause (i), together with all Indebtedness Incurred pursuant to clause (j) of this paragraph in respect of Indebtedness previously Incurred pursuant to this clause (i), at any one time outstanding does not exceed the greater of (1) \$50.0 million and (2) 2.0% of Adjusted Consolidated Net Tangible Assets determined as of the date of Incurrence of such Indebtedness;
  
- (j) Indebtedness Incurred in exchange for, or the proceeds of which are used to refinance:
  - (1) Indebtedness referred to in clauses (a), (g), (h), (i) and (l) of this paragraph (including Indebtedness previously Incurred pursuant to this clause (j)), and
  
  - (2) Indebtedness Incurred pursuant to clause (i) of the first paragraph under Limitation on Indebtedness, provided that, in the case of each of the foregoing clauses (1) and (2), such Indebtedness is Permitted Refinancing Indebtedness;
  
- (k) Indebtedness consisting of obligations in respect of purchase price adjustments, indemnities or Guarantees of the same or similar matters in connection with the acquisition or disposition of Property; and
  
- (l)

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Acquired Debt Incurred in connection with a transaction meeting either one of the financial tests set forth in clause (d) under the caption Merger, Consolidation and Sale of Substantially All Assets.

For purposes of determining compliance with this Limitation on Indebtedness covenant, in the event that an item of proposed Indebtedness meets the criteria of more than one of the categories of Permitted Indebtedness described in clauses (a) through (l) above, or is entitled to be Incurred pursuant to clause (i) of the first paragraph of this covenant, Swift will be permitted to classify such item of Indebtedness on the date of its Incurrence, or later reclassify all or a portion of such item of Indebtedness, in any manner that complies with this covenant.

### **Limitation on Liens**

The Indenture provides that we will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into, create, Incur, assume or suffer to exist any Lien on or with respect to any Property of Swift or such Restricted Subsidiary, whether owned on the Issue Date or acquired after the Issue Date, or any interest therein or any income or

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profits therefrom, unless the Notes or any Subsidiary Guarantee of such Restricted Subsidiary are secured equally and ratably with, or prior to, any and all other obligations secured by such Lien, except that Swift and its Restricted Subsidiaries may enter into, create, Incur, assume or suffer to exist Liens securing Permitted Liens.

**Limitation on restricted payments**

We will not, and will not permit any of our Restricted Subsidiaries to, directly or indirectly, make any Restricted Payment if, at the time of and after giving effect to the proposed Restricted Payment:

- (a) any Default or Event of Default would have occurred and be continuing;
- (b) we could not Incur at least \$1.00 of additional Indebtedness pursuant to clause (i) of the first paragraph under Limitation on Indebtedness ; or
- (c) the aggregate amount expended or declared for all Restricted Payments from the Reference Date would exceed, without duplication, the sum of (the *Restricted Payments Basket* ):
  - (1) 50% of the aggregate Consolidated Net Income of Swift accrued during the period (treated as one accounting period) commencing on the Reference Date and ending on the last day of the fiscal quarter immediately preceding the date of such proposed Restricted Payment (or, if such aggregate Consolidated Net Income shall be a loss, minus 100% of such loss),
  - (2) the aggregate net cash proceeds, or the Fair Market Value of Property other than cash (provided that, in the case of Property that is Capital Stock, such Capital Stock falls within the meaning of clause (b) of the definition of *Additional Assets* ), received by us from the issuance or sale (other than to a Subsidiary of Swift or an employee stock ownership plan or trust established by us or any such Subsidiary for the benefit of their employees) by Swift of its Capital Stock (other than Disqualified Stock) after the Reference Date, net of attorneys fees, accountants fees, underwriters or placement agents fees, discounts or commissions and brokerage, consultant and other fees actually Incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof,
  - (3) the aggregate net cash proceeds, or the Fair Market Value of Property other than cash, received by us as capital contributions to Swift (other than from a Subsidiary of Swift) on or after the Reference Date,
  - (4) the aggregate net cash proceeds received by us from the issuance or sale (other than to any Subsidiary of Swift or an employee stock ownership plan or trust established by us or any such Subsidiary for the benefit of their employees) on or after the Reference Date of convertible Indebtedness that has been converted into or exchanged for Capital Stock (other than Disqualified Stock) of Swift, together with the aggregate cash received by us at the time of such conversion or exchange or received by us from any conversion or exchange of convertible Indebtedness issued or sold (other than to any Subsidiary of Swift or an employee stock ownership plan or trust established by us or any such Subsidiary for the benefit of their employees) prior to the Reference Date, excluding:
    - (A) any such Indebtedness issued or sold to us or a Subsidiary of Swift or an employee stock ownership plan or trust established by us or any such Subsidiary for the benefit of their employees, and
    - (B)

