Oasis Petroleum Inc.
Form DEF 14A
March 24, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE
SECURITIES EXCHANGE ACT OF 1934
(AMENDMENT NO.)

Filed by the Registrant þ Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement
¨ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
þ Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to § 240.14a-12

Oasis Petroleum Inc.
(Name of Registrant as Specified In Its Charter)
(Name of Person(s) Filing Proxy Statement, if Other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

þ No fee required.
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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

OASIS PETROLEUM INC.
1001 Fannin Street
Suite 1500
Houston, Texas 77002

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To the Stockholders of Oasis Petroleum Inc.:

Notice is hereby given that the Annual Meeting of Stockholders of Oasis Petroleum Inc. (the “Company”) will be held at the Four Seasons Hotel, 1300 Lamar Street, Houston, Texas 77010, on Wednesday, May 4, 2016, at 9:00 a.m. Central Time (the “Annual Meeting”). The Annual Meeting is being held for the following purposes:

1. To elect two Class III directors, each for a term of three years.
2. To ratify the selection of PricewaterhouseCoopers LLP as the Company’s independent registered public accounting firm for 2016.
3. To approve the Second Amendment to the Amended and Restated 2010 Long-Term Incentive Plan (the “LTIP”) to increase the maximum number of shares that may be issued under the LTIP by 7,500,000 shares (the "Additional Shares").
4. To approve the material terms of the LTIP, as amended by the Second Amendment, for purposes of complying with Section 162(m) of the Internal Revenue Code with respect to the Additional Shares.
5. To approve the amendment of the Company's Amended and Restated Certificate of Incorporation to increase the number of authorized shares of the Company's common stock.
6. To transact such other business as may properly come before the Annual Meeting.

These proposals are described in the accompanying proxy materials. You will be able to vote at the Annual Meeting only if you were a stockholder of record at the close of business on March 8, 2016.

YOUR VOTE IS IMPORTANT

Please vote over the internet at www.proxyvote.com or by phone at 1-800-690-6903 promptly so that your shares may be voted in accordance with your wishes and so we may have a quorum at the Annual Meeting. Alternatively, if you did not receive a paper copy of the proxy materials (which includes the proxy card), you may request a paper proxy card, which you may complete, sign and return by mail.

By Order of the Board of Directors,

Nickolas J. Lorentzatos
Corporate Secretary

Houston, Texas
March 24, 2016

OASIS PETROLEUM INC.
1001 Fannin Street
Suite 1500
Houston, Texas 77002

A Letter from our Board of Directors

March 24, 2016

Dear Stockholders,

At the 2015 annual stockholder meeting, the advisory vote on executive compensation, or “say on pay” vote, received more than 60%, but less than 70%, “For” votes. The Board has always taken stockholder input seriously -- we note that the “say on pay” resolution prior to 2015 received 98% “For” votes -- and consequently our Compensation Committee immediately took action to re-evaluate our executive compensation programs and to implement changes to help ensure that executive incentive pay is aligned with measurable and meaningful performance. The highlights of these actions are identified below, and are more fully described in this proxy statement:

- We undertook an extensive review of our executive compensation program with stockholder perspectives in mind to help ensure our compensation philosophy meets or exceeds the expectations of our stockholders, and also initiated an expanded stockholder outreach program as further discussed below and throughout this proxy statement We also engaged ISS Corporate Solutions to provide a review of our “say on pay” vote from 2015, as well as a review of our anticipated disclosure this year.
- We invited our largest institutional stockholders, representing over 50% of our outstanding shares, including stockholders that voted “For” and “Against” our “say on pay” resolution in 2015, to meet with us to discuss our executive compensation program, as well as any other compensation or corporate governance matters that the stockholders wished to discuss. In these discussions, which included members of management and the Chairman of our Compensation Committee, we emphasized our commitment and accountability, including actions we have taken to further ensure clear links between our company’s performance and our executives’ compensation. We are pleased to report that the discussions with the stockholders that had voted “Against” our “say on pay” proposal cited as the general reason for such negative vote simply a desire to see more disclosure related to performance goals, and the stockholders that had voted “For” our “say on pay” proposal cited as the general reason for such positive vote that they were philosophically aligned with our executive compensation practices.
- Taking into account our stockholders' input, we acted to further align our executives’ compensation with our performance, as well as to be responsive to stockholders priorities, as follows:

we have enhanced our disclosure regarding our performance goals and metrics for 2015, as well as our disclosure regarding our stockholder outreach activities and the impact that the challenging environment in which our company, as an oil and natural gas production and marketing company, is operating is having on our business and therefore the compensation of our executives;

in addition, we have provided enhanced disclosure regarding our performance goals and metrics for 2014 in order to provide a reference for the evaluation of our 2015 performance goals and metrics and to demonstrate the consistency of our pay-for-performance compensation program;

we have implemented positive changes to our compensation programs in 2015 and 2016, including:

(1) eliminating single-trigger vesting of equity awards in our named executive officers’ employment agreements;

(2) beginning with our February 2016 grants of performance share units ("PSUs"), eliminating the opportunity to re-test performance achievement beyond the initial performance period;

(3) adjusting downward the target value of certain incentive compensation payments and maintaining a base salary level for our named executive officers, in general, at or below the 50th percentile of our peers; and

(4) adjusting the allocation of our Chief Executive Officer's long-term equity-based compensation, from 50% PSU and 50% restricted stock to 55% PSU and 45% restricted stock, so that according to the Company's targeted compensation structure, PSUs, the settlement of which is dependent on the Company's relative total shareholder return over a designated performance period, make up the largest percentage of our Chief

Executive Officer's targeted total compensation, as compared to the other elements of our compensation structure. The changes we have made, both in our disclosure and our executive compensation program, align with and further support our compensation philosophy, and we remain committed to providing competitive, performance-based total compensation opportunities for our executives, who collectively have the responsibility for making our company successful. By providing substantial performance-based incentive compensation that is aligned to our business strategy and specific performance objectives, while avoiding unnecessary and excessive risks, we build a strong link between the interests of our executives and the value derived by our stockholders from owning our company's stock. We believe that the changes we have made to our executive compensation program will give our stockholders increased confidence in knowing that we are responsive to investor priorities and concerns and are committed to stockholder communication and engagement, and we plan to continue our stockholder outreach efforts in the coming year. We value your input and never take for granted your continuing support and encouragement in these challenging times.

The Board of Directors of Oasis Petroleum Inc.
William J. Cassidy
Ted Collins, Jr.
Michael McShane
Thomas B. Nusz
Taylor L. Reid
Bobby S. Shackouls
Douglas E. Swanson, Jr.

OASIS PETROLEUM INC.
1001 Fannin Street
Suite 1500
Houston, Texas 77002

PROXY STATEMENT

2016 ANNUAL MEETING OF STOCKHOLDERS

The Board of Directors of the Company (the "Board of Directors" or the "Board") requests your Proxy for the Annual Meeting that will be held on Wednesday, May 4, 2016, at 9:00 a.m. Central Time, at the Four Seasons Hotel, 1300 Lamar Street, Houston, Texas 77010 (the "Annual Meeting"). By granting the Proxy, you authorize the persons named on the Proxy to represent you and vote your shares at the Annual Meeting. Those persons will also be authorized to vote your shares to adjourn the Annual Meeting from time to time and to vote your shares at any adjournments or postponements of the Annual Meeting.

If you attend the Annual Meeting, you may vote in person. If you are not present at the Annual Meeting, your shares may be voted only by a person to whom you have given a proper Proxy. You may revoke the Proxy in writing at any time before it is exercised at the Annual Meeting by delivering to the Corporate Secretary of the Company a written notice of the revocation, by submitting your vote electronically through the internet or by phone after the grant of the Proxy, or by signing and delivering to the Corporate Secretary of the Company a Proxy with a later date. Your attendance at the Annual Meeting will not revoke the Proxy unless you give written notice of revocation to the Corporate Secretary of the Company before the Proxy is exercised or unless you vote your shares in person at the Annual Meeting.

ELECTRONIC AVAILABILITY OF PROXY STATEMENT AND ANNUAL REPORT

As permitted under the rules of the Securities and Exchange Commission (the “SEC”), the Company is making this proxy statement and its Annual Report on Form 10-K for the year ended December 31, 2015 (the "Annual Report") available to its stockholders electronically via the internet. The Company is sending on or about March 24, 2016, a Notice Regarding the Availability of Proxy Materials (the “Notice”) to its stockholders of record as of the close of business on March 8, 2016, which Notice will include (i) instructions on how to access the Company’s proxy materials electronically, (ii) the date, time and location of the Annual Meeting, (iii) a description of the matters intended to be acted upon at the Annual Meeting, (iv) a list of the materials being made available electronically, (v) instructions on how a stockholder can request to receive paper or e-mail copies of the Company’s proxy materials, (vi) any control/identification numbers that a stockholder needs to access his or her proxy card and instructions on how to access the proxy card, and (vii) information about attending the Annual Meeting and voting in person.

Stockholders of Record and Beneficial Owners

Most of the Company’s stockholders hold their shares through a broker, bank or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

Stockholders of Record. If your shares are registered directly in your name with the Company’s transfer agent, you are considered the stockholder of record with respect to those shares, and the Notice is being sent directly to you by our agent. As a stockholder of record, you have the right to vote by proxy or to vote in person at the Annual Meeting. If you received a paper copy of the proxy materials by mail instead of the Notice, the proxy materials include a proxy card or a voting instruction card for the Annual Meeting.

Beneficial Owners. If your shares are held in a brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in “street name,” and the Notice will be forwarded to you by your broker or nominee. The broker or nominee is considered the stockholder of record with respect to those shares. As the beneficial owner, you have the right to direct your broker how to vote. Beneficial owners that receive the Notice by mail from the stockholder of record should follow the instructions included in the Notice to view the proxy statement and transmit voting instructions. If you received a paper copy of the proxy materials by mail instead of the Notice, the proxy materials include a proxy card or a voting instruction card for the Annual Meeting.

QUORUM AND VOTING

Voting Stock. The Company’s common stock, par value $0.01 per share, is the only class of securities that entitles holders to vote generally at meetings of the Company’s stockholders. Each share of common stock outstanding on the record date is entitled to one vote.

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Record Date. The record date for stockholders entitled to notice of and to vote at the Annual Meeting was the close of business on March 8, 2016. As of the record date, 180,534,582 shares of common stock were outstanding and entitled to be voted at the Annual Meeting.

Quorum and Adjournments. The presence, in person or by Proxy, of the holders of a majority of the outstanding shares entitled to vote at the Annual Meeting is necessary to constitute a quorum at the Annual Meeting.

If a quorum is not present, a majority of the stockholders entitled to vote who are present in person or by Proxy at the Annual Meeting have the power to adjourn the Annual Meeting from time to time, without notice other than an announcement at the Annual Meeting, until a quorum is present. At any adjourned Annual Meeting at which a quorum is present, any business may be transacted that might have been transacted at the Annual Meeting as originally notified.

Vote Required. For Item 1, directors will be elected by the affirmative vote of the holders of a plurality of the shares present and entitled to be voted at the Annual Meeting. Ratification of the selection of the Company’s independent registered public accounting firm in Item 2 will require the affirmative vote of the holders of a majority of the shares present and entitled to be voted at the Annual Meeting. Approval of Items 3 and 4 require the affirmative vote of the holders of a majority of the shares cast in respect of such Item at the Annual Meeting. Approval of Item 5 requires the affirmative vote of the holders of at least two-thirds in voting power of the outstanding shares of stock of the Company.

An automated system that Broadridge Financial Solutions administers will tabulate the votes. Brokers who hold shares in street name for customers are required to vote shares in accordance with instructions received from the beneficial owners. Brokers are permitted to vote on discretionary items if they have not received instructions from the beneficial owners, but they are not permitted to vote (a “broker non-vote”) on non-discretionary items absent instructions from the beneficial owner. Brokers do not have discretionary voting authority with respect to the election of directors. For ratification of the selection of the Company’s independent registered public accounting firm, brokers will have discretionary authority in the absence of timely instructions from their customers. For approval of Items 3, 4 and 5, brokers will not have discretionary authority in the absence of timely instructions from their customers.

Effect of Abstentions and Broker Non-Votes. Abstentions and broker non-votes will be counted for purposes of determining whether a quorum is present at the Annual Meeting. Neither abstentions nor broker non-votes will have any effect on the outcome of voting on Item 1. For purposes of Item 2, voting on the ratification of the selection of the independent registered public accounting firm, abstentions will be included in the number of shares voting and will have the effect of a vote against the proposal. For purposes of Item 3, abstentions are treated as votes cast and will have the same effect as a vote against the proposal (in accordance with applicable New York Stock Exchange ("NYSE") standards). For purposes of Item 4, abstentions are not considered votes cast and do not affect the outcome of the proposal (in accordance with regulations under Section 162(m) of the Internal Revenue Code, which applies Delaware law). For purposes of Item 5, abstentions will have the effect of a vote against the proposal. For purposes of both Item 3 and Item 4, broker non-votes are not considered votes cast and do not affect the outcome. For purposes of Item 5, broker non-votes will have the effect of a vote against the proposal.

Default Voting. A Proxy that is properly completed and submitted will be voted at the Annual Meeting in accordance with the instructions on the Proxy. If you properly complete and submit a Proxy, but do not indicate any contrary voting instructions, your shares will be voted as follows:

- Item 1, FOR the election of the two persons named in this proxy statement as the Board of Directors’ nominees for election as Class III directors.
- Item 2, FOR the ratification of the selection of PricewaterhouseCoopers LLP as the Company’s independent registered public accounting firm for 2016.
- Item 3, FOR the approval of the Second Amendment to the Amended and Restated 2010 Long-Term Incentive Plan ("LTIP") to increase the maximum number of shares that may be issued under the LTIP by 7,500,000 shares (the "Additional Shares").
- Item 4, FOR the approval of the material terms of the LTIP, as amended by the Second Amendment, for purposes of complying with Section 162(m) of the Internal Revenue Code with respect to the Additional Shares.
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Item 5, FOR the approval of the amendment of the Company's Amended and Restated Certificate of Incorporation to increase the number of authorized shares of the Company's common stock.

If any other business properly comes before the stockholders for a vote at the meeting, your shares will be voted in accordance with the discretion of the holders of the Proxy. The Board of Directors knows of no matters, other than those previously stated, to be presented for consideration at the Annual Meeting.

