



# ***W&T OFFSHORE***

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## **2012 BARCLAYS CEO ENERGY-POWER CONFERENCE**

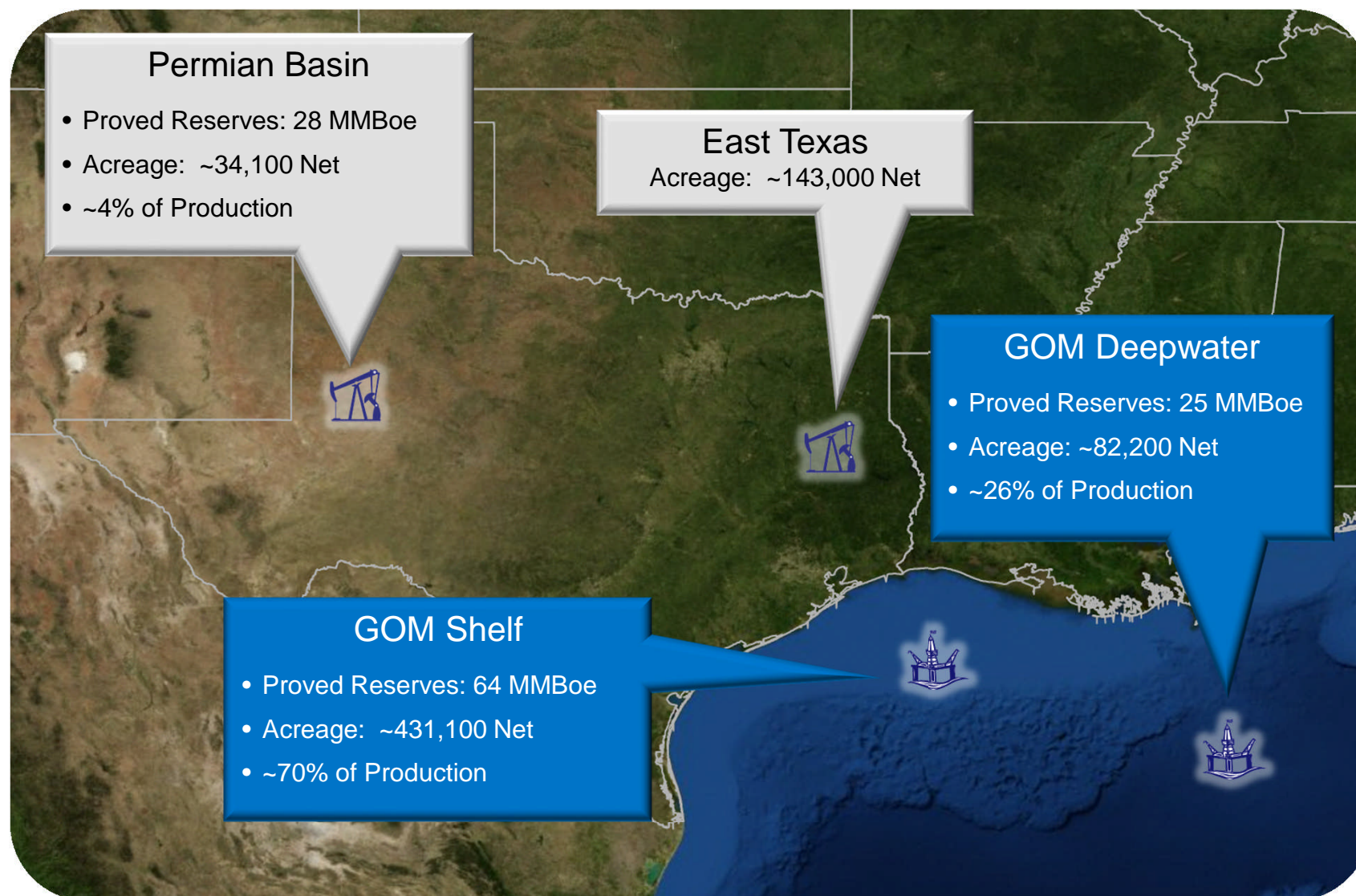
New York – September 5<sup>th</sup>, 2012

