SWIFT ENERGY CO
Form DEF 14A
April 02, 2007

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 o

Check the appropriate box:

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

Swift Energy Company

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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2) Form, Schedule or Registration Statement No.:

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3) Filing Party:

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4) Date Filed:

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

to be held May 8, 2007

The annual meeting of shareholders of SWIFT ENERGY COMPANY (the Company) will be held at the Wyndham Greenspoint Hotel, 12400 Greenspoint Drive, Houston, Texas, on Tuesday, May 8, 2007, at 4:00 p.m., Houston time, for the following purposes:

1. To elect three Class II directors to serve until the 2010 annual meeting of shareholders, or until their successors are duly qualified and elected;
2. To amend the Swift Energy Company 2005 Stock Compensation Plan to increase the number of shares of the Company s common stock available for awards under the plan by up to 300,000 additional shares.
3. To ratify the selection of Ernst & Young LLP as Swift Energy s independent auditors for the fiscal year ending December 31, 2007; and
4. Such other business as may properly be presented at the annual meeting, or at any and all adjournments or postponements thereof.

A record of shareholders has been taken as of the close of business on March 19, 2007, and only shareholders of record on that date will be entitled to vote at the annual meeting, or any adjournment or postponement thereof. A complete list of shareholders will be available commencing April 28, 2007, and may be inspected during normal business hours prior to the annual meeting at the offices of the Company, 16825 Northchase Drive, Suite 400, Houston, Texas. This list will also be available at the annual meeting.

By Order of the Board of Directors,

March 28, 2007

Karen Bryant

Secretary

Your Vote Is Important!

Whether or not you plan to attend the annual meeting of shareholders, we urge you to vote and submit your proxy by telephone, Internet, or by mail as promptly as possible to ensure the presence of a quorum for the annual meeting. For additional instructions on voting by telephone or the Internet, please refer to the enclosed instruction sheet. To vote and submit your proxy by mail, please complete, sign, and date the enclosed proxy card and return it in the enclosed postage pre-paid envelope. If you attend the annual meeting, you may revoke the proxy and vote in person. If you hold your shares through an account with a brokerage firm, bank or other nominee, please follow the instructions you receive from them to vote your shares.

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SWIFT ENERGY COMPANY

16825 Northchase Drive, Suite 400

Houston, Texas 77060

(281) 874-2700

PROXY STATEMENT

for the

2007 ANNUAL MEETING OF SHAREHOLDERS

Solicitation

This proxy statement, the accompanying proxy card and the Annual Report to Shareholders of Swift Energy Company (Swift Energy or the Company) are being mailed to Swift Energy s shareholders beginning on or about April 2, 2007. The Board of Directors (the Board) of Swift Energy is soliciting your proxy to vote your shares of Swift Energy common stock at the annual meeting of shareholders (the Annual Meeting) to be held at the Wyndham Greenspoint Hotel, 12400 Greenspoint Drive, Houston, Texas, on Tuesday, May 8, 2007, at 4:00 p.m., Houston time. The Board is soliciting proxies to give all shareholders the opportunity to vote on the matters that will be presented at the Annual Meeting. This proxy statement provides you with the information on these matters to assist you in voting your shares.

Voting Information

What is a proxy?

A proxy is your legal designation of another person or persons (the proxy or proxies) to vote on your behalf. By completing and returning the enclosed proxy card, you are giving the designated proxies appointed by the Board the authority to vote your shares in the manner you indicate on your proxy card.

Who are the proxies appointed by the Board of Directors for the Annual Meeting?

The proxies for the Company appointed by the Board at a meeting held on February 19, 2007, are the following officers and directors of Swift Energy:

Terry E. Swift	Chairman of the Board and Chief Executive Officer
Bruce H. Vincent	President and Director
Alton D. Heckaman, Jr.	Executive Vice President and Chief Financial Officer

Can I receive more than one proxy card?

Yes. If you received multiple proxy cards you may hold your shares in different ways (*e.g.*, joint tenancy, trusts or custodial accounts) or in multiple accounts. If your shares are held by a broker, often referred to as being held in street name, you will receive your proxy card or cards or other voting information from your broker, and you will return your proxy card or cards to your broker. You should vote on and sign each proxy card you receive.

Who is qualified to vote?

You are qualified to receive notice of and to vote at the Annual Meeting if you own shares of Swift Energy common stock at the close of business on our record date of Monday, March 19, 2007.

How many shares of Swift Energy common stock are entitled to vote at the Annual Meeting?

As of March 19, 2007, there were 29,888,761 shares of Swift Energy common stock issued and outstanding and entitled to vote at the Annual Meeting. Each share of Swift Energy common stock is entitled to one vote on each matter presented.

What is the difference between a shareholder of record and a street name holder?

These terms describe how your shares are held. If your shares are registered directly in your name with American Stock Transfer & Trust Company, the Company s transfer agent, you are a shareholder of record. If your shares are held in the name of a brokerage, bank, trust or other nominee as a custodian, you are a street name holder.

How do I vote my shares?

If you are a shareholder of record, you have several choices. Please refer to the specific instructions set forth on the enclosed proxy card, but in general, you can vote your proxy:

- by mailing in the enclosed proxy card;
- over the telephone; or
- via the Internet.

If you hold your shares in street name, your broker, bank, trustee or nominee will provide you with materials and instructions for voting your shares.

Can I vote my shares in person at the Annual Meeting?

If you are a shareholder of record, you may vote your shares in person at the Annual Meeting. If you hold your shares in street name, you must obtain a proxy from your broker, banker, trustee or nominee, giving you the right to vote the shares in person at the Annual Meeting.

What are the Board s recommendations on how I should vote my shares?

The Board recommends that you vote your shares as follows:

Proposal 1	**FOR** the election of all three nominees for Class II directors with terms to expire at the 2010 Annual Meeting of Shareholders.
Proposal 2	**FOR** the amendment of the Swift Energy Company 2005 Stock Compensation Plan to increase the number of shares of Swift Energy common stock available for awards under the plan by up to 300,000 additional shares.

Proposal 3	**FOR** the ratification of the selection of Ernst & Young LLP as Swift Energy s independent auditors for the fiscal year ending December 31, 2007.

What are my choices when voting?

Proposal 1 You may cast your vote in favor of electing the nominees as directors or withhold your vote on one or more nominees.

Proposals 2 and 3 Each proposal requires the affirmative vote of the holders of a majority of the shares entitled to vote on, and that voted for or against or expressly abstained with respect to, each proposal.

How will my shares be voted if I do not specify how they should be voted?

If you sign and return your proxy card without indicating how you want your shares to be voted, the designated proxies appointed by the Board will vote as follows:

Proposal 1	**FOR** the election of all three nominees for Class II directors with terms to expire at the 2010 Annual Meeting of Shareholders.
Proposal 2	**FOR** the amendment of the Swift Energy Company 2005 Stock Compensation Plan to increase the number of shares of Swift Energy common stock available for awards under the plan by up to 300,000 additional shares.
Proposal 3	**FOR** the ratification of the selection of Ernst & Young LLP as Swift Energy s independent auditors for the fiscal year ending December 31, 2007.

How are votes withheld, abstentions and broker non-votes treated?

Votes withheld and abstentions are deemed as present at the Annual Meeting, are counted for quorum purposes, and other than for Proposal 1, will have the same effect as a vote against the matter. For Proposal 1, votes withheld will have the same effect as not voting. Broker nonvotes, if any, while counted for general quorum purposes, are not deemed to be present with respect to any matter for which a broker does not have authority to vote and also have the same effect as not voting.

Can I change my vote after I have mailed in my proxy card?

You may revoke your proxy by one of the following ways:

- send a written notice of revocation to the Secretary of the Company that is received prior to the Annual Meeting, stating that you revoke your proxy;
- sign a later-dated proxy card(s) and submit it so that it is received prior to the Annual Meeting; or
- attend the Annual Meeting and vote your shares in person.

What vote is required to approve each proposal?

Proposal 1 requires a plurality of the votes cast by shareholders entitled to vote to elect directors.