DIRECTORS AND EXECUTIVE OFFICERS

After the Annual Meeting, assuming the stockholders elect the nominees of the Board of Directors as set forth in "Item 1—Election of Directors" below, the Board of Directors of the Company will be, and the executive officers of the Company are:

Name	Age	Title
Thomas B. Nusz	56	Chairman and Chief Executive Officer
Taylor L. Reid	53	Director, President and Chief Operating Officer
William J. Cassidy(1)(2)(3)	50	Director
Ted Collins, Jr.(1)(3)	77	Director
Michael McShane(1)(2)	62	Director
Bobby S. Shackouls(2)	65	Director
Douglas E. Swanson, Jr.(2)(3)	44	Director
Michael H. Lou	41	Executive Vice President and Chief Financial Officer
Nickolas J. Lorentzatos	47	Executive Vice President, General Counsel and Corporate Secretary

(1) Member of the Audit Committee.
(2) Member of the Compensation Committee.
(3) Member of the Nominating and Governance Committee.

The Company's Board of Directors currently consists of seven members. The Company's directors are divided into three classes serving staggered three-year terms. Each year, the directors of one class stand for re-election as their terms of office expire. Messrs. Collins and Swanson are designated as Class I directors, and their terms of office expire in 2017. Messrs. Cassidy, Reid and Shackouls are designated as Class II directors, and their terms of office expire in 2018. Messrs. McShane and Nusz are designated as Class III directors, and their terms of office expire in 2016.

Set forth below is biographical information about each of the Company's executive officers, directors and nominees for director. Each of the Company's officers serves at the discretion of the Board of Directors.

Thomas B. Nusz has served as our Director and Chief Executive Officer (or in similar capacities) since our inception in March 2007. He also served as our President until January 1, 2014, and has 34 years of experience in the oil and gas industry. From April 2006 to February 2007, Mr. Nusz managed his personal investments, developed the business plan for Oasis Petroleum LLC and secured funding for the Company. He was previously a Vice President with Burlington Resources Inc., a formerly publicly traded oil and gas exploration and production company or, together with its predecessors, Burlington, and served as President International Division (North Africa, Northwest Europe, Latin America and China) from January 2004 to March 2006, as Vice President Acquisitions and Divestitures from October 2000 to December 2003 and as Vice President Strategic Planning and Engineering from July 1998 to September 2000 and Chief Engineer for substantially all of such period. He was instrumental in Burlington's expansion into the Western Canadian Sedimentary Basin from 1999 to 2002. From September 1985 to June 1998, Mr. Nusz held various operations and managerial positions with Burlington in several regions of the United States, including the Permian Basin, the San Juan Basin, the Black Warrior Basin, the Anadarko Basin, onshore Gulf Coast and the Gulf of Mexico. Mr. Nusz was an engineer with Mobil Oil Corporation and for Superior Oil Company from June 1982 to August 1985. He is a current member of the National Petroleum Council, an advisory committee to the Secretary of Energy of the United States. Mr. Nusz holds a Bachelor of Science in Petroleum Engineering from Mississippi State University.

Taylor L. Reid has served as our Director, President and Chief Operating Officer since January 1, 2014. He served as our Director, Executive Vice President and Chief Operating Officer (or in similar capacities) since our inception in March 2007 and has 31 years of experience in the oil and gas industry. From November 2006 to February 2007, Mr. Reid worked with Mr. Nusz to form the business plan for Oasis Petroleum LLC and secure funding for the Company. He previously served as Asset Manager Permian and Panhandle Operations with ConocoPhillips from April 2006 to October 2006. Prior to joining ConocoPhillips, he served as General Manager Latin America and Asia

Operations with Burlington from March 2004 to March 2006 and as General Manager Corporate Acquisitions and Divestitures from July 1998 to February 2004. From March 1986 to June 1998, Mr. Reid held various operations and managerial positions with Burlington in several regions of the continental United States, including the Permian Basin, the Williston Basin and the Anadarko Basin. He was instrumental in Burlington's expansion into the Western Canadian Sedimentary Basin from 1999 to 2002. Mr. Reid holds a Bachelor of Science in Petroleum Engineering from Stanford University.

William J. Cassidy has served as our Director since September 2010, is the Chair of our Nominating and Governance Committee, and serves on our Audit and Compensation Committees. Mr. Cassidy currently serves as Executive Vice President and Chief Financial Officer at Bonanza Creek Energy, Inc. Prior to his current position, Mr. Cassidy served as the Global Head of Corporate Finance and Treasury for Puma Energy, a midstream and downstream oil company with operations spanning 37 countries and a subsidiary of the commodity trading multinational Trafigura Beheer BV. From November 2009 until April 2013, Mr. Cassidy was a Principal at RPA Capital, LLC an asset management fund focused on providing mezzanine capital to commodity producers. He served as a non-executive director of GasValpo, SA, a Chilean gas distribution company, from September 2008 until September 2012. Previously, Mr. Cassidy worked at USDCM, LLC, a Greenwich, Connecticut based drilling fund from the end of 2008 until the end of 2009. From 2006 until 2008, Mr. Cassidy served at Barclays Capital as Head of Exploration and Production Investment Banking. From 2002 to 2006 he worked as a senior member of the Energy and Power Investment Banking division at Banc of America Securities. Mr. Cassidy began his investment banking career with JPMorgan Chase in varying capacities from 1995 to 2001. During that time he spent two years in London, focused on the emerging deregulation of the European natural gas industry, spending the balance of his time in New York focused on providing strategic advice to North American and Latin American E&P companies. He worked as a Geophysicist for Conoco from 1989 to 1993 focused on the North Sea and emerging deepwater Gulf of Mexico. He earned his Bachelor of Science in Geology and Math from the National University of Ireland, Cork, a Masters of Science in Petroleum Geophysics from the Royal School of Mines, Imperial College, London and a Masters of Business Administration from the Wharton School of the University of Pennsylvania.

Ted Collins, Jr. has served as our Director since February 2011 and serves on our Audit and Nominating and Governance Committees. Mr. Collins is currently an independent oil and gas operator. He serves as a director on the Boards of CLL Global Research Foundation, Energy Transfer Group, L.P. and RSP Permian, Inc. Mr. Collins began his career in 1960 as a Petroleum Engineer with Pan American Petroleum Corporation. He left in 1963 to become an independent oil operator. He then joined American Quasar Petroleum Company as Executive Vice President in 1969 until 1982 at which time he became President of Enron Oil & Gas Company, whose predecessor companies were HNG Oil Co. and HNG/InterNorth Exploration. He left Enron in 1988 and became President of Collins & Ware, Inc., an independent oil and gas exploration and production company, which sold the majority of its assets to Apache Corp. in 2000. From 2000 to 2006, he served as President of Collins & Ware Investments Co. He earned his Bachelor of Science in Geological Engineering from the University of Oklahoma.

Michael McShane has served as our Director since May 2010, and our Lead Director since August 2010, is the Chair of our Audit Committee and serves on our Compensation Committee. Mr. McShane served as a director and President and Chief Executive Officer of Grant Prideco, Inc., a manufacturer and supplier of oilfield drill pipe and other drill stem products, from June 2002 until the completion of the merger of Grant Prideco with National Oilwell Varco, Inc. in April 2008, and Chairman of the Board of Grant Prideco from May 2003 through April 2008. Prior to joining Grant Prideco, Mr. McShane was Senior Vice President—Finance and Chief Financial Officer and director of BJ Services Company, a provider of pressure pumping, cementing, stimulation and coiled tubing services for oil and gas operators, from 1990 to June 2002. Mr. McShane has also served as a director of Complete Production Services, Inc., an oilfield service provider, since March 2007, and has served as a director of Superior Energy Services since its merger with Complete Production Services in February 2012. Mr. McShane has also served as a director of Spectra Energy Corp, a provider of natural gas infrastructure, since April 2008 and Forum Energy Technologies, Inc., a global provider of manufactured and applied technologies to the energy industry, since August 2010. Mr. McShane also serves as an advisor and director for various private companies and private equity firms, including Advent International, a global private equity firm.

Bobby S. Shackouls has served as our Director since March 2012. Until the merger of Burlington Resources Inc. and ConocoPhillips, which became effective in 2006, Mr. Shackouls was Chairman of the Board of Burlington Resources Inc., a natural resources business, since July 1997 and its President and Chief Executive Officer since December 1995. He had been a director since 1995 and President and Chief Executive Officer of Burlington Resources Oil and Gas Company (formerly known as Meridian Oil Inc.) since 1994. Subsequent to the merger, Mr. Shackouls served on the ConocoPhillips Board of Directors until 2011. He currently serves as a director of The Kroger Co. and Plains GP Holdings, L.P. Mr. Shackouls holds a Bachelor of Science in Chemical Engineering from Mississippi State

University.

Douglas E. Swanson, Jr. has served as our Director since our inception in March 2007, is the Chair of our Compensation Committee and serves on our Nominating and Governance Committee. Mr. Swanson is a Managing Partner of EnCap Investments L.P., an investment management firm, which he joined in 1999. Prior to his position at EnCap, he was in the corporate lending division of Frost National Bank from 1995 to 1997, specializing in energy related service companies, and was a financial analyst in the corporate lending group of Southwest Bank of Texas from 1994 to 1995. Mr. Swanson has extensive industry experience serving on numerous boards of private oil and gas exploration and production companies over his 16-year history with EnCap and is a member of the Independent Petroleum Association of America and the Texas Independent Producers & Royalty Owners Association. Mr. Swanson has also served as a director of Eclipse Resources Corporation since January 2011, and has served as a director of Earthstone Energy, Inc. since December 2014. Mr. Swanson holds a Bachelor of Arts in Economics and a Masters of Business Administration, both from the University of Texas at Austin.

Michael H. Lou has served as our Executive Vice President and Chief Financial Officer since August 2011. Mr. Lou served as our Senior Vice President Finance (or similar capacities) from September 2009 to August 2011 and has 19 years of experience in the oil and gas industry. Prior to joining us, Mr. Lou was an independent contractor from January 2009 to August 2009. From February 2008 to December 2008, he served as the Chief Financial Officer of Giant Energy Ltd., a private oil and gas management company; from July 2006 to December 2008 he served as Chief Financial Officer of XXL Energy Corp., a publicly listed Canadian oil and gas company; and from August 2008 to December 2008, he served as Vice President Finance of Warrior Energy N.V., a publicly listed Canadian oil and gas company. From October 2005 to July 2006, Mr. Lou was a Director for Macquarie Investment Bank. Prior to joining Macquarie, Mr. Lou was a Vice President for First Albany Investment Banking from 2004 to 2006. From 1999 to 2004, Mr. Lou held positions of increasing responsibility, most recently as a Vice President, for Bank of America’s investment banking group. From 1997 to 1999, Mr. Lou was an analyst for Merrill Lynch’s investment banking group. Mr. Lou holds a Bachelor of Science in Electrical Engineering from Southern Methodist University.

Nickolas J. Lorentzatos has served as our Executive Vice President, General Counsel and Corporate Secretary since January 1, 2014. Mr. Lorentzatos served as our Senior Vice President, General Counsel and Corporate Secretary from September 2010 to December 31, 2013, and has 16 years of experience in the oil and gas industry and 20 years practicing law. In addition, Mr. Lorentzatos is responsible for the oversight and management of the Company's human resources, information technology, corporate services and governmental affairs departments. He previously served as Senior Counsel with Targa Resources from July 2007 to September 2010. From April 2006 to July 2007, he served as Senior Counsel to ConocoPhillips. Prior to the merger of Burlington Resources Inc. and ConocoPhillips, which became effective in 2006, he served as Counsel and Senior Counsel to Burlington since August 1999. From September 1995 to August 1999, he was an associate with Bracewell & Patterson, LLP. Mr. Lorentzatos holds a Bachelor of Arts from Washington and Lee University, a Juris Doctor from the University of Houston, and a Masters of Business Administration from the University of Texas at Austin.

MEETINGS AND COMMITTEES OF DIRECTORS

The Board of Directors of the Company held eleven meetings during 2015, and its independent directors met in executive session nine times during 2015. During 2015, each of our directors attended over 75% of the meetings of the Board of Directors and of the committees of the Board of Directors on which that director served, with the exception of Mr. Swanson who attended 68% of the aggregate of the meetings of the Board and the committees on which he serves. Mr. Swanson recused himself from meetings of the Board and committees when a potential conflict of interest arose, and he rejoined such meetings when the potential conflict was resolved.

The Board of Directors has three standing committees: the Audit Committee, the Compensation Committee and the Nominating and Governance Committee. Each of these committees is composed entirely of independent directors.

Audit Committee. Information regarding the functions performed by the Audit Committee and its membership is set forth in the “Corporate Governance” and “Audit Committee Report” sections included herein and also in the “Audit Committee Charter” that is posted on the Company’s website at www.oasispetroleum.com. The members of the Audit Committee are Messrs. McShane (Chairman), Cassidy and Collins. The Audit Committee held four meetings during 2015.

Nominating and Governance Committee. The Nominating and Governance Committee assists the Board of Directors in evaluating potential new members of the Board of Directors, recommending committee members and structure, and advising the Board of Directors about corporate governance practices. Additional information regarding the functions performed by the Nominating and Governance Committee is set forth in the “Corporate Governance” section included herein and also in the “Nominating and Governance Committee Charter” that is posted on the Company’s website at www.oasispetroleum.com. The members of the Nominating and Governance Committee are Messrs. Cassidy (Chairman), Swanson and Collins. The Nominating and Governance Committee held three meetings during 2015.

Compensation Committee. Responsibilities of the Compensation Committee, which are discussed in detail in the “Compensation Committee Charter” that is posted on the Company’s website at www.oasispetroleum.com, include among other duties, the responsibility to:

- periodically review the compensation, employee benefit plans and fringe benefits paid to, or provided for, executive officers of the Company;
- approve the annual salaries, bonuses and share-based awards paid to the Company’s executive officers;
- periodically review and recommend to the full Board of Directors total compensation for each non-employee director for services as a member of the Board of Directors and its committees; and
- exercise oversight of all matters of executive compensation policy.

The Compensation Committee is delegated all authority of the Board of Directors as may be required or advisable to fulfill the purposes of the Compensation Committee. The Compensation Committee may form and delegate some or all of its authority to subcommittees when it deems appropriate. Meetings may, at the discretion of the Compensation Committee, include members of the Company’s management, other members of the Board of Directors, consultants or advisors, and such other persons as the Compensation Committee or its chairperson may determine.