# W&T Offshore, Inc. (NYSE: WTI)

Revenues for 2011/1 <sup>st</sup> half 2012	<b>\$971 MM / \$451 MM</b>
Adj EBITDA for 2011/1 <sup>st</sup> half 2012	<b>\$646 MM / \$281 MM</b>
Proved Reserves <sup>(1)</sup>	<b>701.1 Bcfe / 116.9 MMboe</b>
Reserves - Oil & Liquids <sup>(1)</sup>	<b>59%</b>
PV-10 of Proved Reserves <sup>(1)</sup>	<b>\$3.1 Billion</b>
Market Capitalization <sup>(2)</sup>	<b>\$1.3 Billion</b>
Management Ownership	<b>53.2%</b>
Reserves / Production	<b>6.6 years</b>
July Average Daily Production	<b>47,118 Barrels of Oil Equivalent</b> <i>17,387 Barrels of Oil</i> <i>145.5 MMcf</i> <i>230,290 Gallons of NGLs</i>

(1) Based upon NSAI reserve report at 12/31/11, does not account for ARO costs (2) As of market close on Aug 29<sup>th</sup>

# Company Operations: *Scope And Geographic Coverage*

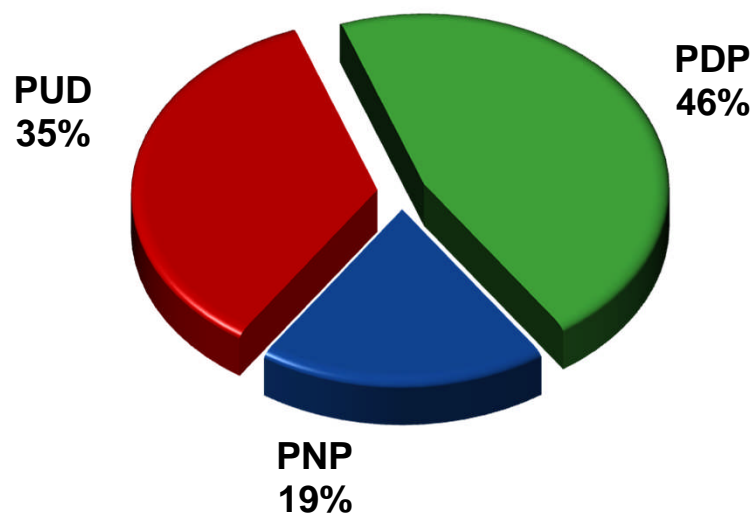


# Why Invest in W&T

- **Company remains focused on growth at a reasonable price**
  - *History of acquiring assets at an attractive valuation*
  - *History of taking advantage of previously neglected properties and successfully exploiting acquired assets*
  - *Strong liquidity provides capital to pursue acquisition opportunities*
- **Inventory of exploration projects that could provide near-term upside**
  - *Plan to drill exploration wells both offshore and onshore in second half of 2012*
- **High cash flow assets generate significant earnings and cash**
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  - *Gulf Coast oil premium on over 87% of oil volumes*
- **Focused on providing solid shareholder returns**
  - *Consistently paying dividends (including special dividends 4 of last 5 years) with a 2011 yield of 3.7%*
- **Proven and experienced management team and staff whose goals and incentives align them with stakeholders**
  - *28+ years of safe operating experience*