Proposals 2 and 3 each require the affirmative vote of the holders of a majority of the shares entitled to vote on, and that voted for or against or expressly abstained with respect to, each proposal.

Who pays the cost of this proxy solicitation?

The cost of preparing, printing and mailing this proxy statement and soliciting proxies is paid by Swift Energy. The Company will also request brokerage firms, banks, nominees, custodians and fiduciaries to forward proxy materials to the beneficial owners of shares of Swift Energy common stock as of the record date and will reimburse these entities for the cost of forwarding the proxy materials in accordance with customary practice. Your cooperation in promptly voting your shares and submitting your proxy by telephone, Internet or by completing and returning the enclosed proxy card by mail will help to avoid additional expense.

Is this proxy statement the only way the proxies are being solicited?

In addition to this solicitation by the Board, employees of Swift Energy may solicit proxies in person or by mail, delivery service, telephone or facsimile, without additional compensation. The Company has also retained Georgeson Shareholder Communications Inc. to act as a proxy solicitor in conjunction with the Annual Meeting. The Company has agreed to pay this firm $8,000, plus reasonable out of pocket expenses, for proxy solicitation services.

If you have any further questions about voting your shares or attending the Annual Meeting, please contact our Investor Relations Department at (713) 874-2700 or (800) 777-2412.

PROPOSAL 1 ELECTION OF DIRECTORS

Swift Energy has three classes of directors. Every year, each director of one class is elected to serve a three-year term or until his or her successor has been duly elected and qualified. Messrs. Raymond E. Galvin, Greg Matiuk and Henry C. Montgomery, incumbent Class II directors, have been nominated by the Board to stand for re-election as Class II directors. Directors are elected by a plurality of the votes cast by the holders of shares present and entitled to vote in the election of directors at a meeting of the shareholders at which a quorum is present.

The current composition of the Board is:

Class I Directors: *(term to expire at 2009 annual meeting)*	Clyde W. Smith, Jr. Terry E. Swift Charles J. Swindells
Class II Directors: *(standing for re-election at this annual meeting for term to expire at 2010 annual meeting)*	Raymond E. Galvin Greg Matiuk Henry C. Montgomery
Class III Directors: *(term to expire at 2008 annual meeting)*	Deanna L. Cannon Douglas J. Lanier Bruce H. Vincent

Class II Director Nominees

Raymond E. Galvin, 75, has served as Vice Chairman of the Board since June 1, 2006, and as a director of Swift Energy since August 5, 2003. From 1992 until he retired in February 1997, Mr. Galvin was President of Chevron USA Production Company. He also served as a director of Chevron Corporation from 1995 to 1997 and as a Vice President of Chevron Corporation from 1988 to 1997. Mr. Galvin has also served as chairman of the Natural Gas Council and the Natural Gas Supply Association. Mr. Galvin holds the degree of Bachelor of Science in Petroleum Engineering.

Greg Matiuk, 61, has served as a director of Swift Energy since September of 2003. After 36 years of service, Mr. Matiuk retired from ChevronTexaco Corporation in May 2003 having last served as Executive Vice President, Administrative and Corporate Services, a position he had held since 2001. From 1998 until 2001, he was Vice President, Human Resources and Quality, and from 1996 to 1998 he served as Vice President of Strategic Planning and Quality. Mr. Matiuk began his career at ChevronTexaco in 1967 as a production and reservoir engineer. He holds the degree of Bachelor of Science in Geological Engineering and an Executive Master of Business Administration.

Henry C. Montgomery, 71, has served as a director of Swift Energy since 1987. Since 1980, Mr. Montgomery has been Chairman of the Board of Montgomery Professional Services Corporation, a financial management and accounting outsourcing firm. Since 2006, he has been Chairman and Chief Executive Officer of Montgomery Pacific Outsourcing LLC, a financial management and accounting outsourcing firm with subsidiary operations in the Philippines. Mr. Montgomery also currently serves as Chairman of the Board of Catalyst Semiconductor, Inc., which designs, develops and markets programmable integrated circuit products, and Chairman of the Board of ASAT Holdings, Ltd., which packages and tests semiconductor devices. Mr. Montgomery holds the degree of Bachelor of Arts in Economics.

***The Board of Directors unanimously recommends that shareholders vote FOR all of the director nominees to serve as directors in the Class for which they are nominated*.**

The persons named as proxies on the accompanying proxy card, unless authority is withheld by a shareholder on a proxy card, intend to vote FOR the election of all of the nominees named in this proxy statement standing for re-election as Class II directors. If any nominee should become unavailable or unable to serve as a director, the persons named as proxies may vote for a substitute selected by them, or the size of the Board may be reduced accordingly; however, the Board is not aware of any circumstances likely to render any nominee unavailable.

BOARD OF DIRECTORS

Class I Directors

Clyde W. Smith, Jr., 58, has served as a director of Swift Energy since 1984. Since January 2002, Mr. Smith has served as President of Ascentron, Inc., an electronics manufacturing services company. From May 1998 until January 2002, Mr. Smith served as General Manager of D.W. Manufacturing, Inc. d/b/a Millennium Technology Services, an electronics manufacturer, which was acquired by Ascentron, Inc. in January of 2002. Mr. Smith is a Certified Public Accountant and holds the degree of Bachelor of Business Administration in Management**.**

Charles J. Swindells, 64, has served as a director of Swift Energy since February 2006. Ambassador Swindells currently serves as Managing Director of US Trust Company, N.A. and also is a director on the Board of The Greenbrier Companies, Inc., an international supplier of transportation equipment and services to the railroad industry. He served as United States Ambassador to New Zealand and Samoa from 2001 to 2005. Before becoming Ambassador, Mr. Swindells was Vice Chairman of US Trust Company, N.A. from 1993 until 2001. Ambassador Swindells also served as Chairman of the Board of a non-profit board of trustees for Lewis & Clark College in Portland, Oregon from 1998 until 2001. He holds the degree of Bachelor of Science in Political Science.

Terry E. Swift, 51, has served as the Chief Executive Officer of Swift Energy since May 2001, as Chairman of the Board since June 1, 2006, and as a director of the Company since May 2000. He was President of the Company from November 1997 to November 2004, Chief Operating Officer from 1991 to February 2000, and Executive Vice President from 1991 to 1997. Mr. Swift served in other progressive positions of responsibility since joining the Company in 1981. He holds the degrees of Bachelor of Science in Chemical Engineering and Master of Business Administration. He is the son of the late A. Earl Swift, founder of Swift Energy, and the nephew of Virgil N. Swift, Director Emeritus.

Class II Directors

The biographies for the Class II directors are set forth above under Proposal I Election of Directors.

Class III Directors

Deanna L. Cannon, 46, was elected to serve as a member of the Board at the 2004 annual meeting of shareholders. Ms. Cannon is a shareholder and director of Corporate Finance Associates of Northern Michigan (CFA), an investment banking firm, and Corporate Finance Associates Worldwide (CFAW). She is also President of Cannon & Company CPA s PLC, a privately held consulting firm. She served Miller Exploration Company as Chief Financial Officer and Secretary from November 2001 to December 2003, as Vice President Finance and Secretary from June 1999 to November 2001, and as a director of one of its wholly owned subsidiaries from May 2001 to December 2003. Miller Exploration Company was a publicly held independent oil and gas exploration and production company that was acquired by Edge Petroleum Corporation in December 2003. Previously, Ms. Cannon was employed in public accounting for 16 years. Ms. Cannon holds a Bachelor of Science degree in Accounting and is a Certified Public Accountant.

Douglas J. Lanier, 57, has served as a director of Swift Energy since May 2005. Mr. Lanier retired in 2004 as Vice President of ChevronTexaco Exploration & Production Company, Gulf of Mexico Business Unit. He began his career with Gulf Oil Company in 1972 and served in various positions until 1989, when Mr. Lanier was appointed Assistant General Manager Production for Chevron USA Central Region in Houston. He served in subsequent appointments until he joined Chevron Petroleum Technology Company as President in 1997. In October of 2000, he was appointed Vice President of the Gulf of Mexico Shelf Strategic Business Unit. Mr. Lanier holds the degree of Bachelor of Science in Petroleum Engineering. He is a member of the Society of Petroleum Engineers and is a Texas registered Professional Engineer in Texas (inactive). Mr. Lanier was inducted into the University of Tulsa College of Engineering Hall of Fame in 2003.