The Compensation Committee has the sole authority to retain, amend the engagement with, and terminate any compensation consultant to be used to assist in the evaluation of director, CEO or executive officer compensation, including employment contracts and change in control provisions. The Compensation Committee has sole authority to approve the consultant’s fees and other retention terms and has authority to cause the Company to pay the fees and expenses of such consultants. During 2015, the Compensation Committee engaged the services of Longnecker & Associates (“Longnecker”). In selecting Longnecker as its independent compensation consultant, the Compensation Committee assessed the independence of Longnecker pursuant to SEC rules and considered, among other things, whether Longnecker provides any other services to us, the policies of Longnecker that are designed to prevent any conflict of interest between Longnecker, the Compensation Committee and us, any personal or business relationship between Longnecker and a member of the Compensation Committee or one of our executive officers, and whether Longnecker owns any shares of our common stock. The terms of Longnecker’s engagement are set forth in an engagement agreement that provides, among other things, that Longnecker is engaged by, and reports only to, the Compensation Committee and will perform the compensation advisory services requested by the Compensation Committee. Longnecker does not provide any other services to the Company, and the Compensation Committee has concluded that we do not have any conflicts of interest with Longnecker. Among the services Longnecker was asked to perform were assessing the relationship between executive pay and performance; apprising

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the Compensation Committee of compensation-related trends, developments in the marketplace and industry best practices; informing the Compensation Committee of compensation-related regulatory developments; providing peer group survey data to establish compensation ranges for the various elements of compensation; providing an evaluation of the competitiveness of the Company's executive and director compensation and benefits programs; and advising on the design of the Company's incentive compensation programs.

The members of the Compensation Committee are Messrs. Swanson (Chairman), Cassidy, McShane and Shackouls. The Compensation Committee held five meetings during 2015.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Messrs. Swanson, Cassidy, McShane, and Shackouls served on the Compensation Committee during 2015. None of the directors who served on the Compensation Committee during 2015 has ever served as one of the Company's officers or employees. During 2015, none of the Company's executive officers served as a director or member of the compensation committee (or other committee performing similar functions) of any other entity of which an executive officer served on the Board or the Compensation Committee.

CORPORATE GOVERNANCE

Corporate Governance Guidelines

The Board of Directors believes that sound governance practices and policies provide an important framework to assist it in fulfilling its duty to stockholders. The Company's Corporate Governance Guidelines cover the following principal subjects:

- Role and functions of the Board of Directors and its Lead Director
- Qualifications and independence of directors
- Size of the Board of Directors and director selection process
- Committee functions and independence of committee members
- Meetings of non-employee directors
- Self-evaluation
- Ethics and conflicts of interest
- Compensation of the Board of Directors
- Succession planning
- Access to senior management and to independent advisors
- New director orientation
- Continuing education

The "Corporate Governance Guidelines" are posted on the Company's website at www.oasispetroleum.com/investors/corporate-governance/. The Corporate Governance Guidelines will be reviewed periodically and as necessary by the Company's Nominating and Governance Committee, and any proposed additions to or amendments of the Corporate Governance Guidelines will be presented to the Board of Directors for its approval. The NYSE has adopted rules that require listed companies to adopt governance guidelines covering certain matters, and the Company believes that the Corporate Governance Guidelines comply with the NYSE rules.

Board Leadership

Chairman. Mr. Nusz has served as a Director and our Chief Executive Officer since our inception in March 2007. He also served as our President until January 1, 2014. At the time of our initial public offering, Mr. Nusz was named Chairman of the Board of Directors. The independent members of the Board believes the combined role of Chairman and CEO promotes unified leadership and direction for the Company, which allows for a single, clear focus for management to execute the Company's strategy and business plans. As CEO, the Chairman is best suited to ensure that critical business issues are brought before the Board, which enhances the Board's ability to develop and implement business strategies.

To ensure a strong and independent board, all directors of the Company, other than Mr. Nusz and Mr. Reid, are independent. In addition, the Company's Corporate Governance Guidelines provide that the Board will designate one of its

members as the Lead Director to preside over the meetings of the non-management directors and to provide, in conjunction with the Chairman and CEO, leadership and guidance to the Board.

Lead Director. Mr. McShane has served as Lead Director of the Board since August 9, 2010. In this capacity, Mr. McShane provides, in conjunction with the Chairman, leadership and guidance to the Board of Directors. The Lead Director's responsibilities and authority generally include:

- serving as chairman of the executive sessions of the independent directors and all other Board meetings at which the Chairman is not present;
- establishing the agenda for each meeting of the non-management directors;
- serving as the Board’s contact for employee and stockholder communications with the Board of Directors;
- calling special meetings of the independent directors when necessary and appropriate;
- serving as a liaison between the Chairman and independent directors;
- consulting with the Chairman to include and provide at meetings of the directors specific agenda items and additional materials suggested by independent directors;
- approving the scheduling of regular and, where feasible, special meetings of the Board to ensure that there is sufficient time for discussion of all agenda items;
- facilitating communications among the other members of the Board; and
- performing other duties as the Board may from time to time delegate.

In addition, all directors are encouraged to suggest the inclusion of agenda items or revisions to meeting materials, and any director is free to raise at any Board meeting items that are not on the agenda for that meeting.

Additionally, the Board regularly meets in executive session without the presence of the CEO or other members of management. The Lead Director presides at these meetings and provides the Board’s guidance and feedback to the Chairman and the Company’s management team. Further, the Board has complete access to the Company’s management team.

The diversity and strength of the Board members' professional and leadership experience allows for open and robust dialog and decision making ability. The Board also reviews annually the leadership structure of the Board and considers the combined role of Chairman and Chief Executive Officer. Given the strong leadership of the Company’s Chairman and CEO, the effective counterbalancing role of the Lead Director and a Board comprised of strong, experienced and independent directors, the Board believes that, at the present time, the combined role of Chairman and CEO, with strong and independent oversight by the Lead Director and the other independent directors, best serves the interests of the Company and its stockholders.

Communications with the Board of Directors

Stockholders or other interested parties may contact any director (including Mr. McShane, the Board’s Lead Director), any committee of the Board, or our non-management directors as a group, by writing to them c/o Corporate Secretary, Oasis Petroleum Inc., 1001 Fannin Street, Suite 1500, Houston, Texas 77002. Comments or complaints relating to the Company’s accounting, internal accounting controls or auditing matters also will be referred to members of the Audit Committee. All such communications will be forwarded to the appropriate member(s) of the Board.

Director Independence

The Company’s standards for determining director independence require the assessment of directors’ independence each year. A director cannot be considered independent unless the Board of Directors affirmatively determines that he or she does not have any relationship with management or the Company that may interfere with the exercise of his or her independent judgment, including any of the relationships that would disqualify the director from being independent under the rules of the NYSE.

The Board of Directors has assessed the independence of each non-employee director and each nominee for director under the Company’s guidelines and the independence standards of the NYSE. The Board of Directors affirmatively determined that all five non-employee directors (Messrs. Cassidy, Collins, McShane, Shackouls and Swanson) are independent.

Director Qualifications

A number of the members of the Board of Directors have served as members of senior management and/or directors of other public and private companies. In addition, all members of the Board of Directors have extensive experience in the oil and natural gas or other extractive industries and are familiar with board processes.

In particular, Messrs. Nusz and Reid have served as the Chairman and Chief Executive Officer of the Company and the Chief Operating Officer, respectively, since they founded the Company in 2007. In addition, Mr. Nusz served as President of the Company until January 1, 2014 when Mr. Reid was appointed to the position. Together, they have over 60 years of experience in the oil and gas industry. Mr. Nusz has served as an executive at another publicly traded oil and gas company, and both Messrs. Nusz and Reid have served in management and operational roles for publicly traded oil and gas companies. Messrs. Nusz and Reid's deep knowledge of the Company and the industry resulting from their tenure with the Company and various roles at other oil and gas companies make them critical members of the Board.

Likewise, Messrs. Collins and Shackouls provide extensive industry and management experience to the Board. Mr. Collins has served as the President of a large oil and gas company and is currently an independent oil and gas operator. Mr. Shackouls has served as Chairman of the Board of a large natural resources business, and both Messrs. Collins and Shackouls currently sit on the board of other publicly traded energy companies. They are well positioned to provide key insight into asset management, operations and strategy, and the Board benefits from their experience in managing large organizations.

Mr. McShane brings a unique perspective to the Board due to his decades of experience in the energy services industry where he has served, at two publicly-traded energy services companies, as Chairman of the Board and Chief Executive Officer and Chief Financial Officer. Currently, he sits on the boards of three publicly traded energy companies with operations in the oilfield services, infrastructure and energy technology sectors, and he consults for a global private equity firm. Mr. McShane also serves the Board as the Audit Committee's financial expert. Mr. Cassidy also brings a diverse energy-related background to the Board. He has served as a geophysicist and later in management and executive positions at an investment banking firm, an asset management fund, a midstream and downstream energy company, and, currently, as CFO of a publicly traded, independent exploration and production company. Mr. Swanson is a managing partner at an investment management firm and brings a wealth of experience in energy finance and oil and gas investments, as well as knowledge gained serving on numerous boards of public and private oil and gas exploration and production companies during his tenure with the firm. Messrs. McShane, Cassidy and Swanson are familiar with issues, trends and opportunities within the oil and gas industry, providing the Board with valuable expertise when evaluating potential acquisition opportunities and exploration projects.

Majority Voting for Election of Directors

Though the Company’s bylaws provide for the election of directors by a plurality of votes cast, on February 1, 2015 the Board of Directors approved an amendment to the Corporate Governance Guidelines to implement a director resignation policy whereby a director nominee in an uncontested election who receives more votes "withheld" than votes "for" his election is required to tender his resignation to the Board of Directors for its consideration. In such event, the Nominating and Governance Committee would determine whether to accept such director’s resignation, subject to the Board of Directors’ final approval. The Company believes that this majority vote standard ensures accountability while preserving the ability of the Board to exercise its judgment in the best interest of all stockholders.

Financial Literacy of Audit Committee and Designation of Financial Experts

The Board of Directors evaluated each of the members of the Audit Committee for financial literacy and the attributes of a financial expert in July 2015. The Board of Directors determined that each of the Audit Committee members is financially literate and that the Chairman of the Audit Committee, Michael McShane, is an Audit Committee financial expert as defined by the SEC.

Oversight of Risk Management

Except as discussed below, the Board as a whole oversees the Company’s assessment of major risks and the measures taken to manage such risks. For example:

- the Board oversees management of the Company’s commodity price risk through regular review with executive management of the Company’s derivatives strategy, and, through the Audit Committee, the oversight of the Company’s policy that limits the Company's authority to enter into derivative commodity price instruments to a specified level of production, above which management must seek Board approval;

- the Board has established specific dollar limits on the commitment authority of members of senior management and requires Board approval of expenditures exceeding that authority and of other material contracts and transactions; and
- the Board reviews management's capital spending plans, approves the Company's capital budget and requires that management present for Board review significant departures from those plans.

The Company's Audit Committee, which is composed entirely of independent directors, is responsible for overseeing the Company's assessment and management of financial reporting and internal control risks, as well as other financial risks, such as the credit risks associated with counterparty exposure. Management and the Company's independent registered public accounting firm report regularly to the Audit Committee on those subjects. Except as described, the administration of the Board's oversight function does not have an effect on the Board's leadership structure.

Stock Ownership Guidelines

Our Board of Directors has adopted Stock Ownership Guidelines that establish minimum ownership levels for Named Executive Officers (defined below) and a period during which Named Executive Officers should accumulate stock if they were not yet at minimum levels when the guidelines were adopted in December 2010. The Stock Ownership Guidelines are advisory in nature and require our Named Executive Officers, other than Mr. Nusz, to own shares having a value equal to two times their respective annual base salaries, and Mr. Nusz to own shares having a value equal to five times his annual base salary. Our executives are required to hold shares until such ownership requirements are met. All of our Named Executive Officers own stock in excess of the minimum ownership levels currently applicable to them. For our non-employee directors, the Stock Ownership Guidelines designate a minimum ownership level of three times the annual cash retainer fee, and all of our non-employee directors own stock in excess of this minimum ownership level.

Prohibitions on Hedging, Insider Trading, and Pledging Company Securities

Our securities trading policy provides that executive officers, including our Named Executive Officers, and our directors, may not, among other things, purchase or sell puts or calls to sell or buy our stock, engage in short sales with respect to our stock, buy our securities on margin, or otherwise hedge their ownership of our stock. The purchase or sale of stock by our executive officers and directors may only be made during certain windows of time and under the other conditions contained in our securities trading policy. In addition, effective May 3, 2013, we updated our securities trading policy to specify that our executive officers are prohibited from pledging our stock without prior approval by our Board of Directors. At that time, the Board ratified an existing pledge of shares by Mr. Nusz, which pledge had been previously disclosed by Mr. Nusz to the Board.

Attendance at Annual Meetings

The Board of Directors encourages all directors to attend the annual meetings of stockholders, if practicable. All of the Company's directors attended last year's annual meeting. We anticipate that all of our directors will attend the Annual Meeting.

Available Corporate Governance Materials

The following materials are available on the Company's website at www.oasispetroleum.com/investors/corporate-governance/:

- Corporate Governance Guidelines;
- Charter of the Audit Committee of the Board;
- Charter of the Compensation Committee of the Board;
- Charter of the Nominating and Governance Committee of the Board;
- Code of Business Conduct and Ethics;
- Financial Code of Ethics;
- Related Persons Transactions Policy;
- Insider Trading Policy; and
- Short-swing Trading and Reporting Policy.

EXECUTIVE COMPENSATION AND OTHER INFORMATION

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Compensation Discussion and Analysis

This compensation discussion and analysis, or CD&A, (i) explains the Company's compensation philosophy, objectives, policies, and practices with respect to its executive officers, and (ii) analyzes the elements of compensation for the individuals identified below, whom the Company refers to in this CD&A as the Company's "Named Executive Officers."

Name	Title and Position During 2015
Thomas B. Nusz	Chairman and Chief Executive Officer
Taylor L. Reid	President and Chief Operating Officer
Michael H. Lou	Executive Vice President and Chief Financial Officer
Nickolas J. Lorentzatos	Executive Vice President, General Counsel and Corporate Secretary
Roy W. Mace(1)	Senior Vice President and Chief Accounting Officer

(1) Mr. Mace retired from the Company, effective August 15, 2015.