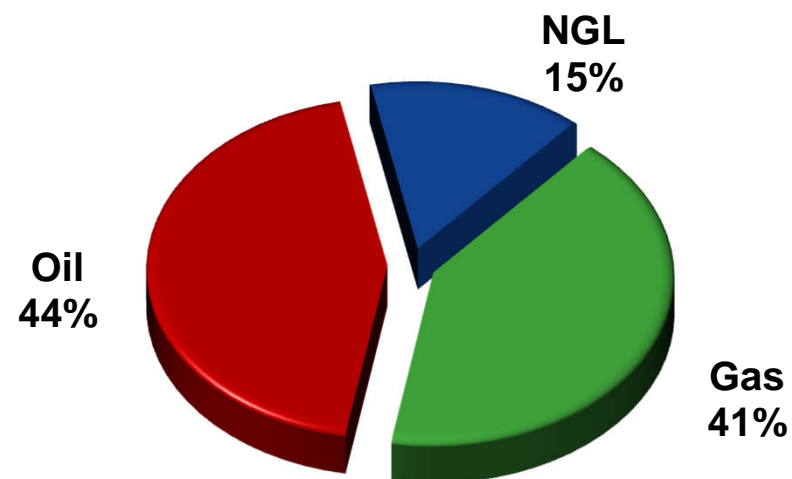
# Liquids Rich Reserves Provide Value

## 2011 Proved Reserves by Category



65% of proved reserves are producing or ready to produce with minimal cost

## Proved Reserves by Product



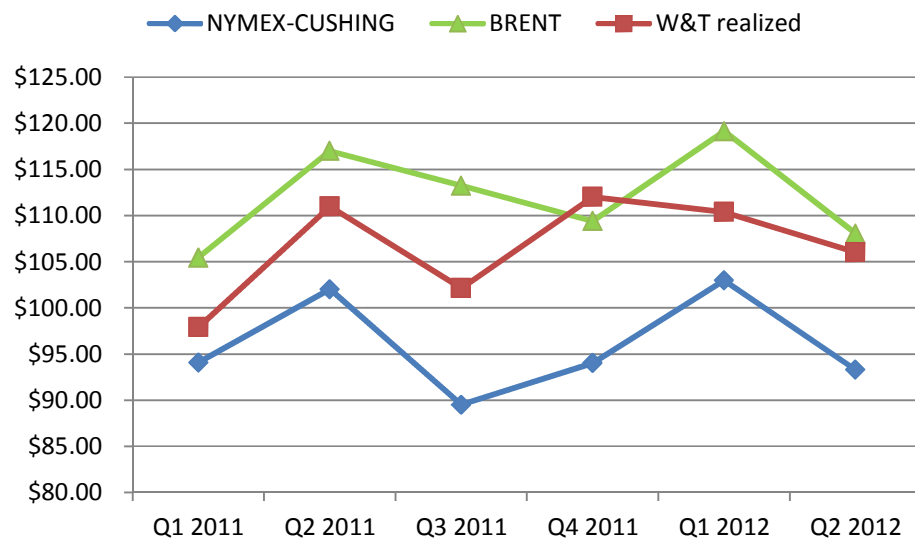
W&T's proved liquid reserves are "*Crude Oil Rich*" as opposed to primarily NGL's

# Pricing Premiums Drive Higher Returns

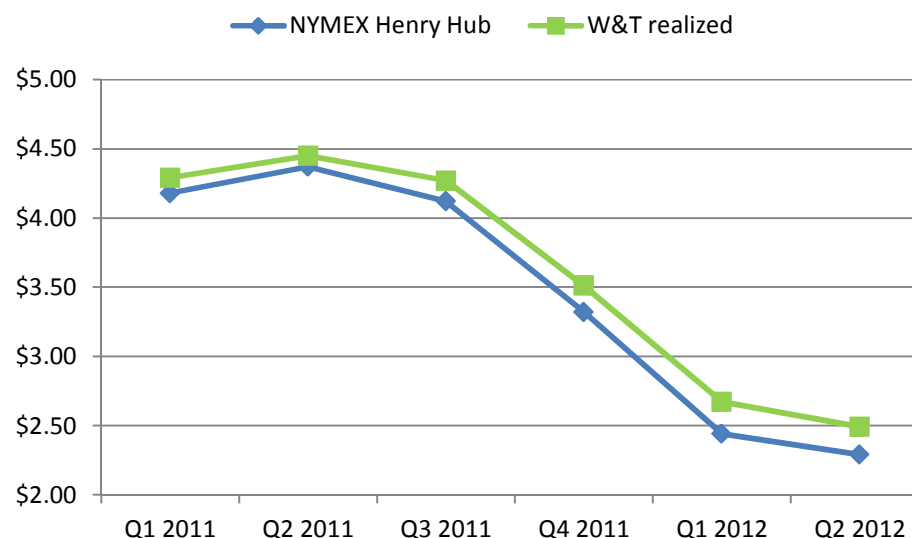
## W&T is receiving premium prices for both it's oil and gas production