Bruce H. Vincent, 59, was elected as a director of Swift Energy in May 2005 and was appointed President of the Company in November 2004. He previously served as President of Swift Energy International, Inc. from February 2004 to May 2005, as Secretary of Swift Energy Company from August 2000 to May 2005, as Executive Vice President Corporate Development from August 2000 to November 2004, and as Senior Vice President

Funds Management since joining the Company in 1990. Mr. Vincent holds the degrees of Bachelor of Arts and Master of Business Administration.

Affirmative Determinations Regarding Independent Directors and Financial Experts

The Board has determined that each of the following directors is an independent director as such term is defined in Section 303A of the Listed Company Manual of the New York Stock Exchange, Inc. (NYSE): Deanna L. Cannon, Raymond E. Galvin, Douglas J. Lanier, Greg Matiuk, Henry C. Montgomery, Clyde W. Smith, Jr., and Charles J. Swindells. These independent directors represent a majority of the Company s Board of Directors. Messrs. Swift and Vincent are not independent directors because they serve Swift Energy as Chief Executive Officer and President, respectively.

The Board has also determined that each member of the three committees of the Board meets the independence requirements applicable to those committees prescribed by the NYSE and the Securities and Exchange Commission (SEC). Further, the Board has determined that Henry C. Montgomery, Chairman of the Audit Committee, Clyde W. Smith, Jr. and Deanna L. Cannon, members of the Audit Committee, are each an audit committee financial expert as such term is defined in Item 407(d) of Regulation S-K promulgated by the SEC.

The Board reviewed the applicable standards for Board member and Board committee independence and the criteria applied to determine audit committee financial expert status, as well as the answers to annual questionnaires completed by each of the independent directors. On the basis of this review, the Board made its independence and audit committee financial expert determinations.

Meetings of Independent Directors

At each executive session of the independent directors, the Lead Director presides. Mr. Galvin was elected as Lead Director by the independent directors. For purposes of Rule 303A.03 of the NYSE Listed Company Manual, the term independent directors is equivalent to non-management directors.

Meetings and Committees of the Board

The Board has established the following standing committees: Audit, Compensation, Corporate Governance and Executive Committees. Descriptions of the membership and functions of these committees are set forth below. The following chart identifies the committees upon which each member of the Board serves, the Chairmen of the committees, and the number of meetings and actions by consent by the Board and the committees during 2006:

	Board of Directors	**Audit**	**Corporate Governance**	**Compensation**	**Executive**
Number of meetings held in 2006	10	7	5	5	8
Number of actions by consent in 2006	2	0	0	0	0
Terry E. Swift	C				C
Deanna L. Cannon	M	M	M		
Raymond E. Galvin	VC		M		M
Douglas J. Lanier	M			M	M
Greg Matiuk	M		C	M	
Henry C. Montgomery	M	C		M	
Clyde W. Smith, Jr.	M	M		C	
Charles J. Swindells	M		M	M	
Bruce H. Vincent	M				

C = Chairman
VC = Vice Chairman
M = Member

During 2006, each director attended at least 75% of the aggregate of (i) the total number of meetings of the Board and (ii) the total number of meetings of all committees of the Board on which he or she served.

Audit Committee. The Audit Committee assists the Board in fulfilling its responsibilities with respect to oversight in monitoring (i) the integrity of the financial statements of the Company; (ii) Swift Energy s compliance with legal and regulatory requirements; (iii) the independent auditor s selection, qualifications and independence; and (iv) the performance of Swift Energy s internal audit function and independent auditors. The committee is required to be comprised of three or more non-employee directors, each of whom is determined by the Board to be independent under the rules promulgated by the SEC under the Securities Exchange Act of 1934 (the Exchange Act), and meets the financial literacy and experience requirements under the rules or listing standards established by the NYSE, all as may be amended from time to time. In addition, at least one member of the committee must satisfy the definition of audit committee financial expert as such term may be defined from time to time under the rules promulgated by the SEC. The Board has determined that Messrs. Montgomery and Smith and Ms. Cannon qualify as audit committee financial experts and that each member of the Audit Committee is independent as defined in the NYSE Listed Company Manual and the rules of the SEC. A report of the Audit Committee appears later in this proxy statement. Messrs. Montgomery (Chairman) and Smith and Ms. Cannon are members of the Audit Committee.

Compensation Committee. The Compensation Committee discharges the responsibilities of the Board relating to compensation of the Company s executive officers. This includes evaluating the compensation of the executive officers of the Company and its affiliates and their performance relative to their compensation to assure that such executive officers are compensated effectively in a manner consistent with the strategy of Swift Energy, competitive practices, and the requirements of the appropriate regulatory bodies. In addition, this committee evaluates and makes recommendations to the Board regarding the compensation of the directors. The Compensation Committee also evaluates and approves any amendment, subject to shareholder approval, to the Company s existing equity-related plans and approves the adoption of any new equity-related plans, subject to shareholder and Board approval. The Compensation Committee is required to be comprised of at least three directors who are non-employee directors and determined by the Board to be independent under the SEC rules and NYSE s listing standards. The Board has determined that all members are independent as defined by the NYSE listing standards or rules of the SEC and NYSE. The report of the Compensation Committee is included below. Messrs. Smith (Chairman), Lanier, Matiuk, Montgomery and Swindells are members of the Compensation Committee.

Corporate Governance Committee. The Corporate Governance Committee identifies individuals qualified to become directors and nominates candidates for directorships and also recommends to the Board the membership for each of the Board s committees. This committee may consider nominees recommended by shareholders upon written request by a shareholder in accordance with the procedures for submitting shareholder proposals. The Corporate Governance Committee also develops, monitors and recommends to the Board corporate governance principles and practices applicable to Swift Energy. The committee also assists management of the Company in identifying, screening, and recommending to the Board individuals qualified to become executive officers of the Company. In addition, this committee administers the Company s conflicts of interest policy. The Corporate Governance Committee is required to be comprised of at least three directors who are non-employee directors and determined by the Board to be independent under the NYSE listing standards and the rules of the SEC. Messrs. Matiuk (Chairman), Galvin and Swindells and Ms. Cannon are members of the Corporate Governance Committee and, as determined by the Board, all are independent as defined in the NYSE listing standards and rules of the SEC.

Executive Committee. The Executive Committee is authorized to act for the Board at times when it is not convenient for the full Board to act as an assembled board, except where full Board action is required by applicable law. Any action taken by the Executive Committee is required to be reported at the next full Board meeting. Messrs. Swift, Galvin and Lanier are members of the Executive Committee.

Compensation of Directors

In accordance with its charter, the Compensation Committee periodically evaluates the compensation of non-employee directors, including for service on Board committees, and recommends annual retainer and meeting fees for non-employee directors and for service on Board committees and sets the terms and awards of any stock based compensation and submits these recommendations to the Board of Directors for approval subject to shareholder approval if required. Directors who are also employees of the Company receive no additional compensation for service as directors. The following table shows compensation for non-employee directors for 2006:

Annual Board Retainer	$30,000	
Meeting Fee	2,500	(1)
Annual Committee Retainer	5,000	(2)
Committee Premiums:		
Audit Committee Chair	12,000	(3)
Committee Chair (non-Audit)	6,000	(4)

Executive Committee Member	5,000
Lead Director Retainer	5,000
Annual Restricted Stock Grant Value	100,000 (5)

(1) Annual meeting fee paid per meeting for a minimum of four meetings.
(2) Annual fee for serving on one or more committees.
(3) Annual fee for a minimum of four meetings.
(4) Annual fee for a minimum of two meetings.
(5) Number of restricted shares to be determined, based on the closing stock price on the day after the annual meeting. Restrictions on restricted shares lapse as to one-third of such shares each year beginning on the first anniversary of the grant date, and subject to a one-year service restriction, restrictions on all shares lapse when a director ceases to be a member of the Board.