The CD&A should be read in conjunction with the information presented in the tables, including the Summary Compensation Table, in the "Executive Compensation" section which follows this CD&A. Although this CD&A focuses on compensation information relating to the fiscal year ended December 31, 2015, we also describe compensation actions taken before or after the last completed fiscal year to the extent such discussion enhances the understanding of our executive compensation objectives and practices.

Executive Summary

The Company compensates its executive management using a mix of base salary, annual performance-based cash incentive awards, and long-term equity-based compensation, with the objectives of attracting and retaining key executive officers critical to long-term success, compensating those executive officers fairly and competitively for their responsibilities and accomplishments, providing incentives for future performance, and aligning management’s interests with the long-term interests of the Company’s stockholders. The Company believes that base salary levels should generally be set near the middle of the Company’s competitive marketplace for comparable positions, and that the Company’s variable compensation programs (i.e., the annual performance-based cash incentive and long-term incentives) should result in total compensation that is heavily influenced by Company performance.

Stockholder Outreach and 2015 Say-on-Pay Vote. Stockholder outreach is an integral part of the Company’s business practices, and the Company values its stockholders' feedback on a variety of important topics, including our operations, corporate governance and executive compensation. Each year, members of our executive management team engage with and receive feedback from our investors through continual conversations and outreach. For example, during 2015, we had more than 500 face-to-face interactions with investors through our participation in more than 25 investor events, where we met-individually and in small groups-with many investors, as well as proactive visits with investors in both our offices and in their offices. Our outreach efforts are aimed at fostering an ongoing dialogue with our investors to address any topics on their minds.

Following our 2015 annual meeting and most recent say-on-pay vote, our Compensation Committee determined that we should pursue a more formal stockholder outreach campaign focused on our compensation practices. Between October and December of 2015, members of management and our Compensation Committee sought input from our largest investors (representing over 50% of our outstanding shares). Specifically, we discussed with our stockholders and sought comments on our executive compensation program as a whole, each individual element of our program, and whether there were other compensation or corporate governance matters the investor wanted to discuss with us. Certain of our investors declined to meet with us, stating generally that our compensation philosophy and structure were satisfactory. From the conversations with those investors who did elect to speak with us, we were able to confirm that stockholders generally supported the structure and elements of our compensation program. Forty percent of the stockholders with whom we engaged during this process had voted against the 2015 say-on-pay proposal. The reasons they gave for doing so were unrelated to the structure of our compensation program or any particular element of the program.

Following is a summary of the feedback we received from the investors with whom we engaged, and our responses:

Feedback	Our Responses
Investor respondents that had voted against the say-on-pay proposal gave the following general reason: • the proxy statement disclosure related to performance goals did not provide enough information to make an informed decision.	Enhanced Disclosure ØWe have enhanced the disclosure of our executive compensation program in our 2016 proxy statement, including providing significant additional detail related to: üthe evaluation of the achievement of our performance goals and targets for 2015; üthe payment of annual performance-based cash incentive awards. Please see "--Annual Performance-Based Cash Incentive Awards--2015 Performance Goals and Awards;" üthe evaluation of the achievement of our performance goals and targets for 2014 in order to provide a reference for the evaluation of our 2015 performance goals and metrics and to demonstrate the consistency of our pay-for-performance compensation program. ØIn addition, in consultation with ISS Corporate Solutions, we have addressed certain proxy advisory firm concerns identified in connection with our 2015 say-on-pay proposal*, including: üpay-for-performance alignment (see "--Total Shareholder Return as a Performance Metric for Performance-Based Pay"); ülong-term incentive program not majority time-based (see "Long-Term Equity-Based Incentives--2014 LTIP Awards"); üthe elimination of the retesting feature of our performance share units ("PSU") (see "Long-Term Equity-Based Incentives--2016 Performance Share Units; Elimination of "Re-Testing" Feature"). * We note that another prominent advisory firm recommended that stockholder voe "For" our 2015 say-on-pay proposal.
Investor respondents that had voted for the say-on-pay proposal indicated that: • they had "no significant concerns" about the Company's executive compensation program; • the stockholder and the Company are "philosophically aligned" with respect to executive compensation practices; • the Company is "incredibly thoughtful" with respect to its executive compensation program; and • "the structure of the executive compensation program aligns with best practice."	Continued Commitment to a Balanced Compensation Philosophy We believe our investors continue to support our current compensation philosophy and view our program as well-structured and aligned with performance. We remain committed to following best practices in our executive compensation program, which are highlighted below under "Compensation Program Philosophy and Objectives--Best Practices in Our Executive Compensation Program" and described in greater detail throughout this CD&A.
Investors consistently indicated that they understood and supported the structure and	Continued Commitment to Clear Communication of the Elements of our Executive Compensation Program

individual elements of the Company's executive compensation program.	Except for the addition of annual PSU grants in 2012, which were added in order to increase the amount of compensation directly tied to performance, our named executive officer compensation structure and elements have remained generally consistent year-to-year since our initial public offering in 2010. Please see "--2015 Modifications to Executive Compensation Program" below for information about modifications that we made to our executive compensation program in 2015, in order to help ensure our executive compensation program meets certain best market practices.

We believe our investor interactions have been meaningful and have given us useful feedback to strengthen our compensation programs, improve our disclosure practices in this proxy statement and address other governance matters. We currently hold say-on-pay advisory votes every two years, with the next such vote scheduled to occur at our 2017 annual meeting of stockholders.

2015 Modifications to Executive Compensation Program. In addition to our stockholder engagement efforts in 2015, we also made the following modifications to our executive compensation program in 2015, in consultation with ISS Corporate Solutions and in order to further align our executives' incentives with Company performance and best market practices:

- removed the single-trigger equity vesting provision from all Named Executive Officer Employment Agreements and replaced these provisions with "double-trigger" vesting provisions, consistent with best market practices (see "Employment Agreements");
- beginning with PSUs granted in February 2016, eliminated the opportunity to re-test performance achievement beyond the initial performance period, which is a feature of the PSUs granted in February 2015 and prior years, consistent with best market practices (see "Long-Term Equity-Based Incentives--2016 Performance Share Units; Elimination of "Re-Testing" Feature"); and
- changed allocation of our Chief Executive Officer's long-term equity-based compensation beginning in 2015 from 50% PSU and 50% restricted stock to 55% PSU and 45% restricted stock to further align our Chief Executive Officer's compensation opportunities with our Company's performance (see "--Total Compensation Opportunities--Elements of Our Compensation and Why We Pay Each Element").

Best Practices in Our Executive Compensation Program. Our program is competitive and continues to reflect an alignment with current governance trends and best practices, including stockholder-friendly features such as:

	What We Do		What We Don't Do
þ	Pay for Performance - Our executives' total compensation is substantially weighted toward performance-based pay. Our annual performance-based cash incentive awards are based on performance against metrics set in advance which reflect key financial, operational and strategic objectives. At least 50% of our long-term equity compensation awards to Named Executive Officers are PSUs, which are earned based on our relative total shareholder return against our peers.	ý	Excise Tax Gross-Ups - Neither our change in control plans nor our employment agreements with each of our Named Executive Officers (the "Employment Agreements") provide for excise tax gross-ups or any other tax gross-ups for perquisites.
þ	Robust Stock Ownership - We have adopted robust stock ownership guidelines for our executives and directors. Named Executive Officers, other than Mr. Nusz, are required to own shares having a value equal to 200% their respective annual base salaries; and for Mr. Nusz, 500% his annual base salary. Our executives are required to hold shares until such ownership requirements are met.	ý	Evergreen Employment Agreements - The Employment Agreements have three-year terms, expiring March 20, 2018. Whether or not the terms of any of these agreements will be extended, is a decision that our Compensation Committee will make closer to the time the terms are due to expire.
þ	Double-Trigger Equity Award Vesting - The Employment Agreements contain a "double trigger" accelerated vesting provision, which requires certain termination of employment events to occur in addition to a change in control in order for accelerated vesting of equity awards to occur.	ý	Single-trigger Vesting in Employment Agreements - None of our equity incentive plans nor any of the Employment Agreements provide for automatic single trigger vesting of unvested equity awards upon the occurrence of a "change in control" (as defined in the LTIP).
þ	External Benchmarking - Our Compensation Committee reviews competitive compensation data based on an appropriate group of exploration and production peer companies prior to making annual compensation decisions.	ý	Hedging or Derivative Transactions in Company Stock - We prohibit our executives from engaging in any short-term trading, short sales, option trading and hedging transactions related to our common stock. We also prohibit our executives from purchasing our common stock on margin. In addition, our executives are prohibited from pledging Company stock without approval of the Board.
þ	Independent Compensation Consultant - We have engaged an independent executive compensation consultant who reports directly to the Compensation Committee and provides no other services to the Company.	ý	Perquisites - We offer minimal perquisites to the Company's executives, including parking and health club dues, which are available to all Company employees.
þ	Focus on Total Compensation - Our Compensation Committee conducts a detailed analysis of total compensation prior to making annual executive compensation decisions.	ý	No Stock Option Repricing, Reloads, or Exchange without Stockholder Approval - Our LTIP prohibits stock option repricing, reloading or exchange without stockholder approval. In addition, in 2015, we amended our LTIP in order to limit potential recycling of shares subject to stock options and stock appreciation rights.
þ			

Mitigation of Undue Risk - We carefully consider the degree to which compensation plans and decisions affect risk taking. We do not believe that any of the compensation arrangements in place are reasonably likely to have a material adverse impact on the Company.

þ Clawback in our Employment Agreements - In the Employment Agreements, we included clawback provisions applicable to compensation payable or paid pursuant to the Employment Agreements that is deemed incentive compensation and subject to recovery pursuant to the provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Total Shareholder Return as a Performance Metric for Performance-Based Pay. Since our initial public offering in 2010, the structure of our compensation program has been consistent year-to-year, except for the addition of PSU awards in 2012. These PSU awards serve to further align the interest of our Named Executive Officers and stockholders by (i) making a portion of the executive's compensation dependent upon the Company's total shareholder return ("TSR") as compared to its peers and (ii) increasing the percentage of the executive's compensation which is directly tied to the Company's performance.

Currently, our compensation program is structured so that at least 30% of the targeted total compensation granted to our Named Executive Officers each year, and nearly 40% for our Chief Executive Officer, is made up of PSU awards, which means that 30% to 40% of such officers' pay depends on the Company's relative TSR as compared to its peers over a specified performance period; see "--Elements of Our Compensation and Why We Pay Each Element" and "--Total Compensation Opportunities--How Elements of Our Compensation Program are Related to Each Other" below.

For 2015, approximately 25% to 34% of our Named Executive Officers' total compensation actually was made up of PSU awards due to the fact that the Committee reduced the February 2015 grants of restricted stock and PSUs to our Named Executive Officers below each such officer's targeted level in view of industry conditions and commodity prices at the time of the grants; see "--Industry and Company Overview, Company Performance Highlights and Impact on Compensation Decisions--Impact on 2014 and 2015 Compensation Decisions" below.

The TSR metric does not always accurately measure performance since it can be influenced by economic factors outside of the control of the Company and management, such as the worldwide collapse of crude oil prices. Nevertheless, TSR is a metric that some stockholders value, and so we continue to base a significant portion of our Named Executive Officers' compensation on TSR through the issuance of PSU awards. Our stockholders have voted to approve each of our three say-on-pay proposals, and we believe our investors continue to support our current philosophy and view our program as well-structured and aligned with performance.

Industry and Company Overview, Company Performance Highlights and Impact on Compensation Decisions.

In addition to basing a significant portion of our Named Executive Officers' compensation on the Company's relative TSR through the issuance of PSU awards, the Compensation Committee routinely considers the Company's stock price performance in determining both annual and long-term incentive compensation to such officers. The Committee also may consider factors such as the Company's safety performance and industry and market conditions, in addition to stock price performance, and all incentive compensation is subject to the Committee's discretion with respect to such factors.

Industry and Company Overview. We produce and market oil and natural gas, which are commodities. The price that we receive for the oil and natural gas we produce is largely a function of market supply and demand. Over or under supply of, and changes in demand for, oil or natural gas can result in substantial price volatility. Demand is impacted by general economic conditions, weather and other seasonal conditions, including hurricanes and tropical storms. Oil supply in the United States has grown dramatically over the past few years, and this, coupled with increases in production from key oil-producing nations, has contributed to the current global oversupply of crude oil, which has caused a sharp decline in oil prices since mid-2014 and a corresponding decline in the stock prices of companies, like us, that produce and market oil and natural gas, as well as companies that are industry service providers. In 2015, oil inventories continued to build as global oil supply continued to outpace demand. Historically, commodity prices have been volatile, and we expect that volatility to continue in the future. For example, during 2014, the NYMEX West Texas Intermediate crude oil index price ("WTI") averaged $92.07 per barrel throughout the year, but during 2015, WTI averaged $48.75 per barrel. As of December 31, 2015, WTI had declined to $37.13. Furthermore, the average price at which we sold a barrel of oil during 2014, without taking into account derivative settlements, was $82.73; in 2015, the average price was $43.04. In 2014, our average sales price per Mcf of natural gas was $6.81; in 2015, the average price was $2.08.

Impact on 2014 and 2015 Compensation Decisions. When our Compensation Committee met in early December 2014 to approve compensation for 2015, the Company's most recent say-on-pay proposal had received 98% support, so the Committee made limited changes to the structure of the Company's executive compensation program. However, during the second half of 2014, WTI declined dramatically by over 40% (i.e., from $106.07 per barrel on June 30, 2014 to $65.89 per barrel on December 5, 2014), due to the global oversupply of crude oil, and we experienced a corresponding significant decline in our stock price. These market conditions had a significant impact on the Company's 2014 results, which were below our targeted performance goals, and the compensation approved by the Compensation Committee for 2015 reflects those results and market conditions, including as follows:

- no increases to base salary for any Named Executive Officer for 2015 (base salaries for 2015, other than for Mr. Mace, are below the 50th percentile of our compensation peer group);

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- annual performance-based cash incentive awards for 2014 (paid in 2015), which are based solely on the performance of the Company and not the performance of the individual, were paid at 70% of each Named Executive Officer's target percentage of base salary;
- restricted stock and PSU awards granted in 2015 were reduced to 70% of target percentage of each Named Executive Officer's base salary; and
- no discretionary employer contribution was made to 401(k) plan participants.