*In the previous six quarters, our realized pricing consistently beats West Texas Intermediate and Henry Hub prices*

### Crude Oil Prices – W&T vs. NYMEX vs. Brent

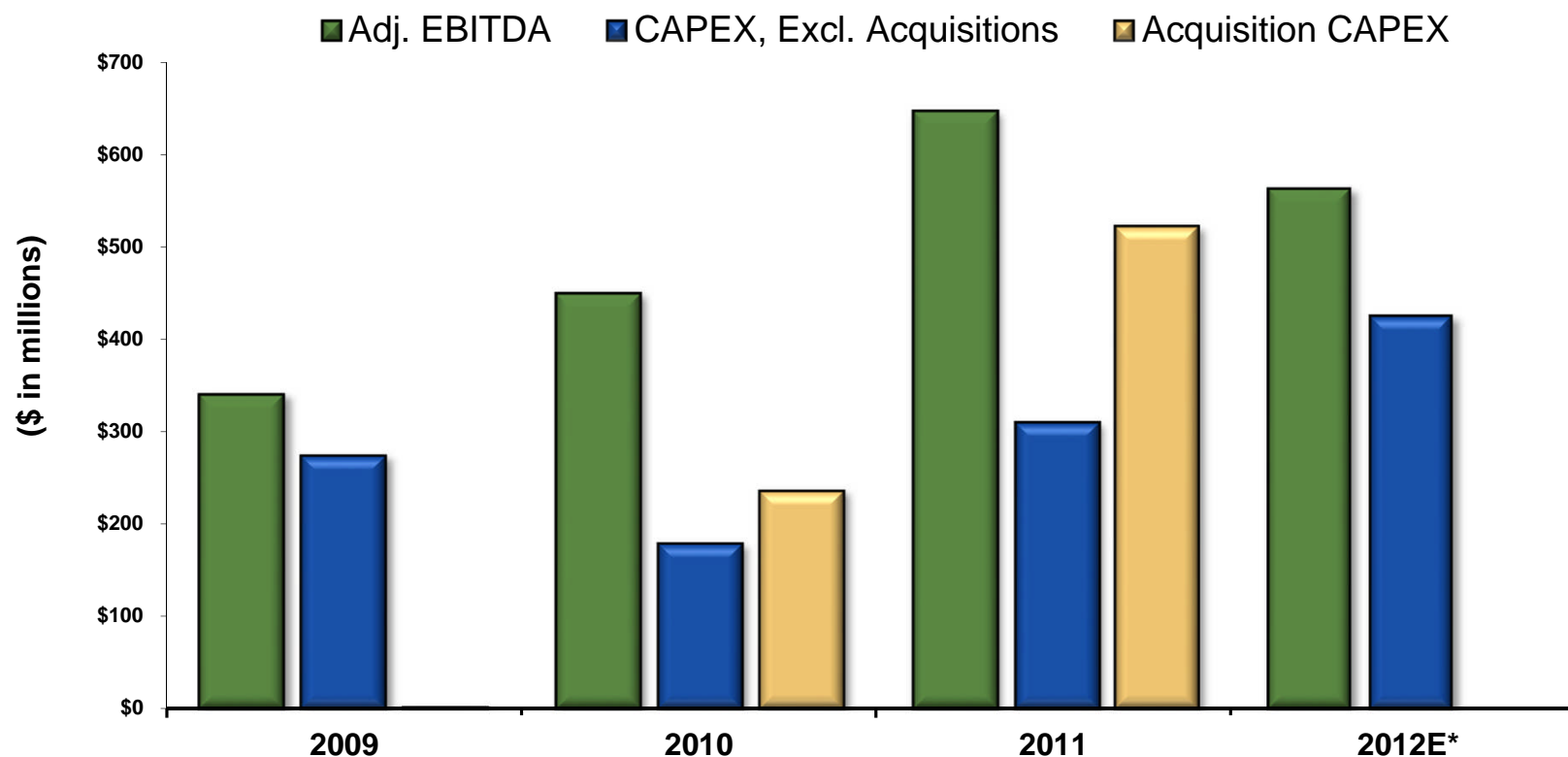


### Natural Gas Pricing – W&T vs. Henry Hub



# Drilling Within Cash Flow

**Historically, we have not borrowed money for drilling**



*\*2012 figure represents capital budget of \$425 million, excluding acquisitions and annualized mid-year 2012 Adjusted EBITDA of \$281.4 million.*