The following table sets forth certain summary information regarding compensation paid or accrued by the Company to or on behalf of the Company s non-employee directors for the fiscal year ended December 31, 2006:

Name (a)	**Fees Earned or Paid in Cash ($)** (b)	**Stock Awards ($)[1]** (c)	**Option Awards ($)[1]** (d)	**Non-Equity Incentive Plan Compensation ($)** (e)	**Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)** (f)	**All Other Compensation ($)[2]** (g)	**Total ($)** (h)
Deanna L. Cannon	$ 45,000	$ 100,561	$ 19,142	$	$	$	$ 164,703
Raymond E. Galvin	$ 55,000	$ 100,561	$ 24,107	$	$	$	$ 179,668
Douglas J. Lanier	$ 53,333	$ 100,561	$	$	$	$	$ 153,894
Greg Matiuk	$ 51,000	$ 100,561	$ 11,396	$	$	$	$ 162,957
Henry C. Montgomery	$ 57,000	$ 100,561	$ 27,980	$	$	$	$ 185,541
Clyde W. Smith, Jr.	$ 51,000	$ 100,561	$ 27,980	$	$	$	$ 179,541
Charles J. Swindells[3]	$ 42,083	$ 87,854	$	$	$	$	$ 129,937

(1) The amounts in columns (c) and (d) reflect the dollar amount recognized for financial statement purposes for the fiscal year ended December 31, 2006, in accordance with Statement of Financial Accounting Standards (SFAS) No. 123(R) of awards pursuant to the Company s stock compensation plans and thus include amounts from awards granted in and prior to 2006. Assumptions used in the calculation of these amounts are included in footnote 6 to the Company s audited financial statements for the fiscal year ended December 31, 2006 included in the Company s Annual Report on Form 10-K for the year ended December 31, 2006.
(2) No perquisites are included in this column as to any director, as in the aggregate perquisites for any director during 2006 did not exceed $10,000.
(3) Pro-rated from initial date of service.

Payments to Former Directors

The Board of Directors maintains a policy that the Board reviews from time to time relating to post-retirement director compensatory agreements. The policy provides for agreements or arrangements with former directors, including consulting services, in instances in which a majority of the independent directors of the Board agree that an individual former director has specific expertise that the Board and management agree is of material benefit to the Company. Any agreements with former directors currently in effect or about to expire will be reviewed in accordance with this policy. The full Board concluded that the services of Messrs. A. Earl Swift and Virgil Swift, due to their extensive experience with Swift Energy and the oil and gas industry, were invaluable assets to the Company, and thus new consulting agreements were entered into with these former directors.

Mr. A. Earl Swift served as Chairman of the Board of Swift Energy from the date he founded Swift Energy in October 1979 until his passing on May 30, 2006. He also served as the Company s Chief Executive Officer until May 2001. Mr. A. E. Swift s employment agreement with the Company provided for its termination on June 30, 2006, and as approved by the Company s Compensation Committee was to be replaced by a consulting agreement he entered into with the Company that was to become effective on July 1, 2006. The Compensation Committee of the Board approved the terms of the consulting agreement in March 2006, which governed payments to Mr. A. E. Swift s estate.

Per Mr. A. E. Swift s agreements, 10,000 unvested stock options he held on the date of his death immediately became exercisable. Pursuant to Mr. A. E. Swift s agreements, a cash payment of $451,493 was paid to Mr. A. E. Swift s spouse. Under the contractual provisions, the cash payment to his spouse was calculated using base compensation of $150,000 per year for three years, discounted to present value at a rate of 8% per annum, plus an annual inflation adjustment of 4% per annum.

Mr. Virgil Swift served as a director during 2005 until the annual meeting of shareholders on May 10, 2005, at which time he was given the honorary title of Director Emeritus. Mr. V. Swift received compensation during 2006 pursuant to a consulting agreement, which has been in effect since July 2000 and was renewed on similar terms effective July 1, 2006. Pursuant to such agreement, Mr. V. Swift is paid $5,000 per month for providing advisory services to key employees, officers, and directors, especially in the area of the Company s New Zealand oil and gas exploration and production operations and as otherwise requested by the Chairman of the Board and Chief Executive Officer, or by the President. The consulting agreement is terminable by either party without cause upon two weeks written notice. Upon a change of control during the term of the consulting agreement, all outstanding stock options held by Mr. V. Swift will become 100% vested.

Board Succession Plan

The Board formally considered, addressed and approved a Board succession plan during 2004, as recommended to the Board by the Corporate Governance Committee. In adopting such plan, the Board took into consideration the Company s Principles of Corporate Governance that present members of the Board will notify the Board when they reach the age of 75 and the Board, after receiving the recommendation of the Corporate Governance Committee, will determine whether or not such director will continue as a member of the Board. In accordance with the Board succession plan, Mr. Galvin would have been scheduled for such consideration at the 2006 annual meeting. The Corporate Governance Committee recommended, and the Board approved, the nomination of Mr. Galvin to stand for election, and Mr. Galvin was re-elected as a Class II director with a term to expire at the 2007 Annual Meeting. Mr. Galvin was again scheduled for such consideration at the 2007 Annual Meeting. The Corporate Governance Committee considered Mr. Galvin s industry experience and wide-ranging management background and determined that especially with the passing of A. Earl Swift, the Board and the Company would benefit from Mr. Galvin s depth of experience and his continuing to serve as Lead Director, Vice Chairman and a member of the Executive Committee. The Corporate Governance Committee recommended, and the Board approved, with Mr. Galvin s abstention, that Mr. Galvin be nominated to stand for re-election for a full three year term as a Class II director.

Nominations for Directors

Identifying Candidates

The Corporate Governance Committee, in consultation with the Chairman of the Board, is responsible for identifying and screening potential director candidates and recommending qualified candidates to the Board for nomination. The Committee considers recommendations of potential candidates from current directors and shareholders. Shareholders nominations for directors must be made in writing and include the name, age, business and residence address of the recommended nominee, the class and number of shares, if any, of Swift Energy which are beneficially owned by the recommended nominee, and any other information required to be disclosed in the Company s proxy statement by rules promulgated by the SEC. Additionally, the recommendation must include the name and address of the shareholder, the number of shares of the Company s securities that the shareholder beneficially owns, and the period for which the shareholder has held such shares. Nominations must be addressed as follows and received by no later than March 9, 2008, and no earlier than February 8, 2008, in order to be considered for the next annual election of directors:

Chairman of the Corporate Governance Committee

Swift Energy Company

c/o Office of the Corporate Secretary

16825 Northchase Drive, Suite 400

Houston, Texas 77060

Qualifications

The Corporate Governance Committee has not established a specific minimum or maximum age, education, years of business experience or specific types of skills for potential director candidates, but, in general, consideration is given to each candidate s reputation, mature judgment, career specialization, relevant technical skills, diversity and the extent to which the candidate would fill a present need on the Board.

The Company s Principles for Corporate Governance require that each director:

- understand Swift Energy s business and the marketplaces in which it operates;
- regularly attend meetings of the Board and of the Board committee(s) on which he or she serves;
- review the materials provided in advance of meetings and any other materials provided to the Board from time to time;
- monitor and keep abreast of general economic, business and management news and trends, as well as developments in Swift Energy s competitive environment and Swift Energy s performance with respect to that environment;
- actively, objectively and constructively participate in meetings and the strategic decision-making processes;
- share his or her perspective, background, experience, knowledge and insights as they relate to the matters before the Board and its committees;
- be reasonably available when requested to advise the CEO and management on specific issues not requiring the attention of the full Board but where an individual director s insights might be helpful to the CEO or management; and
- be familiar and comply in all respects with the Code of Ethics and Business Conduct of the Company, as adopted and as may be amended from time to time.