We believe the total direct compensation received by our Named Executive Officers for 2015 reflects the Company performance for the year, as well as the challenging market conditions.

Impact of Determination of 2015 Performance Goals on Annual Incentive Award Opportunity. In early 2015, the performance goals established by the Board for the annual cash incentive award amounts that our Named Executive Officers would have the opportunity to earn in 2015 were set in a much more difficult and uncertain commodity price environment than the 2014 performance goals (WTI had declined by 50% since the 2014 goals were set). However, as discussed below, our Board still moved to set rigorous goals, with "target" performance set at a level at which the Board believed the Company had approximately a 50% chance of achieving.

2015 Performance Goals for Annual Cash Incentive Awards. The following table sets forth the performance incentive metrics and goals, established by the Board in early 2015, which the Compensation Committee used to evaluate Company performance when determining our Named Executive Officers' annual cash incentive awards for the year ended December 31, 2015.

Metric	Weighting	2015 Performance Goal(1)
Production		
Volume (barrel oil equivalent "Boe" per day)	20 %	47,000
Reserve Growth & Efficiency		
Proved Developed finding and development cost ($/Boe)	20 %	$27.16
Cost Structure		
LOE ($/Boe)	10 %	$9.75
G&A ($MM)	10 %	$98
EBITDAX ($MM)	20 %	$725
Initiatives (Strategic and Operational Goals)	20 %	

(1) The Company set its capital budget of $705 million at the time the performance goals were established.

The "Initiatives" performance goal assesses achievement by the Company of various strategic and operational goals, which we have identified as key drivers of financial and operational business success (including, for 2015, environmental, health and safety program, cost structure and optimization of producing assets, completion and well performance best practices, planning, communication, capital allocation and effectiveness, government and regulatory matters, organizational effectiveness and employee development, and midstream and marketing execution) which are, together, weighted 20%. Each "initiative" is defined, specific, measurable, time-based, and gradable.

2015 Company Performance Highlights. Under the leadership of the executive management team, the employees of Oasis came together and far exceeded expectations for performance in 2015 despite the challenging commodity price environment affecting our industry. We managed to grow production and improve well results, while reducing costs. Further, the Company was free cash flow neutral for the second, third and fourth quarters of 2015. Finally, we maintained a very strong liquidity position in spite of market conditions. The following are key highlights that relate to these achievements:

- We grew production in 2015 while spending 70% less in drilling and completion capital year-over-year and approximately $100 million less than our original total capital budget as described below:

Production increased by 11% from 45,656 Boe per day in 2014 to 50,477 Boe per day in 2015, which was above the high end of our original 2015 guidance range of 45,000 to 49,000 Boe per day.

We reduced lease operating expense per Boe by 23% compared to 2014 levels, and 17% below the low end of our original 2015 guidance range.

We reduced the cost of a high intensity well by 34%, or $2.6 million, from the fourth quarter of 2014.

- We reduced our rig count from 16 rigs to 3 rigs, and our frac crews from 6 crews to 2 crews; due to our service contract strategy, we avoided sizable early termination penalties that many of our competitors faced.
- We completed 60% of our wells in 2015 with a high intensity design, compared to 20% in 2014. Results to date indicate that these wells are benefiting from 30% to 60% greater early time production, which translates into additional capital efficiency for each well we complete with a high intensity design.
- We reduced capital expenditures by 61% as compared to 2014 capital expenditures to $610.0 million for the year ended December 31, 2015, and 13% below our original budget of $705 million for 2015.
- Adjusted EBITDA for Oasis Midstream Services grew to $66 million for 2015, an increase of 2.4 times the 2014 level and 1.8 times our original 2015 guidance. Please refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations--Non-GAAP Financial Measures--Adjusted EBITDA" on pages 66 to 68 of our Annual Report for a reconciliation of Adjusted EBITDA to income before income taxes.
- We aggressively hedged in both 2015 and 2016. In 2015, we received $370.4 million of cash settlements from hedging contracts, which was $20.10 per Boe of hedge benefit. During 2015, we also hedged 9.3 million barrels of oil for 2016 at an average price of $53.36, which protects our cash flow in the current commodity price environment.
- At December 31, 2015, we had $9.7 million of cash and cash equivalents and had total liquidity of $1,391.5 million, including the availability under our revolving credit facility.

Additional operational highlights for 2015 include:

- We had estimated net proved oil and natural gas reserves at December 31, 2015 of 218.2 MMBoe, of which 85% consisted of oil and 68% were classified as proved developed.
- We ended the year with a leasehold position of 484,745 total net acres in the Williston Basin, primarily targeting the Bakken and Three Forks formations. In addition, we increased our acreage that is held by production to 442,292 net acres as of December 31, 2015.

Although we experienced much operational success in 2015, we, and the industry as a whole, are still facing a difficult commodity market due to the steep decline in oil prices stemming from the global oversupply of crude oil. Therefore, management has focused on positioning the Company to successfully weather the current market price environment. For 2016, we have reduced our capital expenditure budget by over 50% compared to 2015 expenditures, reduced our rig count to 2 rigs, and plan to continue to focus our development program in the core of the Williston Basin, where we have experienced the best well results and highest returns.

Industry and Company Performance and Impact on 2015 Annual Cash Incentive Awards. By the end of 2015, the Company had exceeded the target level of performance for each of the performance goals established at the beginning of the year for purposes of determining the annual cash incentive awards, and therefore, the Named Executive Officers earned annual cash incentive awards for 2015 that approached the top of each officer's respective range, based on a percentage of such officer's base salary. These 2015 performance goals, their assessment and results are discussed further below under "--Annual Performance-Based Cash Incentive Awards--2015 Performance Goals and Annual Cash Incentive Award Opportunity."

However, in consideration of prolonged depression of crude oil prices and related industry conditions, the Compensation Committee significantly reduced such annual cash incentive awards from what the Named Executive Officers would have earned based on Company performance, and approved the awards at each officer’s target award opportunity level; see “-Annual Performance-Based Cash Incentive Awards-2015 Performance Goals and Annual Cash Incentive Award Opportunity” below.

Industry and Company Performance and Impact on 2016 Compensation Decisions. When the Compensation Committee met in December 2015 to consider 2016 compensation opportunities for the Named Executive Officers, the Company still faced difficult and uncertain market conditions, including the same prolonged depression of crude oil prices and related industry conditions that had resulted in the Compensation Committee exercising its negative discretion to reduce actual annual cash incentive awards amounts below the amounts that the Named Executive Officers otherwise would have earned based on Company achievement in 2015, and the compensation approved by the Compensation Committee for 2016 reflects those conditions, including as follows:

- for the second year in a row, no increases to base salary for any Named Executive Officer for 2016 (base salaries for 2016 are below the 50th percentile of our compensation peer group);

- bonuses for 2015 (paid in 2016) were significantly reduced from what the Named Executive Officer would have earned based on Company performance in 2015, and were paid at target percentage of base salary;
- restricted stock and PSU awards granted in 2015 were significantly reduced from what the Named Executive Officer would have been awarded based on Company performance in 2015, and were granted at approximately 60% of target

percentage of base salary for our Chief Executive Officer, and less than 65% of target for our other Named Executive Officers; and

- no discretionary employer contribution was made to 401(k) plan participants.

Please see "Executive Compensation Program for 2015--Annual Performance-Based Cash Incentive Awards--2015 Performance Goals and Annual Cash Incentive Award Opportunity" and "--Long-Term Equity-Based Incentive--2016 LTIP Awards" for more information about the reductions to the annual cash incentive and long-term equity incentive awards to our Named Executive Officers despite the Company's achievement of its 2015 performance goals.

Compensation Program Philosophy, Objectives and Structure

Our future success and the ability to create long-term value for our stockholders depends on our ability to attract, retain and motivate the most qualified individuals in the oil and gas industry. Our compensation program is designed to reward performance that supports our long-term strategy and achievement of our short-term goals. We believe that compensation should:

- Be competitive. Compensation should help to attract and retain the most qualified individuals in the oil and gas industry by being competitive with compensation paid to persons having similar responsibilities and duties in other companies in the same and closely related industries;
- Be aligned with stockholder interests. Compensation should align the interests of the individual with those of our stockholders with respect to long-term value creation;
- Pay for performance. Compensation should pay for performance, whereby an individual’s total direct compensation is heavily influenced by company performance and directly tied to the attainment of annual company performance targets; and
- Encourage individual accountability. Compensation should reflect each individual's contribution to the attainment of annual company performance targets, and the unique qualifications, skills, experience and responsibilities of the individual.

Elements of Our Compensation and Why We Pay Each Element. Since our initial public offering in 2010, the structure of our compensation program has been consistent year-to-year, except for the addition of PSU awards in 2012. These PSU awards serve to further align the interest of our Named Executive Officers and stockholders by (i) making a portion of the executive's compensation dependent upon the Company's Total Shareholder Return ("TSR") as compared to its peers and (ii) increasing the percentage of the executive's compensation which is based on the Company's performance. Our stockholders have voted to approve each of our three say-on-pay proposals, and we believe our investors continue to support our current philosophy and view our program as well-structured and aligned with performance. The compensation program for our Named Executive Officers is comprised of the elements shown in the table below, and each plays a unique role in meeting our compensation objectives:

CompensationElement	Purpose	Target	Competitive	Performance-Based	Stockholder Alignment	Talent Focus
Base Salary	• recognize each executive officer’s unique value and contributions to our success in light of salary norms in the industry and the general marketplace; • remain competitive for executive-level talent within our industry; • provide executives with sufficient, regularly-paid income; • reflect position and level of responsibility	• by position, the market 50th percentile of our peer group	ü			ü
Annual Performance-based Cash Incentive	• motivate management to achieve key annual corporate objectives; • align executives’ interests with our stockholders’ interests	• percentage of executive base salary which varies by position • payment made based on achievement of specified Company performance goals	ü	ü	ü	ü
Long-term Equity-based Compensation	• balances short and long-term objectives;	• percentage of executive base salary which varies by position	ü	ü	ü	ü
ØPSU	• aligns our executives’ interests with the long-term interests	• CEO - 45% restricted stock; 55%	ü	ü	ü	ü

	of our stockholders;	PSUs			
ØRestricted Stock	• rewards long-term performance relative to industry peers; • makes our compensation program competitive from a total remuneration standpoint; • encourages executive retention; • gives executives the opportunity to share in our long-term value creation	• Other NEOs - 50% restricted stock; 50% PSUs			
Other Employee Benefits	• health and welfare, including medical, dental, short and long-term disability, health club subsidy and 401(k) plan with employer matching of first 6% eligible compensation contributed	• benefits available to all employees • limited perquisites	ü	ü	
Change of Control and Severance Benefits	• provide financial security to help ensure that officers remain focused on our performance and the continued creation of stockholder value rather than on the potential uncertainties associated with their own employment; • change in control benefits are "double trigger"	• provide industry-competitive compensation package for our executives	ü	ü	ü

Setting Executive Officer Compensation

Role of the Compensation Committee. Our Compensation Committee makes all compensation decisions related to our Named Executive Officers and oversees a rigorous process to evaluate progress toward performance goals, monitor external trends, measure competitiveness and determine compensation outcomes. The Committee meets at least once per calendar quarter, with standing agenda items that support a disciplined process and address the responsibilities outlined in the Committee’s charter.

As discussed in greater detail throughout this CD&A, our Compensation Committee met numerous times during 2015 to review and discuss executive compensation matters with respect to 2015. Each year, at its December meeting, the Committee considers a range of information to determine the appropriate annual performance-based annual cash incentive bonus payments for our Named Executive Officers for the current year, including:

- Company performance relative to the Company's performance goal guidelines established by the Board at the beginning of the year;
- Company performance relative to the Company's operational, financial and strategic initiatives established at the beginning of the year; and
- The current year’s economic environment, commodity price fluctuations and other unforeseen influences (adverse or beneficial) that should be considered in the Committee’s evaluation of company and individual officer performance.

In addition, at its December meeting, the Committee also evaluates and approves the structure of our compensation program. For 2015, our compensation structure, including base salaries and related annual performance-based cash incentive award and long-term equity-based incentive compensation opportunity targets, remained unchanged from 2014, except that Mr. Lou's annual performance-based cash incentive award target opportunity increased to 100% of base salary, from 80%, with corresponding adjustments to his threshold and maximum bonus opportunity percentages, in order to provide him with an opportunity to receive total direct compensation that is more competitive with that received by similarly situated officers at companies in our 2015 compensation peer group. For 2016, the Compensation Committee did not make any changes to the 2015 compensation structure.

Our Compensation Committee generally intends to target approximately the market 50th percentile for base salary and total direct compensation within our peer group and to structure our annual cash and long-term incentives to provide our executive officers with an opportunity to earn up to a maximum of approximately the market 75th percentile for total direct compensation, in recognition of exceptional Company and individual performance. To date, we have not paid the maximum possible bonus which would be necessary to achieve total direct compensation near the 75th percentile, to any executive officer in any year since our initial public offering. See "--Benchmarking and Peer Group" below.

Our Compensation Committee does review survey information as a frame of reference, taking into consideration factors such as the age of the data in the survey, the particular officer’s contribution to our financial performance and condition, as well as such officer’s qualifications, skills, experience and responsibilities. Our Compensation Committee also considers such factors as industry shortages of qualified employees for such positions, recent experience in the marketplace, and the elapsed time between the surveys used and when compensation decisions are made. In light of these qualitative and other considerations, the base salary and total direct compensation of a particular officer may be greater or less than the market 50th percentile and total potential direct compensation may be greater or less than the market 75th percentile and, in any event, our Compensation Committee recognizes that the compensation of certain of our executive officers whose base salary and total direct compensation are currently less than the market 50th percentile may continue to build to these targeted levels.

Role of the Chief Executive Officer and Other Officers. The Compensation Committee considers input from Mr. Nusz, our Chief Executive Officer, Mr. Reid, our President and Chief Operating Officer, and Mr. Lou, our Chief Financial Officer, regarding our executive compensation structure and the individual compensation levels for each executive officer, including themselves. Our CEO and his officer team also provide information to the Committee regarding the performance of the Company and the attainment of the Company's performance goals for the Committee’s determination of annual performance-based cash incentive bonuses. The Committee makes the final determination of Named Executive Officer compensation.