# Growing Through Multiple Avenues

## Focusing on all three aspects of our business development

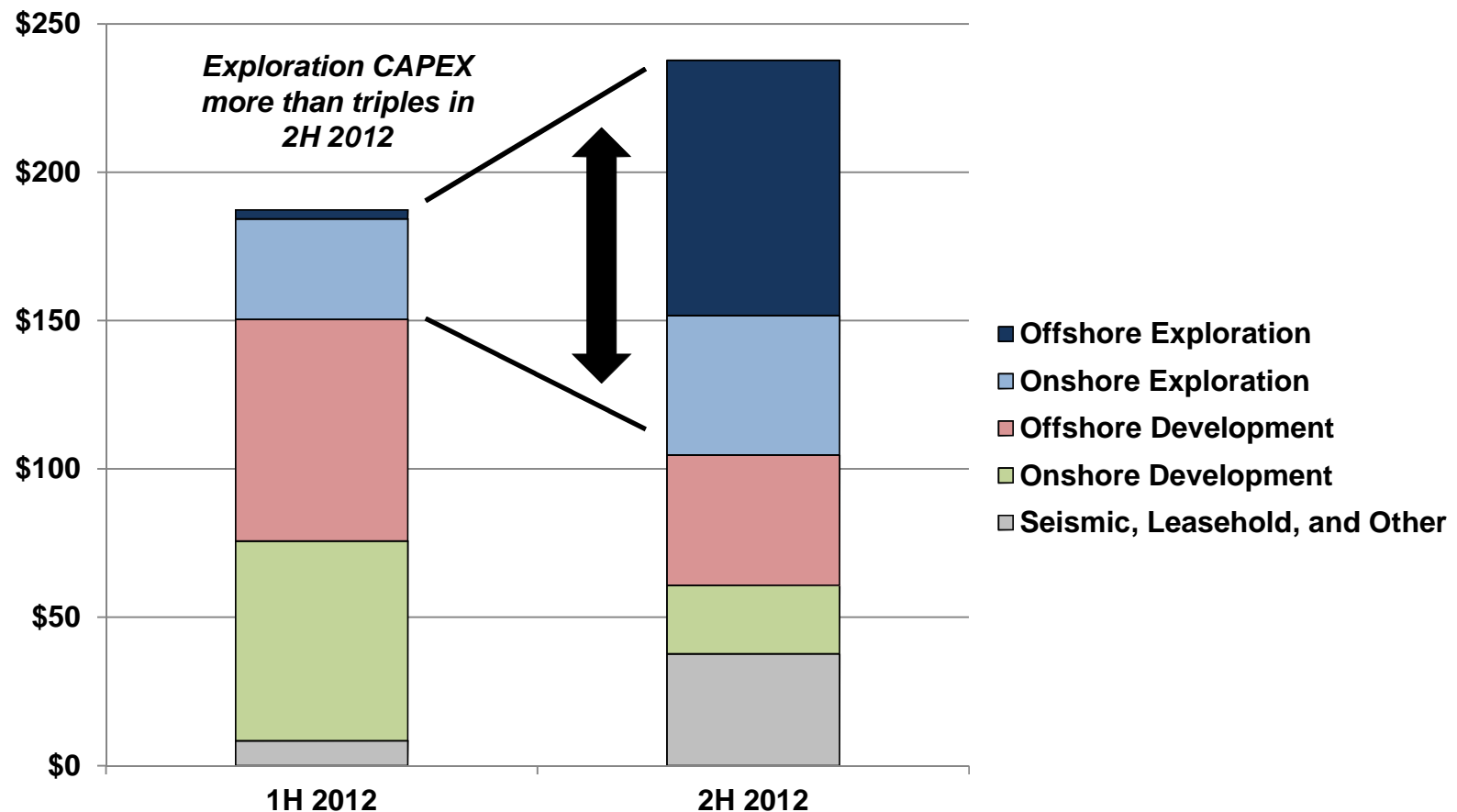
- **Exploration:** *Seeking organic growth through exploration activity*
  - *Offshore exploration, including deepwater projects*
  - *Targets offshore via lease sale and joint interest activity*
  - *Low entry cost for Star Prospect & Terry County with upside potential*
- **Asset Development:** *Continue to exploit and enhance value of existing assets*
  - *Multi-well programs, like our current activity at SS 349 “Mahogany”, continue to yield production volumes and potential reserve additions*
- **Acquisitions:** *Evaluate acquisition opportunities both onshore and offshore*
  - *Remain focused on strong full cycle rates of return*
  - *Apply our proven criteria (Cash Flow, Financeable, Upside)*