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the aggregate amount of any cash or other Property distributed by us or any Restricted Subsidiary upon any such conversion or exchange,

- (5) to the extent not otherwise included in Swift's Consolidated Net Income, an amount equal to the net reduction in Investments made by Swift and its Restricted Subsidiaries subsequent to the Reference Date in any Person resulting from:
  - (A) payments of interest on debt, dividends, repayments of loans or advances or other transfers or distributions of Property, in each case to us or any Restricted Subsidiary from any Person

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other than Swift or a Restricted Subsidiary, and in an amount not to exceed the book value of such Investments previously made in such Person that were treated as Restricted Payments, or

- (B) the designation of any Unrestricted Subsidiary as a Restricted Subsidiary, and in an amount not to exceed the lesser of:
  - (i) the book value of all Investments previously made in such Unrestricted Subsidiary that were treated as Restricted Payments, and
  - (ii) the Fair Market Value of Swift's and its Restricted Subsidiaries' interest in such Unrestricted Subsidiary, and

(6) \$30.0 million.

We estimated that the amount of the Restricted Payments Basket was approximately \$669 million as of September 30, 2011.

The limitations set forth in the preceding paragraph will not prevent us or any Restricted Subsidiary from making the following Restricted Payments so long as, at the time thereof, no Default or Event of Default shall have occurred and be continuing:

- (a) the payment of any dividend on Capital Stock of Swift or any Restricted Subsidiary within 60 days after the declaration thereof, if at such declaration date such dividend could have been paid in compliance with the preceding paragraph;
- (b) the repurchase, redemption or other acquisition or retirement for value of any Capital Stock of Swift or any of its Subsidiaries pursuant to the terms of agreements (including employment agreements) or plans (including by employee stock ownership plans but excluding other plans to purchase such Capital Stock in open market transactions, together with, in the case of employee stock ownership plans, loans to such employee stock ownership plans or Investments therein in an amount sufficient to fund such repurchase, redemption or other acquisition or retirement by such plans) approved by Swift's Board of Directors, including any such repurchase, redemption, acquisition or retirement of shares of such Capital Stock that is deemed to occur upon the exercise of stock options or vesting of restricted stock grants or similar rights if such shares represent all or a portion of the exercise price or are netted out or surrendered in connection with satisfying Federal income tax obligations; provided, however, that the aggregate amount of such repurchase, redemptions, acquisitions and retirements (but disregarding any transaction that does not result in the payment of cash by Swift or any Restricted Subsidiary to or on behalf of another Person) shall not exceed the sum of:
  - (1) \$7.5 million in any twelve-month period, and
  - (2) the aggregate net proceeds, if any, received by us during such twelve-month period from any issuance of such Capital Stock pursuant to such agreements or plans;
- (c) the purchase, redemption or other acquisition or retirement for value of any Capital Stock of Swift or any Restricted Subsidiary, in exchange for, or out of the aggregate net cash proceeds of, a substantially concurrent issuance and sale (other than to a Subsidiary of Swift or an employee stock ownership plan or trust established by us or any of its Subsidiaries, for the benefit of their employees) of Capital Stock of Swift (other than Disqualified Stock);
- (d) the purchase, redemption, legal defeasance, acquisition or retirement for value of any Subordinated Indebtedness in exchange for, or out of the proceeds of the substantially concurrent sale of, Capital Stock of Swift (other than Disqualified Stock and other than Capital Stock issued or sold to a Subsidiary of Swift or an employee stock ownership plan or trust established by us or any such

Subsidiary for the benefit of their employees);

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(e) the making of any principal payment on or the repurchase, redemption, legal defeasance or other acquisition or retirement for value of any Subordinated Indebtedness in exchange for, or out of the aggregate net cash proceeds of a substantially concurrent Incurrence (other than a sale to a Subsidiary of Swift) of (i) any other Subordinated Indebtedness so long as such new Indebtedness is Permitted Refinancing Indebtedness or (ii) with respect to Swift's Senior Indebtedness, so long as at the time of and after giving effect to such Incurrence, Swift could incur at least \$1.00 of additional Indebtedness pursuant to clause (i) of the first paragraph under Limitation on Indebtedness ;