Role of the Compensation Consultant. Our Compensation Committee's charter grants the Committee the sole authority to retain, at our expense, outside consultants or experts to assist in its duties. For 2015, our Compensation Committee engaged Longnecker to advise it with respect to executive compensation matters, including development of the annual compensation peer group and an annual review and evaluation of our executive and director compensation packages generally, based on, among other things, survey data and information regarding general trends. Representatives from Longnecker periodically meet with our Compensation Committee throughout the year and advise our Compensation Committee with regard to general trends in director and executive compensation, including:

- competitive benchmarking;
- incentive plan design;
- peer group selection; and
- other trends and developments affecting executive compensation.

In addition, Longnecker provides our Compensation Committee and management with survey compensation data regarding our compensation peer group for each fiscal year. As discussed above under "Meetings and Committees of Directors—Compensation Committee," the Compensation Committee has concluded that we do not have any conflicts of interest with Longnecker.

Benchmarking and Peer Group. In order to attract, motivate and retain talented executive officers, we must ensure that our executive compensation program remains competitive with the types and ranges of compensation paid by our peer companies who compete for the same executive talent. On an annual basis, the Committee reviews and discusses compensation data for our Named Executive Officers as compared to compensation data for similarly situated executive officers at peer companies selected by the Committee.

For 2015, members of our management team met with representatives from Longnecker, our compensation consultant, and our Compensation Committee in the fourth quarter of 2014 to select a group of companies that they consider a "peer group" for executive and director compensation analysis purposes. This peer group was then used for purposes of developing the recommendations presented to our Board of Directors for 2015 compensation packages for our executive officers and non-employee directors. The oil and gas companies that comprise this peer group were selected primarily because they (i) have similar annual revenue, assets, market capitalization or enterprise value as us and (ii) potentially compete with us for executive-level talent. In light of these considerations, it was determined that certain changes to the 2014 peer group were necessary in order to establish an appropriate peer group for 2015.

2015 Peer Group. The 2015 peer group for compensation purposes consisted of:

- Cabot Oil and Gas Corporation
- Cimarex Energy Co.
- Concho Resources Inc.
- Denbury Resources Inc.
- Halcon Resources Corp.
- Newfield Exploration Company
- QEP Resources Inc.
- Range Resources Corporation
- Rosetta Resources Inc.
- SM Energy Co.
- Whiting Petroleum Corporation
- WPX Energy, Inc.

In addition, for purposes of calculating the number of PSUs earned at the end of an applicable performance cycle, we determine the Company's TSR ranking as compared to the TSR of a modified peer group that includes all of the above listed 2015 peer group companies and also Continental Resources, Inc. and EP Energy Corporation. We did not feel that it was appropriate to include these companies in our compensation peer group because (i) Continental Resources, Inc. has significantly higher annual revenue, assets, market capitalization and enterprise value than the Company, and (ii) the compensation information available for EP Energy Corp. includes awards and provisions specifically related to that company's recent initial public offering. However, with respect to evaluating our TSR performance as compared to our peers, we believe the TSR of both companies will provide relevant data.

Longnecker compiled compensation data for the peer group from a variety of sources, including proxy statements and other publicly filed documents. Longnecker also provided published survey compensation data from multiple sources. This compensation data was then used to compare the compensation of our Named Executive Officers to comparably titled persons at companies within our peer group and in the survey data, generally targeting base salaries and total direct compensation for our Named Executive Officers at the market 50th percentile of our peer group, and targeting annual cash and long-term incentives so that our Named Executive Officers will have the opportunity to realize in future years total direct compensation up to the market 75th percentile of our peer group based on Company performance. For example, with respect to PSU awards, a Named Executive Officer may earn up to 200% of the initial PSUs granted, if, at the end of the performance period, the Company's TSR ranking among the PSU comparator group falls in the 75th percentile or above.

2016 Peer Group. Prior to the December 2015 meeting of our Compensation Committee, Longnecker worked with members of our management team and our Compensation Committee to adjust our peer group for 2016 so that the companies considered for compensation-setting purposes continue to be appropriate comparators based on the criteria described above. The 2016 peer group for executive and director compensation purposes consists of:

- Carrizo Oil & Gas, Inc.
- Denbury Resources Inc.
- Energen Corp.
- Gulfport Energy Corp.
- Laredo Petroleum, Inc.
- Newfield Exploration Company
- QEP Resources Inc.
- Range Resources Corporation
- SM Energy Co.
- Whiting Petroleum Corporation
- WPX Energy, Inc.

For subsequent years, our Compensation Committee will review and re-determine on an annual basis the composition of our peer group so that the peer group will continue to consist of oil and gas exploration and production companies (i) with annual revenue, assets, market capitalization or enterprise value (or other appropriate metrics) similar to us and (ii) which potentially compete with us for executive-level talent.

Conservative Philosophy. Although our Compensation Committee strives to compensate our Named Executive Officers competitively within our peer group, the Compensation Committee may compensate our Named Executive Officers below the 50th percentile of our peer group when conditions warrant. For instance, base salaries for our Named Executive Officers (other than Mr. Mace, who retired effective August 15, 2015) were below the applicable peer group 50th percentile in both 2015 and to date in 2016. In addition, even during a period of growth in the three years following our initial public offering, many of our executive officers were compensated well below the peer group 50th percentile. For example, from 2010 to 2012, in consideration of the Company's ability to pay, the base salaries of Messrs. Nusz and Reid averaged approximately 80% and 94%, respectively, of the 50th percentile for our respective peer groups. In 2012, the target total compensation of Messrs. Nusz and Reid was set at approximately 80% and 84%, respectively, of the 50th percentile for our 2012 peer group, and the Company began granting PSU awards. Since 2012, each Named Executive Officer has received at least 50% of his total annual equity-based incentive compensation in the form of PSUs.

2014 LTIP Awards and Pay-for-Performance Philosophy. In 2014, following a finding by Longnecker that from 2010 to 2012, our Named Executive Officers were undercompensated as compared to the 50th percentile of the Company's peer group in the aggregate an amount of $11.3 million, the Compensation Committee awarded such officers an aggregate of 69,920 shares of restricted stock, at a price of $42.45 per share, for a total value of $2.97 million, in recognition of their contributions to us. However, in connection with the distribution of our proxy statement for our 2015 Annual Meeting (the "2015 Proxy"), one firm reported that our long-term incentive compensation had changed to be majority time-based, instead of majority performance-based, noting that our Named Executive Officers were awarded more shares of restricted stock than PSUs in 2014. When the 2014 awards were first disclosed in the proxy statement for our 2014 Annual Meeting, we noted that "the aggregate value of the restricted shares awarded to each Named Executive Officer pursuant to these [restricted stock] grants exceeded the value determined based on the base salary percentage guidelines in order to reward the performance of our Named Executive Officers and their contributions to us." This quoted language refers to Longnecker's finding that the Named Executive Officers were undercompensated and our determination to grant our Named Executive Officers an aggregate of 69,920 additional shares of restricted stock, as described above in this paragraph. These awards vest over a three-year period, and as of December 31, 2015, the shares remain unvested. Due to market conditions, the value of the awards is currently approximately $421,000. See also "Benchmarking and Peer Group--Conservative Philosophy" above. We did not include this explanation or distinguish the 2014 discretionary grant from the 2014 annual grant in the 2015 Proxy; however, we want to do so now to make clear that our compensation practices have not changed and to emphasize the importance that we place on paying for performance.

Annual Executive Compensation Decisions

Total Compensation Opportunities -- How Elements of Our Compensation Program are Related to Each Other

We view the various components of compensation as distinct but related, and we emphasize “pay for performance” by structuring our program so that a significant portion of our executives' total compensation is "at risk" and tied to the Company's long- and short-term financial, operational and strategic goals.

- Our compensation philosophy is to foster entrepreneurship at all levels of the Company by awarding long-term equity-based incentives, currently in the form of restricted stock and PSUs, as a significant and integral component of compensation.

- We determine the appropriate level for each compensation component based in part, but not exclusively, on our view of internal equity and consistency, and other considerations we deem relevant, such as rewarding extraordinary performance.
- We believe that our compensation packages are representative of an appropriate mix of compensation elements, and we anticipate that we will continue to utilize a similar, though not identical, mix of compensation in future years.

The approximate allocation of the targeted direct compensation components approved for each Named Executive Officer by the Compensation Committee for 2015, is as follows (percentages are based on each Named Executive Officer's 2015 base salary, and target amounts of compensation with respect to annual cash incentive bonus awards and long-term equity-based incentive awards):

	Thomas B. Nusz	Taylor L. Reid	Michael H. Lou	Nickolas J. Lorentzatos	Roy W. Mace
Base Salary	13 %	17 %	17 %	21 %	26 %
Annual Cash Incentive Bonus	16 %	17 %	17 %	17 %	16 %
Restricted Stock Awards	32 %	33 %	33 %	31 %	32 %
PSUs	39 %	33 %	33 %	31 %	26 %
Total	100 %	100 %	100 %	100 %	100 %

The following discussion describes the components of our executive compensation program and explains how we determined the amounts for our Named Executive Officers for 2015 and to date in 2016.

Base Salary. Base salary is the fixed annual compensation we pay to each Named Executive Officer for performing specific job responsibilities. It represents the minimum income a Named Executive Officer may receive in any year. In setting annual base salary amounts, our Compensation Committee intends to generally target by position the market 50th percentile of our peer group, although the Compensation Committee also takes into consideration factors such as the particular officer's contribution to our financial performance and condition, as well as the officer's qualifications, skills, experience and responsibilities.

2015 Base Salary. At its December 2014 meeting, our Compensation Committee reviewed data with respect to our 2015 compensation peer group, but due to industry conditions, management did not recommend, and the Compensation Committee did not approve, an increase in the base salary of any of our Named Executive Officers for fiscal year 2015. As such, the 2015 base salaries of our Named Executive Officers were generally below the market 50th percentile for base salary rates for officers with like positions in our peer group, as shown below:

	2015 Base Salary	50th Percentile of 2015 Peer Group	Percentage of 50th Percentile
Thomas B. Nusz	$820,000	$889,578	92 %
Taylor L. Reid	$500,000	$517,168	97 %
Michael H. Lou	$420,000	$452,329	93 %
Nickolas J. Lorentzatos	$360,000	$376,796	96 %
Roy W. Mace(1)	$285,000	$236,027	121 %

(1) Mr. Mace retired from the Company effective August 15, 2015.

2016 Base Salary. At its December 2015 meeting, our Compensation Committee reviewed data with respect to our 2015 compensation peer group, but due to industry conditions, management did not recommend, and the Compensation Committee did not approve, an increase in the base salary of any of our Named Executive Officers for fiscal year 2016. As such, the 2016 base salaries of our Named Executive Officers were below the market 50th percentile for base salary rates for officers with like positions in our peer group, as shown below:

	2016 Base Salary	50th Percentile of 2016 Peer Group	Percentage of 50th Percentile
Thomas B. Nusz	$820,000	$865,633	95 %
Taylor L. Reid	$500,000	$506,924	99 %
Michael H. Lou	$420,000	$438,134	96 %
Nickolas J. Lorentzatos	$360,000	$369,892	97 %

Annual Performance-Based Cash Incentive Awards. We have historically utilized, and expect to continue to utilize, annual performance-based cash incentive awards to reward achievement of our annual Company performance goals. Our annual performance-based cash incentive program for our Named Executive Officers is governed by our Amended and Restated 2010 Annual Incentive Compensation Plan (the “Incentive Plan”).

2015 Performance Goals and Annual Cash Incentive Award Opportunity. In December of each year, the Compensation Committee establishes threshold, target and maximum bonus opportunities for each Named Executive Officer as a percentage of the officer’s base salary for purposes of determining the annual performance-based cash incentive awards for the upcoming year. For 2015, the bonus opportunities for the Named Executive Officers, other than Mr. Lou, were not changed from the levels in place for 2014 and were set as follows:

	Threshold (as % of base salary)	Target (as % of base salary)	Maximum (as % of base salary)
Thomas B. Nusz	60 %	120 %	240 %
Taylor L. Reid	50 %	100 %	200 %
Michael H. Lou(1)	50 %	100 %	200 %
Nickolas J. Lorentzatos	40 %	80 %	160 %
Roy W. Mace(2)	30 %	60 %	120 %

(1) For 2015, Mr. Lou's target bonus opportunity was increased to 100% of base salary, with corresponding adjustments to his threshold and maximum bonus opportunity percentages, in order to provide him with an opportunity to receive total direct compensation that is more competitive with that received by similarly situated officers at companies in our 2015 compensation peer group.

(2) Mr. Mace retired from the Company effective August 15, 2015.

Also in December of each year, the Company sets threshold, target and maximum levels for a limited number of established annual performance goals, each with a pre-assigned weighting, to serve as a guideline for determining the actual annual performance-based cash incentive bonus amounts earned by our executive officers for the upcoming year. In general, our Board of Directors attempts to set rigorous performance objectives such that there will be approximately a 50% probability achieving the target performance metrics and that achievement at the threshold or maximum performance levels will be much less probable. If we achieve the target performance goal, the annual performance-based cash incentive awards to our Named Executive Officers are expected to be paid at target levels. In order to create additional incentive for exceptional Company performance, if we achieve the maximum performance goals and at the discretion of our Compensation Committee, awards can be up to the maximum levels designated for each Named Executive Officer, but it is not expected that payment at this level would occur in most years, and to date, we have not awarded cash incentives at the maximum percentage for any Named Executive Officer in any year since our initial public offering.

The established performance goals selected may vary from year to year and are intended to reflect the most critical operational, financial and strategic goals for the upcoming year, including goals based on financial measures such as returns and revenues as well as operational and strategic goals relevant to our annual operating plan. The Committee believes that setting specific performance goals in advance helps establish important benchmarks and communicates the Company's top priorities to its Named Executive Officers and employees. Following the end of the applicable year, the Committee subjectively determines the amount of the awards earned based on a retrospective evaluation of performance against the established goals. The Compensation Committee may also consider other subjective features, such as extenuating market circumstances, individual performance and safety performance, when determining actual amounts of awards. Performance-based cash incentive awards to our executives are based solely on the performance of the Company, not the performance of the individual.