# Remaining CAPEX Focused on Exploration

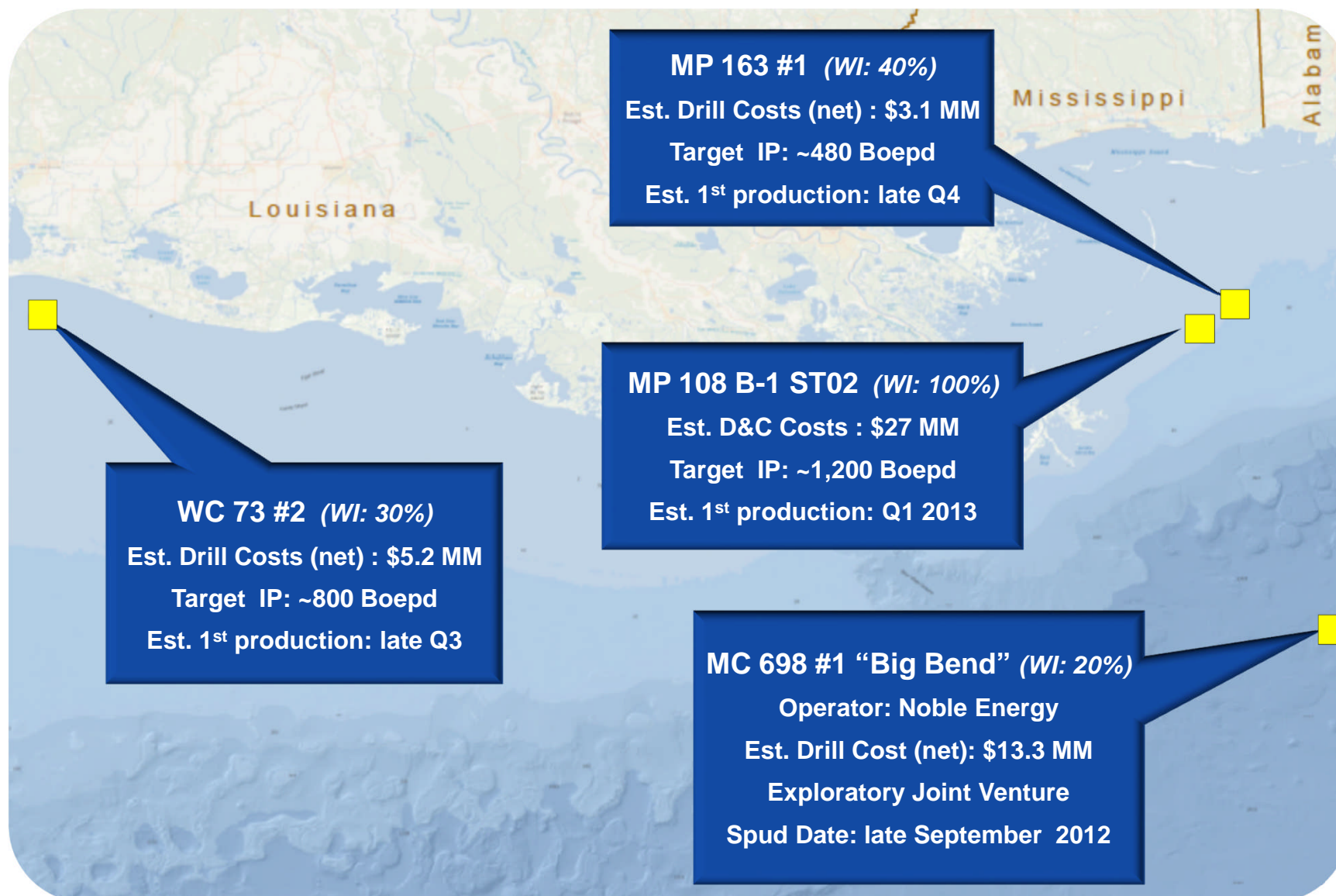
(\$ in millions)