Nomination of Candidates

In determining whether to nominate a candidate, either from an internally generated or shareholder recommendation, the Corporate Governance Committee will consider the current composition and capabilities of serving board members, as well as additional capabilities considered necessary or desirable in light of existing and future Company needs. The Corporate Governance Committee also exercises its independent business judgment and discretion in evaluating the suitability of any recommended candidate for nomination.

Compensation Committee Interlocks and Insider Participation

During 2006, the Compensation Committee of the Board consisted of Messrs. Smith, Lanier, Matiuk, Montgomery and Swindells, who are all independent directors. To the Company s knowledge, there are no compensation committee interlocks involving members of the Compensation Committee or other directors of the Company.

Corporate Governance

Part of the Company s historical and on-going corporate governance practices is the Company s policy that requires officers, directors, employees, and certain consultants of the Company to submit annual disclosure statements regarding their compliance with the Company s conflict of interest policy. A management representation letter is provided to the Corporate Governance Committee of the Board regarding the results of the annual disclosure statements and management s assessment of any potential or actual conflicts of interest. Based on this assessment and further discussion with management, the Corporate Governance Committee then directs management on what additional action, if any, the Committee determines is necessary to be undertaken with regard to any potential or actual conflict of interest or related party transaction.

The Company also requires that officers, directors, employees, and certain consultants of the Company provide an annual re-affirmation of the Company s Code of Ethics and Business Conduct. A copy of the Code of Ethics and Business Conduct is re-distributed in connection with this requirement and each such person is asked to re-affirm and re-acknowledge that they have reviewed and refreshed their knowledge of the provisions of the Code of Ethics and Business Conduct and will comply with such Code. They also re-affirm their understanding that their continued service to the Company is dependent upon compliance with the Company s Code of Ethics and Business Conduct. In addition, all officers, directors, employees, and consultants are required to annually re-certify their understanding of, and adherence to, the Company s Insider Trading Policy. A copy of the Insider Trading Policy is also re-distributed in connection with this requirement.

The charters for each the Audit, Corporate Governance and Compensation Committees are reviewed annually by each committee and by the Corporate Governance Committee. The Board-adopted Principles of Corporate Governance for the Company and the Code of Ethics and Business Conduct are applicable to all employees, directors and consultants and are posted on the Company s website at www.swiftenergy.com. The committee charters, Principals of Corporate Governance and Code of Ethics and Business Conduct are also available in print, without charge, to any shareholder who requests a copy. Requests should be directed to the Company s Investor Relations Department at 16825 Northchase Drive, Suite 400, Houston, Texas 77060; by telephone at (713) 874-2700 or (800) 777-2412; or by email to info@swiftenergy.com.

In addition, the Code of Ethics for Senior Financial Officers and Principal Executive Officers, as adopted by the Board, is posted on Swift Energy s website, where the Company also intends to post any waivers from or amendments to this Code of Ethics.

Related Party Transactions

During 2006, the Company received research, technical writing, publishing, and website-related services from Tec-Com Inc., a corporation located in Knoxville, Tennessee, and controlled and majority owned by the aunt of the Company s Chairman of the Board and Chief Executive Officer. For the fiscal year ended December 31, 2006, the Company paid approximately $0.5 million to Tec-Com for such services pursuant to the terms of the contract between the parties. The contract expires June 30, 2007. The Company believes that the terms of this contract are consistent with comparable arrangements with third parties that provide similar services.

The Company has not adopted a formal related party transaction policy. As a matter of corporate governance policy and practice, related party transactions are annually presented and considered by the Corporate Governance Committee of the Company s Board of Directors in accordance with such committee s charter. See discussion set forth above under Board of Directors Corporate Governance.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Security Ownership of Certain Beneficial Owners

The following table sets forth information concerning the shareholdings, as of March 1, 2007 (unless otherwise indicated), with respect to each person, to the Company s knowledge, who beneficially owned more than five percent of the Company s outstanding common stock:

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership		Percent of Class
EARNEST Partners, LLC 1180 Peachtree Street NE, Suite 2300 Atlanta, Georgia 30309	3,273,386	(1)	11.0%
Goldman Sachs Asset Management, L.P. 152 West 57th Street, 28th Floor New York, New York 10019-2210	3,227,624	(2)	10.8%
Dimensional Fund Advisors LP 1299 Ocean Avenue Santa Monica, California 90401	1,885,278	(3)	6.3%
Barclays[4] 45 Fremont Street San Francisco, California 94105	1,770,019	(4)	5.9%
Mellon Financial Corporation One Mellon Center Pittsburgh, Pennsylvania 15258	1,639,530	(5)	5.5%

(1) Based on a Schedule 13G dated February 6, 2007, filed with the SEC to reflect shares held at December 31, 2006, EARNEST Partners, LLC, is an investment advisor in accordance with SEC Rule 13d-1(b)(1)(ii)(E), and holds sole voting power as to 865,156 shares, shared voting power as to 1,113,330 shares, and sole dispositive power as to all 3,273,386 shares.

(2) Based on a Schedule 13G dated February 12, 2007, filed with the SEC to reflect shares held at December 31, 2006, Goldman Sachs Asset Management, LP is an investment advisor in accordance with SEC Rule 13d-1(b)(1)(ii)(E) and holds sole voting power as to 2,941,588 shares and sole dispositive power as to 3,227,624 shares.

(3) Based on a Schedule 13G dated February 1, 2007, filed with the SEC to reflect shares held at December 31, 2006, Dimensional Fund Advisors LP (Dimensional) is an investment advisor in accordance with SEC Rule 13d-1(b)(1)(ii)(E) and holds sole voting and dispositive power as to 1,885,278 shares. Dimensional disclaims beneficial ownership of all such securities.

(4) Based on a Schedule 13G dated February 1, 2007, filed with the SEC to reflect shares held at December 31, 2006, by the following entities:

Barclays Global Investors, NA, a Bank as defined in Section 3(a)(6) of the Securities Act of 1933, holds sole voting power as to 781,914 shares and sole dispositive power as to 904,274 shares.

Barclays Global Fund Advisors, an investment advisor in accordance with SEC Rule 13d-1(b)(1)(ii)(E), holds sole voting and dispositive power with respect to 846,876 shares.

Barclays Global Investors, Ltd. a Bank as defined in Section 3(a)(6) of the Securities Act of 1933, holds sole voting and dispositive power with respect to 18,869 shares. The address of Barclays Global Investors, Ltd. is Murray House, 1Royal Mint Court, London EC3N 4HH.

(5) Based on a Schedule 13G dated February 12, 2007, filed with the SEC to reflect shares held at December 31, 2006, Mellon Financial Corporation is a parent holding company or control person in accordance with SEC Rule 13d-1(b)(1)(ii)(G) and holds sole voting power with respect to 1,539,094 shares, shared voting power with respect to 10,100 shares, sole dispositive power as to 1,627,630 shares and shared dispositive power with respect to 7,900 shares.

Security Ownership of Management

The following table sets forth information concerning the shareholdings, as of March 1, 2007 (unless otherwise indicated), of the members of the Board, the Chief Executive Officer, the Chief Financial Officer, the three most highly compensated executive officers other than the CEO and CFO, and all executive officers and directors as a group:

Name of Beneficial Owner	Position	Amount and Nature of Beneficial Ownership[1]	Percent of Class
Terry E. Swift	Chairman of the Board and Chief Executive Officer	182,281	[2]
Deanna L. Cannon	Director	9,380	[2]
Raymond E. Galvin	Director	37,850	[2]
Douglas J. Lanier	Director	5,450	[2]
Greg Matiuk	Director	11,450	[2]
Henry C. Montgomery	Director	21,165	[2]
Clyde W. Smith, Jr.	Director	45,450 [3]	[2]
Charles J. Swindells	Director	2,770	[2]
Alton D. Heckaman, Jr.	Executive Vice President and Chief Financial Officer	129,137	[2]
Bruce H. Vincent	President and Director	160,930	[2]
Joseph A. D Amico	Executive Vice President and Chief Operating Officer	93,376	[2]
James M. Kitterman	Senior Vice President Operations	137,974	[2]
All executive officers and directors as a group (15 persons)		917,405	3.0%

(1) Unless otherwise indicated below, the persons named have sole voting and investment power, or joint voting and investment power with their respective spouses, over the number of shares of the common stock of the Company shown as being beneficially owned by them, less the shares set forth in this footnote. The table includes the following shares that were acquirable within 60 days following March 1, 2007, by exercise of options granted under the Company s stock plans: Mr. Swift 51,153; Ms. Cannon 4,000; Mr. Galvin 10,000; Mr. Lanier 0; Mr. Matiuk 6,000; Mr. Montgomery 10,000; Mr. Smith 29,000; Ambassador Swindells 0; Mr. Heckaman 86,163; Mr. Vincent 69,264; Mr. D Amico 61,409; Mr. Kitterman 86,647; and all executive officers and directors as a group 442,716.