In addition, in order that the 2015 annual performance-based cash incentive bonuses may qualify as tax deductible “performance-based compensation” under Section 162(m) of the Internal Revenue Code, the Compensation Committee established a baseline performance hurdle of $300 million in revenue for 2015, the achievement of which was a condition to the payout of any bonuses to the Named Executive Officers under the program. Although the achievement of the baseline performance hurdle permits a payout at the maximum bonus level for each Named Executive Officer, the Compensation Committee, in determining actual awards, may apply its subjective judgment to reduce (but not increase) the amount of the award payout, taking into consideration the Company's performance against other goals and factors (including the established operational, financial and strategic performance goals for the year, as described below for 2015). In January 2016, the Compensation Committee certified that the 2015 baseline performance hurdle was exceeded.

2015 Performance Goals. Set forth below are our 2015 established performance goals and weightings used as a guideline to evaluate our 2015 performance for purposes of the 2015 annual performance-based cash incentive awards. The resulting assessment of performance against each goal is also provided below.

Metric	Performance Goal	Weight		Assessment	Result
Production					
Volume (Boe/d)	47,000	20	%	Achieved 50,477 Boe/d (11% growth in 2015)	Significantly Exceeded
Reserve Growth & Efficiency					
Proved Developed finding and development cost ($/Boe)	$27.16	20	%	Achieved $14.14/Boe (49% reduction in cost in 2015)	Significantly Exceeded
Cost Structure					
LOE ($/Boe)	$9.75	10	%	Achieved $7.84/Boe (23% reduction in cost in 2015)	Significantly Exceeded
G&A ($MM)	$98	10	%	Achieved $92.50MM (outperformed goal by 6%)	Significantly Exceeded
EBITDAX ($MM)	$725	20	%	Achieved $820MM (outperformed goal by 13%)	Significantly Exceeded
Initiatives		20	%		Exceeded

The "Initiatives" performance goal assesses achievement by the Company of various strategic and operational goals, which we have identified as key drivers of financial and operational business success (including, for 2015, environmental, health and safety program, cost structure and optimization of producing assets, completion and well performance best practices, planning, communication, capital allocation and effectiveness, government and regulatory matters, organizational effectiveness and employee development, and midstream and marketing execution) which are, together, weighted 20%. Each "initiative" is defined, specific, measurable, time-based, and gradable.

At the end of 2015, our Compensation Committee reviewed our overall performance for 2015, including our performance with respect to the established performance goals and the other factors discussed above, with members of management and our full Board of Directors to determine the annual performance-based cash incentive award amounts to be paid to our Named Executive Officers with respect to 2015. As shown above, the results we attained with respect to the established Company performance goals for 2015 were significantly above our targeted performance goals, and the Compensation Committee determined that each Named Executive Officer earned an annual performance-based cash incentive award for 2015 that approached the top of each officer's respective range, based on a percentage of such officer's base salary, for annual cash incentive awards, identified above under "--2015 Performance Goals and Annual Cash Incentive Award Opportunity." However, due to the challenging and uncertain market conditions facing the Company, the Compensation Committee significantly reduced each Named Executive Officer's award and approved payment of awards at each officer's target level. Specifically, the Named Executive Officers received the following annual performance-based cash incentive award amounts, which are included in the "Non-Equity Incentive Plan Compensation" column of the "Summary Compensation Table" for 2015:

Named Executive Officer(1)	Earned 2015 Cash Incentive Award (Based on Performance)	Reduction Taken by Compensation Committee (Due to Market Conditions)	Actual 2015 Cash Incentive Award Received (at Target Level)
Thomas B. Nusz	$1,869,600	$885,600	$984,000
Taylor L. Reid	$950,000	$450,000	$500,000

Michael H. Lou	$798,000	$378,000	$420,000
Nickolas J. Lorentzatos	$547,200	$259,200	$288,000

(1) Mr. Mace retired from the Company effective August 15, 2015 and did not receive payment of an annual performance-based cash incentive award for 2015.

2014 Performance Goals. We have also set forth below our 2014 established performance goals and weightings used as a guideline to evaluate our 2014 performance for purposes of the 2014 annual performance-based cash incentive awards. The resulting assessment of performance against each goal is also provided below. We have provided the following information as a reference for the evaluation of our 2015 performance goals and metrics and to demonstrate the consistency of our pay-for-performance compensation program. The Committee considered the level of achievement of the 2014 performance goals and the commodity price environment, among other factors, in setting the 2015 performance goals above.

Metric	Performance Goal	Weight		Assessment	Result(1)
Production					
Volume (Boe/d)	48,800	10	%	Achieved 45,656 Boe/d	Below Target
Volume/share (Boed/MM shares)	485	10	%	Achieved 451 Boed/MM shares	Below Target
Reserve Growth & Efficiency					
Proved Developed finding and development cost ($/Boe)	$23.43	10	%	Achieved $26.75/Boe	Below Target
Reserve Replacement Cost ($/Boe)	$22.72	10	%	Achieved $21.44/Boe	Exceeded
Cost Structure					
LOE ($/Boe)	$8.00	10	%	Achieved $10.18/Boe	Below Target
G&A ($MM)	$91	10	%	Achieved $92.30MM	Below Target
EBITDAX ($MM)	$1,047	10	%	Achieved $953MM	Below Target
EBITDAX/share ($/Share)	$10.40	10	%	Achieved $9.42/Share	Below Target
Initiatives(2)		20	%		Exceeded

(1) Because results attained with respect to Company performance metrics for 2014 were below targeted performance goals, the Committee reduced such awards to 70% of each such officer's respective target award opportunity.

(2) The "Initiatives" performance goal assesses achievement by the Company of various strategic and operational goals, which we have identified as key drivers of financial and operational business success (including, for 2014, environmental, health and safety program; best practices - development; operating optimization and cost structure; midstream and marketing execution; growth; government, regulatory and community affairs; planning; organizational structuring initiative; and business support functions) which are, together, weighted 20%. Each "initiative" is defined, specific, measurable, time-based, and gradable.

2016 Performance Goals and Awards. With respect to annual performance-based cash incentive awards for 2016, the Compensation Committee has adopted similar established Company performance goals as those applicable to the 2015 awards. In addition, the percentages used to determine the target bonus opportunities for the Named Executive Officers remain the same for 2016 as they were in 2015.

Long-Term Equity-Based Incentives. We believe a formal long-term equity incentive program is essential and consistent with the compensation programs of the companies in our peer group. We maintain the LTIP, which permits the grant of our stock, options, restricted stock, restricted stock units, phantom stock, stock appreciation rights and other awards, any of which may be designated as performance awards or be made subject to other conditions, to our Named Executive Officers and other eligible employees.

Our Compensation Committee has the authority under the LTIP to award incentive equity compensation to our executive officers in such amounts and on such terms as the Committee determines appropriate in its sole discretion. Prior to 2012, our long-term equity-based incentive compensation program consisted solely of restricted stock awards; however, since 2012, our Compensation Committee granted annual awards of both restricted stock awards and PSUs to our Named Executive Officers and key employees. The Compensation Committee may, in its discretion, determine in the future to grant additional long-term equity incentive awards or award types if deemed appropriate. For additional information regarding the LTIP, please see "Item 3—Approval of the Second Amendment to the LTIP to

Increase the Maximum Number of Shares by 7,500,000 Shares."

For 2015, the Compensation Committee made annual awards of restricted stock and PSUs to our Named Executive Officers. We believe restricted stock awards and PSUs effectively align the interests of our executive officers with the interests of our stockholders on a long-term basis and have retentive attributes. PSUs also have an additional performance-based component that compares our stock price performance with that of our peer companies. Currently, our Named Executive Officers receive 50% of their total annual equity-based incentive compensation in the form of restricted stock awards and 50% of their total annual equity-based incentive compensation in the form of PSUs, valued based on the aggregate value of the shares subject to such awards at the date of grant (in the case of PSUs, based on the initial number of PSUs subject to the award), except for Mr. Nusz who receives 45% of his total annual equity-based incentive compensation in the form of restricted stock awards and 55% of his total annual equity-based incentive compensation in the form of PSUs. We believe this combination of long-term equity awards appropriately provides incentives that capture absolute total return performance of our common stock as well as awards that also capture variable performance relative to the performance of other oil and gas companies.

In December of each year, the Compensation Committee, in consultation with Longnecker, its compensation consultant, establishes long-term incentive award opportunities for each Named Executive Officer with an aggregate value at the time of grant equal to a percentage of the officer's base salary for the upcoming year. For 2015, the long-term incentive award opportunities for the Named Executive Officers were not changed from the levels in place for 2014, except that Mr. Nusz's award opportunities were changed to be weighted toward PSUs, and were set as follows:

	PSU (multiple of base salary)	Restricted Stock (multiple of base salary)
Thomas B. Nusz	3.00	2.50
Taylor L. Reid	2.00	2.00
Michael H. Lou	2.00	2.00
Nickolas J. Lorentzatos	1.50	1.50
Roy W. Mace(1)	1.00	1.25

(1) Mr. Mace retired from the Company effective August 15, 2015.

The Compensation Committee may determine to grant awards above or below the targeted opportunity level taking into account Company performance, current market conditions and any other factors it deems appropriate.

2015 Restricted Stock Awards. At its December 2014 meeting, the Compensation Committee approved annual restricted stock awards to our Named Executive Officers. These awards will vest over a three-year period, provided the award recipient remains continuously employed through the applicable vesting dates. The first 1/3 tranche vested on January 15, 2016, the second 1/3 tranche will vest on January 15, 2017, and the final 1/3 tranche will vest on January 15, 2018, in each case, subject to the award recipient's continued employment. The vesting of these awards will accelerate in full if the award recipient's employment is terminated due to either death or disability, and the awards are subject to the accelerated vesting provisions contained in any existing employment agreement. The accelerated vesting provisions applicable to our Named Executive Officers are described in greater detail below in the section entitled "--Potential Payments upon Termination and Change in Control." While a Named Executive Officer holds unvested restricted shares, he is entitled to all the rights of ownership with respect to the shares, including the right to vote the shares and to receive dividends thereon, which dividends must be paid within 30 days of the date dividends are distributed to our stockholders generally. The annual restricted stock awards were granted to our Named Executive Officers on January 15, 2015 in the following amounts:

Named Executive Officer	2015 Annual Restricted Stock Grant
Thomas B. Nusz	110,220
Taylor L. Reid	53,760
Michael H. Lou	45,160
Nickolas J. Lorentzatos	29,030

Roy W. Mace(1)	15,320

(1) Mr. Mace forfeited all of his unvested long-term equity-based incentive awards, including the restricted shares reflected in this table, upon his retirement from the Company on August 15, 2015.

As noted above, our Compensation Committee makes annual awards of restricted stock to our Named Executive Officers with an aggregate value at the time of grant equal to a target percentage of the individual's base salary for the year. For 2015, the Compensation Committee awarded restricted stock to our Named Executive Officers at 70% of such target percentage in recognition of the drastic change in market conditions, and the resulting impact on the Company's results, in the second half of 2014.

2015 Performance Share Units. The Compensation Committee also approved at its December 2014 meeting annual grants of PSUs to the Named Executive Officers. The PSUs are awards of restricted stock units subject to certain service and performance conditions, with each PSU that becomes earned representing the right to receive one share of our common stock. The initial number of PSUs awarded was determined by dividing the specified dollar value allocable to PSU awards with respect to each Named Executive Officer by the volume weighted average price of our common stock over the 30 day period preceding the date of grant. As noted above, our Compensation Committee makes annual awards of PSUs to our Named Executive Officers with an aggregate value at the time of grant equal to a target percentage of the individual’s base salary for the year. For 2015, the Compensation Committee awarded PSUs to our Named Executive Officers at 70% of such target percentage in recognition of the drastic change in market conditions, and the resulting impact on the Company's results, in the second half of 2014.

The initial number of PSUs granted to each Named Executive Officer on January 15, 2015 is as follows:

Named Executive Officer	2015 Annual PSU Grant
Thomas B. Nusz	132,260
Taylor L. Reid	53,760
Michael H. Lou	45,160
Nickolas J. Lorentzatos	29,030
Roy W. Mace	15,320

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(1) Mr. Mace forfeited all of his unvested long-term equity-based incentive awards, including the restricted shares reflected in this table, upon his retirement from the Company on August 15, 2015.

Total Shareholder Return Comparator Group. The PSUs are subject to a designated initial three-year performance period beginning on January 15, 2015 and ending on January 14, 2018. The number of PSUs eligible to be earned is subject to a market performance condition, which is based on a comparison of the TSR achieved with respect to shares of our common stock against the TSR achieved by each company in the PSU comparator group, which consists of the following companies:

- Cabot Oil and Gas Corporation
- Cimarex Energy Co.
- Concho Resources Inc.
- Continental Resources, Inc.
- Denbury Resources Inc.
- EP Energy Corporation
- Halcon Resources Corp.
- Newfield Exploration Company
- QEP Resources Inc.
- Range Resources Corporation
- Rosetta Resources Inc.
- SM Energy Co.
- Whiting Petroleum Corporation
- WPX Energy, Inc.
- the Standard & Poor’s Oil & Gas Exploration & Production Select Industry Index, weighted as a single company

2015 Performance Share Unit Targets. Depending on the relative TSR achieved by us, a Named Executive Officer may earn between 0% and 200% of the initial PSUs granted. Specifically, the number of earned PSUs will be calculated based on which quartile our TSR percentage falls as of the end of the performance period relative to the other companies in the PSU comparator group as follows:

Quartile Ranking (Percentile Range)	Percentage of Initial Performance Units Earned
75th percentile or above	200%
50th to 75th percentile	125%
25th to 50th percentile	75%
Less than 25th percentile	—%

If less than 200% of the initial PSUs granted are earned at the end of the initial performance period, then the performance period will be extended for an additional year and the award recipient will have the opportunity to earn up to an aggregate of 200% of the initial PSUs granted based on our relative TSR over the extended four-year performance period. Beginning with awards granted in February 2016, our PSUs do not contain this "re-testing" feature of the extended performance period; see

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"--2016 Performance Share Units; Elimination of "Re-Testing" Feature" below. A Named Executive Officer generally must remain employed during the entirety of the performance period (or extended performance period, if applicable) to earn the PSUs, although certain accelerated vesting provisions apply in the case of certain events, such as a change in control and certain specified terminations of employment. See "—Potential Payments upon Termination and Change in Control" for additional information regarding these provisions. With respect to each PSU held by a Named Executive Officer (up to the maximum number of PSUs), we will credit an account with an amount equal to any cash dividends paid on one share of stock. Amounts credited to the account will be paid at the same time and on the same terms and conditions applicable to the PSUs, but only with respect to PSUs that become earned.