(f) loans, in an aggregate principal amount outstanding at any one time of not more than \$2.0 million, made to officers, directors or employees of Swift or any Restricted Subsidiary approved by the Board of Directors (or by a duly authorized officer) and in compliance with the Sarbanes-Oxley Act of 2002, the net cash proceeds of which are used solely:

(1) to purchase common stock of Swift in connection with a restricted stock or employee stock purchase plan, or to exercise stock options received pursuant to an employee or director stock option plan or other incentive plan, in a principal amount not to exceed the purchase price of such common stock or the exercise price of such stock options, or

(2) to refinance loans, together with accrued interest thereon, made pursuant to item (1) of this clause (f).

The actions described in clauses (a) and (b) of this paragraph shall be included in the calculation of the amount of Restricted Payments. The actions described in clauses (c), (d), (e) and (f) of this paragraph shall be excluded in the calculation of the amount of Restricted Payments, provided that the net cash proceeds from any issuance or sale of Capital Stock or Subordinated Indebtedness of Swift pursuant to such clause (c), (d) or (e) shall be excluded from any calculations pursuant to clause (2), (3) or (4) under the immediately preceding paragraph.

**Limitation on Asset Sales**

The Indenture provides that we will not, and will not permit any Restricted Subsidiary to, consummate any Asset Sale unless:

(a) Swift or such Restricted Subsidiary, as the case may be, receives consideration at the time of such Asset Sale at least equal to the Fair Market Value of the Property subject to such Asset Sale; and

(b) all of the consideration paid to Swift or such Restricted Subsidiary in connection with such Asset Sale is in the form of cash, Permitted Short-Term Investments, Liquid Securities, Exchanged Properties or the assumption by the purchaser of liabilities of Swift (other than liabilities of Swift that are by their terms subordinated to the Notes) or liabilities of any Subsidiary Guarantor that made such Asset Sale (other than liabilities of a Subsidiary Guarantor that are by their terms subordinated to such Subsidiary Guarantor's Subsidiary Guarantee), in each case as a result of which Swift and its remaining Restricted Subsidiaries are no longer liable for such liabilities, such consideration being defined as Permitted Consideration ; provided, however, that Swift and its Restricted Subsidiaries shall be permitted to receive Property other than Permitted Consideration, so long as the aggregate Fair Market Value of all such Property other than Permitted Consideration received from Asset Sales and held by Swift or any Restricted Subsidiary at any one time shall not exceed 10.0% of Adjusted Consolidated Net Tangible Assets.

The Net Available Cash from Asset Sales by us or a Restricted Subsidiary may be applied by us or such Restricted Subsidiary, to the extent we or such Restricted Subsidiary elects (or is required by the terms of any Senior Indebtedness of Swift or a Subsidiary Guarantor), to:

(a) prepay, repay or purchase Senior Indebtedness of Swift or a Subsidiary Guarantor (in each case excluding Indebtedness owed to us or an Affiliate of Swift);



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- (b) to reinvest in Additional Assets (including by means of an Investment in Additional Assets by a Restricted Subsidiary with Net Available Cash received by us or another Restricted Subsidiary);
- (c) purchase Notes or purchase both Notes and one or more series or issues of other Senior Indebtedness on a pro rata basis (excluding Notes and Pari Passu Indebtedness owed to us or any of our Affiliates) in accordance with the next paragraph; or
- (d) enter into a bona fide binding contract with a Person other than an Affiliate of Swift to apply the Net Available Cash pursuant to clause (b) above, provided that such binding contract shall be treated as a permitted application of the Net Available Cash from the date of such contract until the earlier of

(1) the date on which such reinvestment is consummated, and

(2) the 90th day following the expiration of the 365-day period referred to in the next following sentence.

Any Net Available Cash from an Asset Sale not applied in accordance with the preceding paragraph within 365 days from the date of such Asset Sale shall constitute Excess Proceeds. When the aggregate amount of Excess Proceeds exceeds \$25.0 million, we will be required to make an offer (a *Prepayment Offer*) to purchase Notes having an aggregate principal amount equal to the aggregate amount of Excess Proceeds, at a purchase price equal to 100% of the principal amount of such Notes plus accrued