(2) Less than one percent.

(3) Mr. Smith disclaims beneficial ownership as to 1,000 shares held in a Roth IRA for the benefit of Mr. Smith s son.

EXECUTIVE OFFICERS

The Board appoints the executive officers of the Company annually. Information regarding Terry E. Swift, Chief Executive Officer, and Bruce H. Vincent, President, is set forth previously in this proxy statement under Board of Directors. Set forth below is certain information, as of the date of this proxy statement, concerning the other executive officers of the Company.

Joseph A. D Amico, 58, was appointed Executive Vice President of Swift Energy in August 2000 and was appointed Chief Operating Officer in February 1999. He served in other progressive positions of responsibility since joining the Company in 1988. Mr. D Amico holds the degrees of Bachelor and Master of Science in Petroleum Engineering and the degree of Master of Business Administration.

Alton D. Heckaman, Jr., 50, was appointed Executive Vice President of Swift Energy in November 2004 and Chief Financial Officer in August 2000. He previously served as Senior Vice President Finance from August 2000 until November 2004. He served in other progressive positions of responsibility since joining the Company in 1982. He is a Certified Public Accountant and holds the degrees of Bachelor of Business Administration in Accounting and Master of Business Administration.

James M. Kitterman, 62, was appointed Senior Vice President Operations of Swift Energy in May 1993. He had previously served as Vice President Operations since joining the Company in 1983. Mr. Kitterman holds the degrees of Bachelor of Science in Petroleum Engineering and Master of Business Administration.

James P. Mitchell, 52, was appointed Senior Vice President Commercial Transactions and Land in February 2003. He previously served as Vice President Land and Property Transactions from December 2001 to February 2003, and Vice President Land from 1996 to 2001. He served in other progressive positions of responsibility since joining the Company in 1987. Mr. Mitchell holds the degree of Bachelor of Arts in History and Business Law.

Victor R. Moran, 51, was appointed Senior Vice President and Chief Compliance Officer of Swift Energy in November 2004, having previously served as Senior Vice President Energy Marketing and Business Development from August 2000. He served in other progressive positions of responsibility since 1992, when he joined the Company. Mr. Moran was elected to the Board of Trustees of Spring Independent School District in May 2005. Mr. Moran holds the degrees of Bachelor of Arts in Government and History, Master of Business Administration, and a Doctor of Jurisprudence.

David W. Wesson, 48, was appointed Controller of Swift Energy in January 2001. He previously served as Assistant Controller Reporting from April 1999 to January 2001, and in other progressive positions of responsibility since joining the Company in 1988. Mr. Wesson is a Certified Public Accountant and holds the degree of Bachelor of Business Administration in Accounting.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Overview

This compensation discussion and analysis describes the material elements of compensation paid to our officers, including our Chief Executive Officer, Chief Financial Officer and our three other most highly compensated executive officers, each as named in the tables set forth in this proxy statement and which we refer to as our named executive officers. All officers of Swift Energy and its affiliates are collectively referred to as Officers.

Swift Energy s executive compensation programs are recommended by senior management of the Company and reviewed, adjusted as deemed appropriate and approved on an annual basis by the Compensation Committee of the Board of Directors based on an analysis of Swift Energy s historical compensation practices in relation to various competitive market and industry data, surveys and benchmarks, with adjustments made by the Compensation Committee as the Committee deems appropriate.

Compensation Philosophy and Objectives

The Company s policy is to establish competitive compensation programs that promote and advance the interests of the Company by aiding in the recruiting, hiring, retaining and rewarding of qualified employees, and aligning the financial interest of managerial and key employees with the growth and financial success of the Company by offering stock based incentives. The Compensation Committee evaluates the performance of the Officers of Swift Energy relative to their compensation to assure that such Officers are compensated in a manner consistent with the mission and strategy of Swift Energy and with competitive practices within the oil and gas industry. The Company believes that its compensation program provides an excellent link between the value created for shareholders and the compensation paid to its Officers. The same value linkage is applied in considering the compensation of non-employee directors.

Our Compensation Committee

The Compensation Committee was established by the Board of Directors in 1982 and the Committee has been composed solely of non-employee directors since inception. The members of the Compensation Committee are all independent as defined by the rules and regulations of the Securities and Exchange Commission and the rules of the New York Stock Exchange. In addition, all members of the Committee are disinterested directors under SEC Rule 16b-3 and qualified outside directors under Section 162(m) of the Internal Revenue Code.

Discharging the responsibilities of the Board of Directors of Swift Energy relating to compensation of the Company s Officers is the primary function of the Compensation Committee. In addition, the Compensation Committee evaluates and makes recommendations to the Board regarding the compensation of the non-employee directors. The Committee also has the sole authority to retain outside compensation consultants to assist it in the performance of its duties, as the Committee deems necessary or advisable in its sole discretion. Although consultants have been used in recent history, no consultants were retained specifically by the Compensation Committee for 2006 compensation determinations. The format of the annual compensation analysis, which was originally established by outside compensation consultants a few years ago, is still utilized.

On an annual basis, the Compensation Committee reviews and considers corporate goals and objectives relevant to the Chief Executive Officer s compensation and evaluates the Chief Executive Officer s performance in light of those goals and objectives, and has the authority to determine the amounts and individual elements of total compensation for the Chief Executive Officer. The Compensation Committee determines the criteria used to evaluate the Chief Executive Officer and submits such criteria to the Board for approval. In determining the Chief Executive Officer s long-term compensation, the Compensation Committee considers the Company s performance and shareholder return, the value of similar incentive awards to chief executive officers at comparable companies, and the awards given to the Company s Chief Executive Officer in prior years, and any other factors the Committee deems appropriate or applicable.

Annually, the Committee also reviews and considers the Company s corporate goals and objectives relevant to Officer compensation other than that of the Chief Executive Officer. Additionally, the Committee reviews, modifies (if the Committee deems necessary) and approves management s recommendations as to a salary

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program for the Company s Officers. This involves the review and approval of management s recommendations for annual salary adjustments for all individual Officers, except for the Chief Executive Officer. The Committee also reviews and approves management s recommendations for an incentive compensation program to reward Officers. This involves the review and approval of management s recommendations for incentive compensation awards for all Officers, except for the Chief Executive Officer, according to the Company s incentive compensation plans and programs. Further, the Committee periodically evaluates (i) the terms and administration of (and approves, subject to shareholder approval if required, any proposed amendments to) the Company s annual and long-term incentive plans to assure that they are structured and administered in a manner consistent with the Company s goals and objectives as to participation in such plans, annual incentive award targets, corporate financial goals, actual awards paid to the Company s Officers, and total funds reserved for payment under the compensation plans; and (ii) existing equity-related plans, and evaluates and approves the adoption of any new equity-related plans and determines when it is necessary or otherwise desirable: (a) to modify, discontinue or supplement any such plans; or (b) to submit amendments or adoption to a vote of the Board and/or the Company s shareholders.