2016 LTIP Awards. At its January 2016 meeting, the Compensation Committee again approved annual restricted stock awards and annual grants of PSUs to our Named Executive Officers, which were granted to our Named Executive Officers on January 20, 2016. The restricted stock awards will vest ratably over a three year period, subject to the same accelerated vesting terms as the 2015 annual restricted stock awards.

The number of shares awarded to each Named Executive Officer pursuant to the restricted stock and PSU grants was determined based on target percentages of base salary, as for the 2015 awards. See "--Long-Term Equity-Based Incentives" above. Because actual results attained with respect to Company performance metrics for 2015 were significantly above our targeted performance goals, each Named Executive Officer could have received awards at greater than each such target percentage of base salary. However, taking into account the uncertain commodity price environment and desiring to minimize dilution of the Company's stockholders, the Compensation Committee approved awards to our Named Executive Officers at approximately 60% of target percentage of base salary for our Chief Executive Officer, and less than 65% of target for our other Named Executive Officers. The number of shares of restricted stock and the initial number of PSUs granted to each Named Executive Officer in 2016 is set forth below, along with the grant that each Named Executive Officer would have received if such grants had been made at each Named Executive Officer's target percentage of base salary:

Named Executive Officer	Target Annual Restricted Stock Grant	Reduction Taken by Compensation Committee	Actual 2016 Annual Restricted Stock Grant Received
Thomas B. Nusz	467,000	186,600	280,400
Taylor L. Reid	227,800	84,500	143,300
Michael H. Lou	191,300	70,900	120,400
Nickolas J. Lorentzatos	123,000	43,800	79,200

Named Executive Officer	Target Annual PSU Grant	Reduction Taken by Compensation Committee	Actual 2016 Annual PSU Grant Received
Thomas B. Nusz	560,400	224,000	336,400
Taylor L. Reid	227,800	84,500	143,300
Michael H. Lou	191,300	70,900	120,400
Nickolas J. Lorentzatos	123,000	43,800	79,200

2016 Performance Share Units; Elimination of "Re-Testing" Feature. In connection with the January 2016 PSU awards, the Compensation Committee decided to make certain adjustments to the structure of the performance period applicable to the awards in order to (i) beginning with PSUs granted in February 2016, eliminate the re-testing feature of the extended performance period, which is a feature of the PSUs granted in February 2015 and prior years, and (ii) extend the performance period to four years to further align our executives' interest with our stockholders' interest in our long-term price performance. Specifically, the PSU awards for 2016 are subject to three distinct performance periods: a two-year performance period beginning on January 20, 2016 and ending on January 19, 2018 for the first 1/3 tranche of the PSUs; a three-year performance period beginning on January 20, 2016 and ending on January 19, 2019 for the second 1/3 tranche of PSUs; and a four-year performance period beginning on January 20, 2016 and ending on January 19, 2020 for the third 1/3 tranche of PSUs. Depending on the relative TSR achieved by us, a Named Executive Officer may earn between 0% and 200% of the PSUs eligible to vest at the end of each applicable performance period. If less than 200% of the PSUs that are eligible to vest are earned at the end of the applicable performance period, then the unearned PSUs subject to that tranche will be forfeited and the award recipient will not have another opportunity to earn up to an aggregate of 200% of the initial PSUs granted.

The 2016 PSU comparator group, consists of the following companies:

- Carrizo Oil & Gas Inc.
- Denbury Resources Inc.
- Energen Corp.
- Gulfport Energy Corp.
- Laredo Petroleum Inc.
- Newfield Exploration Company
- QEP Resources Inc.
- Range Resources Corporation
- SM Energy Co.
- Whiting Petroleum Corporation
- WPX Energy, Inc.
- the Standard & Poor's Oil & Gas Exploration & Production Select Industry Index, weighted as a single company

The number of earned PSUs for each performance period will be calculated based on a scale similar to the following, which may change depending on the number of peer companies remaining at the end of any performance cycle:

Total Shareholder Return Rank	% Initial PSUs Eligible to Vest for Performance Period that will become Earned Performance Units	% Initial PSUs Eligible to Vest for Performance Period that will become Earned Performance Units	% Initial PSUs Eligible to Vest for Performance Period that will become Earned Performance Units
1	200%	200%	200%
2	183%	182%	180%
3	167%	164%	160%
4	150%	145%	140%
5	133%	127%	120%
6	117%	109%	100%
7	100%	91%	80%
8	83%	73%	60%
9	67%	55%	40%
10	50%	36%	20%
11	33%	18%	—%
12	17%	—%	
13	—%		

Other than as discussed above, the terms of the 2016 PSU awards generally remain the same as the terms of the PSU awards granted by the Company in 2015 and prior years.

Employee Benefits. In addition to the elements of compensation previously discussed in this section, our Named Executive Officers are eligible for the same health, welfare and other employee benefits as are available to all our employees generally, which include medical and dental insurance, short and long-term disability insurance, a health and/or professional club subsidy and a 401(k) plan with a dollar-for-dollar match on the first 6% of eligible employee compensation contributed to the plan. In addition, the 401(k) plan permits the Board of Directors, in its discretion, to make an employer contribution for a plan year equal to a uniform percentage of eligible compensation for each active participant in the plan, including our Named Executive Officers, subject to applicable IRS limitations. While the Board of Directors has made such contributions in prior years, the Board determined not to make such a contribution in 2015 in consideration of the Company's 2014 actual results as compared to the Company's performance goals. We do not sponsor any defined benefit pension plan or nonqualified deferred compensation arrangements at this time. The general benefits offered to all employees (and thus to our Named Executive Officers) are reviewed by our Compensation Committee each year. Currently, we provide our Named Executive Officers with limited perquisites, including certain parking and transportation benefits and payment of health club dues, which for 2015 did not exceed $10,000 in the aggregate for any individual Named Executive Officer. Benefits offered only to Named Executive Officers are reviewed by our Compensation Committee in conjunction with its annual review of executive officer compensation.

Employment Agreements

General Philosophy. During 2015, we had employment agreements in effect with Messrs. Nusz, Reid, Lou and Lorentzatos, each of which by its terms was scheduled to expire in 2015. These employment agreements are designed to ensure an individual understanding of how the employment relationship may be extended or terminated, the compensation and benefits that we provide during the term of employment and the obligations each party has in the event of termination of the officer's employment. In consultation with our compensation consultant, Longnecker, we determined that, due to the historical roles they have played in our success and growth, Messrs. Nusz and Reid are critical to the ongoing stability and development of the business and, therefore, entering into employment agreements with these individuals was advisable. In addition, in light of Mr. Lou's promotion to Executive Vice President and Chief Financial Officer in 2011 and Mr. Lorentzatos's promotion to Executive Vice President, General Counsel and Corporate Secretary in 2014, we determined that it was in our best interest to enter into an employment agreement with each of these officers in recognition of their level of responsibility within our organization; however, we have not entered into employment agreements with any of our other employees, and we expect the remainder of our employees to remain "at will."

2015 Amendments to Employment Agreements. In 2015, we amended and restated the employment agreements with each of our Named Executive Officers (other than Mr. Mace, who did not have an employment agreement with the Company), in each case, to replace the officer's previous employment agreement, the term of which was expiring. The purposes of the amendments were as follows:

- To remove the provision in the employment agreements providing for the automatic single trigger vesting of unvested equity awards upon the occurrence of a "change in control" (as defined in the LTIP). This provision has been replaced with a double trigger vesting provision, in the event that certain terminations of employment occur within a two-year period following a "change in control," consistent with best market practices.
- To extend the employment term of each of the previous agreements for a new three year term that ends on March 20, 2018. The amended employment agreements may be renewed upon agreement between us and the executive prior to the end of the then-current term. None of the amended employment agreements contains an automatic extension provision.
- Other than the removal of the single trigger equity vesting provision and the term extension, the changes made to the amended employment agreements were minimal and were primarily intended to reflect updated compensation levels and changes to applicable law.

The amended employment agreements provide for specified minimum annual base salary rates, which may be increased (but not decreased) by our Board of Directors in its discretion. The amended employment agreements also provide that the executives are eligible to receive annual performance-based bonuses each year during the employment term. Further, the amended employment agreements provide the executives with the opportunity to participate in the employee benefit arrangements offered to similarly situated executives and provide that they may periodically receive stock grants pursuant to our long-term incentive compensation plan.

The amended employment agreements also contain "clawback" provisions that enable us to recoup any compensation that is deemed incentive compensation if required by any law, government regulation, stock exchange listing requirement, or Company policy adopted as required by such law, government regulation, or stock exchange listing requirement. As was the case with the previous employment agreements, the amended employment agreements with our Named Executive Officers do not provide for (i) an automatic extension of the term of the agreement or (ii) potential tax gross up payments if a covered executive receives golden parachute payments in connection with a change in control. See "-Employment Agreements" below for additional information.

The amended employment agreements provide for severance and change in control benefits to be paid to Messrs. Nusz, Reid, Lou and Lorentzatos under certain circumstances. See "Severance and Change in Control Arrangements" below for additional information.

Severance and Change in Control Arrangements

As described above, the amended employment agreements provide certain benefits and compensation to Messrs. Nusz, Reid, Lou and Lorentzatos in the event of certain terminations from employment, including in connection with a change in control. In addition, for executive officers and other key employees who do not have employment agreements with us, we maintain the Amended and Restated Executive Change in Control and Severance Benefit Plan (the “Amended CIC Plan”) to provide severance and change in control benefits to participants. Mr. Mace was a covered participant in our Amended CIC Plan prior to his retirement effective August 15, 2015.

We believe that the interests of our stockholders are best served if we provide separation benefits to eliminate, or at least reduce, the reluctance of executive officers and other key employees to pursue potential corporate transactions that may be in the best interests of our stockholders, but that may have resulting adverse consequences to the employment situations of our executive officers and other key employees. Further, these arrangements ensure an understanding of what benefits are to be paid in the event of termination of employment in certain specified circumstances and/or upon the occurrence of a change in control. Severance benefits are provided to reflect the fact that it may be difficult for executive officers to find comparable employment within a short period of time if they are involuntarily terminated. Change in control benefits are provided in order that the executives may objectively assess and pursue aggressively our interests and the interests of our stockholders with respect to a contemplated change in control, free from personal, financial and employment considerations.

Neither the amended employment agreements nor the Amended CIC Plan provides any potential tax gross-up payments if a covered executive receives golden parachute payments in connection with a change in control. Instead, these arrangements include provisions providing that the executive will be required to pay in full any excise taxes associated with any golden parachute payments received, unless reducing the payments to the executive within the Section 280G safe harbor amount would put the executive in a better net after-tax position.

The severance and change in control benefits and the post-termination non-compete, non-disclosure and similar obligations imposed on the executives are described in greater detail below. See "-Executive Compensation-Potential Payments Upon Termination and Change in Control."

Clawback Policy

Currently, our equity-based incentive compensation awards and the amended and restated employment agreements with our Named Executive Officers contain the following provisions for the recoupment of incentive compensation:

- Restricted stock and PSU agreements covering grants made to our Named Executive Officers and other service providers in 2011 and later years include language providing that the award may be cancelled and the award recipient may be required to reimburse us for any realized gains to the extent required by applicable law or any clawback policy that we adopt.
- The Amended LTIP and the Incentive Plan include provisions specifying that awards under those arrangements are subject to any clawback policy we adopt.
- The amended and restated employment agreements described in more detail under "—Employment Agreements" above contain a clawback provision that enables us to recoup any compensation that is deemed incentive compensation if required by any law, government regulation, stock exchange listing requirement, or Company policy adopted as required by such law, government regulation, or stock exchange listing requirement.
- Our Compensation Committee is currently evaluating the practical, administrative and other implications of implementing and enforcing a clawback policy, and intends to adopt a clawback policy in compliance with the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 once final rules are promulgated by the SEC.

Tax and Accounting Considerations

Under Section 162(m) of the Internal Revenue Code, there is a limitation on tax deductions of any publicly-held corporation for individual compensation to "covered employees" (within the meaning of Section 162(m) of the Internal Revenue Code) of such corporation exceeding $1,000,000 in any taxable year, unless the compensation meets certain requirements for qualified "performance-based compensation" within the meaning of Section 162(m) of the Internal Revenue Code.

Our policy is to have compensation programs that recognize and reward performance that increases stockholder value and, to the extent consistent with this policy, to seek to maintain the favorable tax treatment of that compensation. We believe, however, that under some circumstances, such as to attract or retain key executives or to recognize outstanding performance, it is in our best interest and in the best interest of our stockholders to provide compensation to selected executives even if it is not fully or partially tax-deductible. At our 2014 Annual Meeting, our stockholders approved amended and restated versions of our LTIP and our Incentive Plan and the material terms of those plans so that we may grant qualified "performance-based compensation" under those arrangements, if determined by the Compensation Committee to be in our best interest and in the best interest of our stockholders.

With respect to the share increase we are requesting at the 2016 Annual Meeting under our LTIP, stockholders are being asked to again approve the material terms of our LTIP for purposes of Section 162(m) of the Internal Revenue Code. Please see

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"Item 4—Approval of the Material Terms of the LTIP for Purposes of Complying with the Requirements of Section 162(m) of the Internal Revenue Code" for additional information.

If an executive is entitled to nonqualified deferred compensation benefits that are subject to Section 409A of the Internal Revenue Code, and such compensation does not comply with Section 409A, then the benefits are taxable in the first year they are not subject to a substantial risk of forfeiture and are subject to certain additional adverse tax consequences. We intend to design any such arrangements with our Named Executive Officers and other service providers to be exempt from, or to comply with, Section 409A.

All equity awards to our employees, including our Named Executive Officers, and to our directors will be granted and reflected in our consolidated financial statements, based upon the applicable accounting guidance, at fair market value on the grant date in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"), Topic 718, "Compensation—Stock Compensation."

Executive Compensation

Summary Compensation Table

The following table shows information concerning the annual compensation for services provided to us by our Named Executive Officers during the fiscal years ended December 31, 2013, 2014, and 2015.

Name and Principal Position	Year	Salary ($)(1)	Bonus ($)	Stock Awards ($)(2)	Non-Equity Incentive Plan Compensation ($)(3)	All Other Compensation ($)(4)	Total ($)
Thomas B. Nusz	2015	$820,000	$				