Swift Energy s Officer compensation consists of three primary components: base salary, annual incentive bonuses, and long term stock-based incentives. For 2006, the annual base salary review for Officers utilized the base salary information from historical and competitive market reviews to compare the recommended salary adjustments to those for similar oil and gas industry peer positions. The actual recommended salary adjustments are based on individual performance, individual experience, individual roles and responsibilities and competitive market data for each of the various Officers. Outstanding performance by a particular Officer is generally recognized through annual and long-term incentives rather than base salary.

Executive Compensation Criteria and Performance Measurement

Swift Energy s senior management utilizes more than one method to analyze and make its annual compensation recommendations. The three primary components of Swift Energy s officer compensation (base salary, annual incentive bonuses and long-term stock-based incentives) have been and continue to be compared with the average and the median of the third quartile, the 66th percentile, of the competitive market data. The Compensation Committee reviews competitive market data for several peer groups. For the 2006 competitive market review, the Committee reviewed competitive market data for a 15 company peer group and a broader 26 company peer group. Officer incentive compensation is not set to any particular statistical result obtained from the peer group analysis of the competitive market data.

The three elements of Swift Energy s officer compensation are compared with historical public information utilizing several different peer groups with similar characteristics, business strategies and operations. For the 2006 incentive program, Swift Energy s Officer compensation program was compared against a peer group of approximately 15 independent oil and gas companies. For the named Officers, these comparisons are made by position or rank (such as second highest paid named executive officer) and by title. These comparisons are then repeated with a peer group of 26 oil and gas companies, some with smaller and some with larger market capitalization. This is done to help ensure that the quality and caliber of officers that Swift Energy can recruit as well as retain is competitive with a broad base of companies in the oil and gas industry.

Base Salary for a particular year is based upon (i) the Officer s role and scope of responsibility, (ii) an evaluation of each Officer s individual performance during the year, (iii) the range paid by oil and gas exploration and production companies, based in part upon annual surveys provided by various outside sources and public information on oil and gas exploration and production companies (the Compensation Surveys), (iv) the Officer s direct or related industry experience and (v) an evaluation of the Company s performance during the preceding year, which includes, among other things, the Company s earnings, reserves growth and cash flow. Annual Officer individual performance evaluations include each Officer s review of his or her own performance throughout the year, consideration of each Officer s accomplishment of his or her established goals during the year, and a performance review and compensation recommendation by the Company s Chief Executive Officer, all of which are then reviewed, adjusted if deemed appropriate, and acted upon by the Compensation Committee.

The Company participates in confidential Compensation Surveys, which include oil and gas exploration and production companies in common with the Dow Jones Oil U.S. Exploration & Production Index (the Index) used in the Five Year Shareholder Return Comparison set forth in the

Company s Annual Report on Form 10-K for the year ended December 31, 2006, as well as other oil and gas exploration and production companies that may not be included in the Index. The Compensation Surveys are used by management and the Compensation

Committee for purposes of Officer compensation comparison because they constitute a broader group than the group of companies included in the Index.

Annual Incentive Bonuses for 2006 were awarded in the first quarter of 2007, in cash, based on both individual and Company performances during 2006. The bonus formula for 2006 for the Officers was based upon at least four of ten operating and financial metrics, each given a varying percentage weighting and collectively weighed at two-thirds of each Officer s 2006 bonus. The bonus formula for the Chief Executive Officer, President, and Chief Financial Officer was based on all ten metrics. The metrics used were earnings per share, cash flow per share, net margin, growth in proven reserves, production targets, controllable LOE per unit of production, and finding and development costs per Mcfe, with domestic and international operations considered separately for the last three metrics. At the beginning of 2006, target levels for each metric were determined and individual Officers were assigned a specific percentage for each metric for which his or her performance was weighted. For 2006 performance, each officer was assigned a specific percentage for each metric that ranged from 0% to 35%, with all metrics totaling 100%. The target levels were separated into three tiers: qualifying level, baseline target and target maximum. If the qualifying level was not reached, no bonus was awarded for such metric. Upon meeting the qualifying level, incentives incrementally reach 100% as the metric approaches the baseline target. The baseline target is that level that was expected to be reached. Reaching or exceeding the target maximum resulted in excess of a 100% incentive. Successes in these metrics were then measured against target bonus ranges as percentages of base salaries. The remaining factor, with a one-third weighting, was subjective and measured individual performance of that Officer in contributing to the Company s overall achievement of its strategic objectives and the achievement of the objectives of the Officer s department or group within the Company.

The annual incentive bonus target levels are generally set at a progressive range of 30% to 100% of base salary for Officers, based on roles and responsibilities. The Compensation Committee reserves the discretion to increase or decrease the targeted levels based on actual Company financial or operating performance, as well as, competitive market practices.

An Officer must also meet the following requirements in order to receive an annual incentive bonus: (i) must be a full-time Officer of Swift Energy or one of its subsidiaries on the date of the award; (ii) must have no violations of the Company s Code of Ethics and Business Conduct; (iii) must meet or exceed 50% of the Officer s personal goals based on the CEO s assessment; and (iv) the bonus must be approved by the CEO and the Compensation Committee of the Board.

Long-Term Stock-Based Incentives are provided through a combination of grants of stock options and restricted stock, usually on an annual basis during February, to Officers and others under the Swift Energy 2005 Stock Compensation Plan (the 2005 Plan). This component is intended to retain and motivate Officers to improve long-term shareholder value. Stock options and restricted stock awards are granted at the prevailing market price of the Company s common stock on the date of grant. Grants of stock options have always vested in equal amounts over five years. Any shares of restricted stock granted to Officers will typically vest in equal amounts over three years.

The Compensation Committee determines an appropriate number of options and/or shares of restricted stock to be granted in any year based on the current total number of outstanding options, so as to avoid excessive dilution of the shareholders value in the Company through option exercises or restricted stock grants. Out of the number so determined, options and/or shares of restricted stock are apportioned and granted to Officers in progressive amounts, generally related to their roles and responsibilities. Additionally, the metrics described under Executive Compensation Criteria and Performance Measurement Annual Incentive Bonuses above are also used to determine an officer s long-term stock based incentive award. Long-term stock-based incentive target levels are generally set at a progressive range of 100% to 250% of base salary, again based on roles and responsibilities.

Officers who paid the exercise price when exercising options by using shares of the Company s common stock, owned by such officers for at least six months, received reload stock options during 2006 in accordance with the terms and conditions of the Company s stock compensation plans. Reload stock options are available to all plan participants.

Executive Perquisites and Other Business-Related Benefits

Swift Energy offers a limited number of perquisites to its executives. From time to time, our Officers are provided with financial planning services, which may include tax and estate planning. During 2006, certain officers were reimbursed by the Company for income tax preparation services by independent third parties. In addition, we provide our Officers with certain whole life insurance benefits in addition to the supplemental life, voluntary life and accidental death and dismemberment insurance coverage available to all employees. Officers are provided with a club membership (or memberships in the case of a few Officers). The named executive officers are also occasionally provided with tickets to local sporting events, which are primarily used for business entertainment or provided to other officers or key employees. Officers are taxed on all applicable perquisites, as required. With respect to taxes paid by officers on whole life insurance benefits, Officers are reimbursed for the taxable amount for such insurance coverage after the amount is reported to the Internal Revenue Service.

Officers and employees also have access to Company vehicles on a limited, as needed and approved basis in connection with business-related matters. In general, spousal travel for invited officers and directors is provided in connection with one Board meeting annually and special oil and gas industry functions, which specifically promote or advance the business purposes of the Company.

Post-Termination Compensation and Change of Control Benefits

All of the employment agreements with Officers provide for an initial three-year term, which is automatically extended for one year on the anniversary date of the agreement (such period, as so extended at any time, the Contract Term). These agreements provide for payment of certain amounts and continuation of medical benefits for one-half of the remainder of the Contract Term upon termination of employment other than for cause. The payment shall be equal to the executive s base salary in effect immediately prior to the termination date, plus one week s salary for every year of service to Swift Energy, plus in the case of Messrs. T. Swift, Heckaman, and Kitterman, certain amounts compounded at a rate of 8% per annum, representing amounts in lieu of company contributions to its 401(k) plan for those periods of employment prior to adoption of such a plan by Swift Energy. The agreements also provide for the continuation of medical benefits for one-half of the remainder of the Contract Term upon termination of employment other than for cause. The agreements can be terminated by Swift Energy other than for cause only by a majority of the continuing directors who have been directors for two years or nominated for election by a majority of continuing directors. Upon employment termination in connection with or following a change of control, the executives are entitled to receive their salary that would have been paid for the remainder of the Contract Term, plus two weeks salary for every year of service to Swift Energy, plus in the case of Messrs. T. Swift, Heckaman and Kitterman, the aforementioned in lieu of 401(k) plan payments, and continuation of medical and dental insurance and universal life coverage for certain periods. Immediately prior to termination of employment, all outstanding stock options vest, except as to four officers for whom the only outstanding options that vest are those granted after the date of their respective employment agreement.

Indemnification Agreements

During 2006, we have entered into a new form of indemnification agreement with each of our Officers and directors. Previously, only a few officers who had been with the Company for a long period of time had such agreements. These new indemnification agreements provide for the Company to, among other things, indemnify such persons against certain liabilities that may arise by reason of their status or service as Officers or directors, to advance their expenses incurred as a result of a proceeding as to which they may be indemnified and to cover such person under any officers and directors liability insurance policy we choose, in our discretion, to maintain. These indemnification agreements are intended to provide indemnification rights to the fullest extent permitted under Texas law and shall be in addition to any other rights the indemnitee may have under the Company s Restated Articles of Incorporation, Bylaws and applicable law. We believe these indemnification agreements enhance our ability to attract and retain knowledgeable and experienced Officers and directors.

Section 162(m) of the Internal Revenue Code

Section 162(m) generally limits deductions for compensation paid to any employee in excess of $1.0 million per year. The Compensation Committee addressed this issue in the Swift Energy Company 2005 Stock Compensation Plan. Because amounts of compensation paid to certain officers may be subject to the limitations on deductibility by the Company under Section 162(m) of the Internal Revenue Code, the 2005 Plan provides that any such officer may not receive a grant in any given calendar year of awards covering or measured by more than 100,000 shares of the Company s common stock. Further, acceleration of vesting or exercisability of awards held by those officers can only be related to their death, disability, termination of employment upon retirement, or a change of control, as defined in the 2005 Plan.

Compensation Committee Report

The Compensation Committee reviewed and discussed the Compensation Discussion and Analysis with management. Based upon this review, the related discussions and other matters deemed relevant and appropriate by the Compensation Committee, the Compensation Committee has recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement to be delivered to stockholders of Swift Energy.

Clyde Smith, Jr. (Chairman)

Greg Matiuk

Henry C. Montgomery

Charles J. Swindells

Summary Compensation Table

The following table sets forth certain summary information regarding compensation paid or accrued by the Company to or on behalf of the Company s Chief Executive Officer, Chief Financial Officer, and each of the three most highly compensated executive officers of the Company other than the CEO and CFO for the fiscal year ended December 31, 2006:

Name and Principal Position (a)	**Year (b)**	**Salary ($) (c)**	**Bonus ($)[1] (d)**	**Stock Awards ($)[2] (e)**	**Option Awards ($)[2] (f)**	**Non-Equity Incentive Plan Compen-sation ($) (g)**	**Change in Pension and Non-qualified Deferred Compen-sation Earnings ($) (h)**	**All Other Compen-sation ($)[3][4] (i)**	**Total ($) (j)**
Terry E. Swift Chairman of the Board & Chief Executive Officer	2006	$ 550,000	$ 947,408	$ 322,893	$ 967,600	$	$	$ 34,608	$ 2,822,509
Alton D. Heckaman, Jr. Executive Vice President and Chief Financial Officer	2006	$ 360,000	$ 372,613	$ 132,384	$ 444,688	$	$	$ 26,314	$ 1,335,999
Bruce H. Vincent President	2006	$ 430,000	$ 592,561	$ 191,426	$ 891,522	$	$	$ 37,956	$ 2,143,465
Joseph A. D Amico Executive Vice President and Chief Operating Officer	2006	$ 360,000	$ 311,120	$ 136,221	$ 213,212	$	$	$ 32,551	$ 1,053,104
James M. Kitterman Senior Vice President Operations	2006	$ 300,000	$ 180,885	$ 97,762	$ 194,496	$	$	$ 39,027	$ 812,170

(1) Bonus amounts in column (d) for 2006 include amounts earned during 2006 but paid in 2007.

(2) The amounts in columns (e) and (f) reflect the dollar amount recognized for financial statement purposes for the fiscal year ended December 31, 2006, in accordance with Statement of Financial Accounting Standards (SFAS) No. 123(R) of awards pursuant to the Company s stock compensation plans and thus include amounts from awards granted in and prior to 2006. Assumptions used in the calculation of these amounts are included in footnote 6 to the Company s audited financial statements for the fiscal year ended December 31, 2006 included in the Company s Annual Report on Form 10-K for the year ended December 31, 2006.

(3) Includes all other compensation items (column (i)) for 2006 not reportable in columns (c) (h):

	Swift	**Heckaman**	**Vincent**	**D Amico**	**Kitterman**
Savings Plan Contributions*	$ 11,000	$ 11,000	$ 11,000	$ 11,000	$ 11,000
Life Insurance Premiums**	$ 12,243	$ 7,171	$ 14,341	$ 11,701	$ 14,944
Tax Reimbursement for Life Insurance Premiums***	$ 7,780	$ 4,557	$ 9,030	$ 6,265	$ 9,497
Contributions to Employee Stock Ownership Plan Account****	$ 3,585	$ 3,585	$ 3,585	$ 3,585	$ 3,585

* Company contributions to the named executive officer s Swift Energy Company Employee Savings Plan account (100% in Company common stock).

** Insurance premiums paid by the Company during 2006 with respect to life insurance for the benefit of the named executive officer.

*** Amount paid to the named executive officer as a tax reimbursement with respect to the life insurance premiums paid for the named executive officer.

**** Company contributions (100% in Company common stock) to the named executive officer s Swift Energy Company Employee Stock Ownership Plan account.

(4) No perquisites are included in this column as to any named executive officer, as in the aggregate perquisites for any named executive officer during 2006 did not exceed $10,000.

Grants of Plan-Based Awards

The following table sets forth certain information with respect to the options granted during the year ended December 31, 2006 to each executive officer listed in the Summary Compensation Table:

Name		**Estimated Future Payouts Under Non-Equity Incentive Plan Awards**			**Estimated Future Payouts Under Equity Incentive Plan Awards**			**All Other Stock Awards: Number of Shares of Stock or Units**		**All Other Option Awards: Number of Securities Under-lying Options**		**Exercise or Base Price of Option Awards**	**Grant Date Fair Value of Stock and Option Awards**
	Grant Date	**Threshold ($)**	**Target ($)**	**Maximum ($)**	**Threshold (#)**	**Target (#)**	**Maximum (#)**	**(#)**		**(#)**		**($/Sh)**	
(a)	**(b)**	**(c)**	**(d)**	**(e)**	**(f)**	**(g)**	**(h)**	**(i)**		**(j)**		**(k)**	**(l)**
Terry E. Swift	02/07/2006							17,500	(1)			$	$ 774,200
	02/07/2006									25,400	(1)	$ 44.24	$ 542,798
	11/28/2006									4,458	(2)	$ 51.21	$ 67,539
	11/28/2006									29,749	(2)	$ 51.21	$ 462,299
	11/28/2006									2,162	(2)	$ 51.21	$ 40,819
	11/28/2006									2,556	(2)	$ 51.21	$ 51,580
	11/28/2006									5,297	(2)	$ 51.21	$ 88,195
	11/28/2006									8,169	(3)	$ 51.21	$ 91,493
Alton D. Heckaman, Jr.	02/07/2006							7,700	(1)			$	$ 340,648
	02/07/2006									11,100	(1)	$ 44.24	$ 232,698
	06/26/2006									1,925	(2)	$ 39.64	$ 26,199
	06/27/2006												