**2012 CAPEX budget of \$425 million, before considering acquisitions**

*More exploration focus in the second half of 2012*



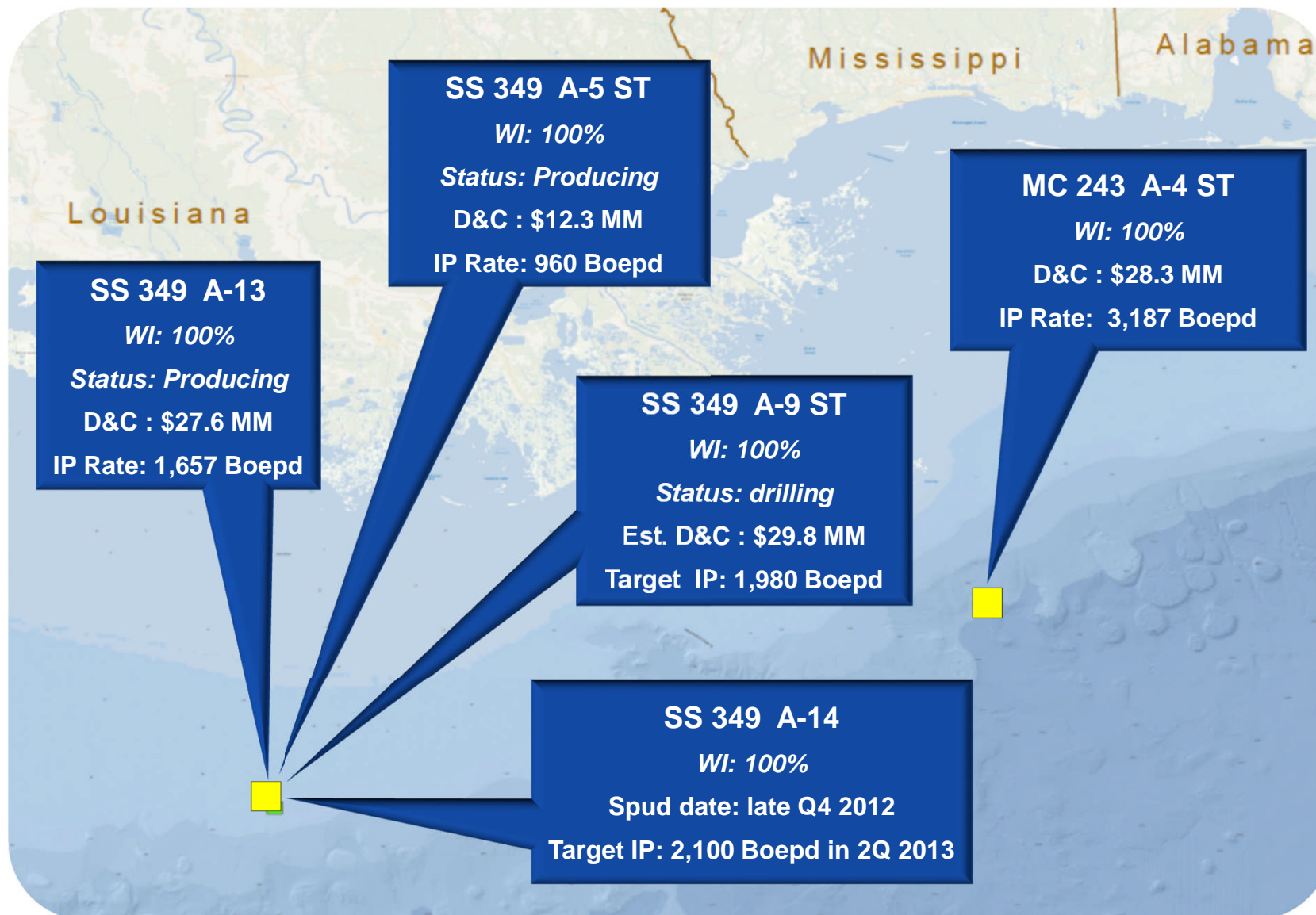
# Offshore Exploration Activity in 2012



# Gulf of Mexico Activity 2012

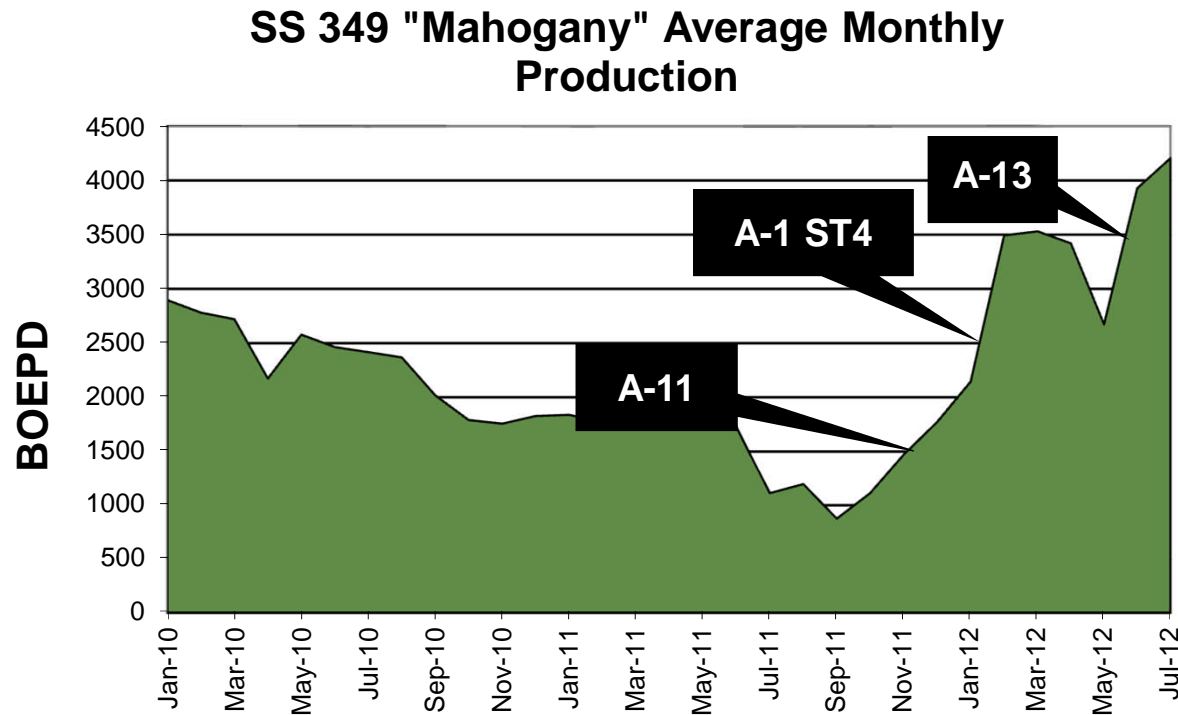
- **Gulf of Mexico remains a focus for us**
  - *Majority source of our cash flow*
  - *High rate of return projects with rapid payback*
- **We are positioned well in the Gulf of Mexico**
  - *Fourth largest producer on the Gulf of Mexico shelf*
  - *Substantial acreage of ~513,000 net acres*
  - *Preferred buyer of properties & Majors will want to keep shedding assets*
- **2012 Activity Update**
  - *Completed and brought online 2 shelf development wells YTD in 2012*
    - *SS 349 A-13 and A-5 ST (both at “Mahogany”, 100% WI)*
  - *One deepwater development well ( MC 243 A-4 ST “Matterhorn”, 100% WI)*
- **Significant Exploration Activity in 2H 2012**

# Offshore Development Drilling in 2012



# Ship Shoal 349 - Mahogany Field (WI:100%)

**Ship Shoal 349 production has grown 300% over the last nine months**

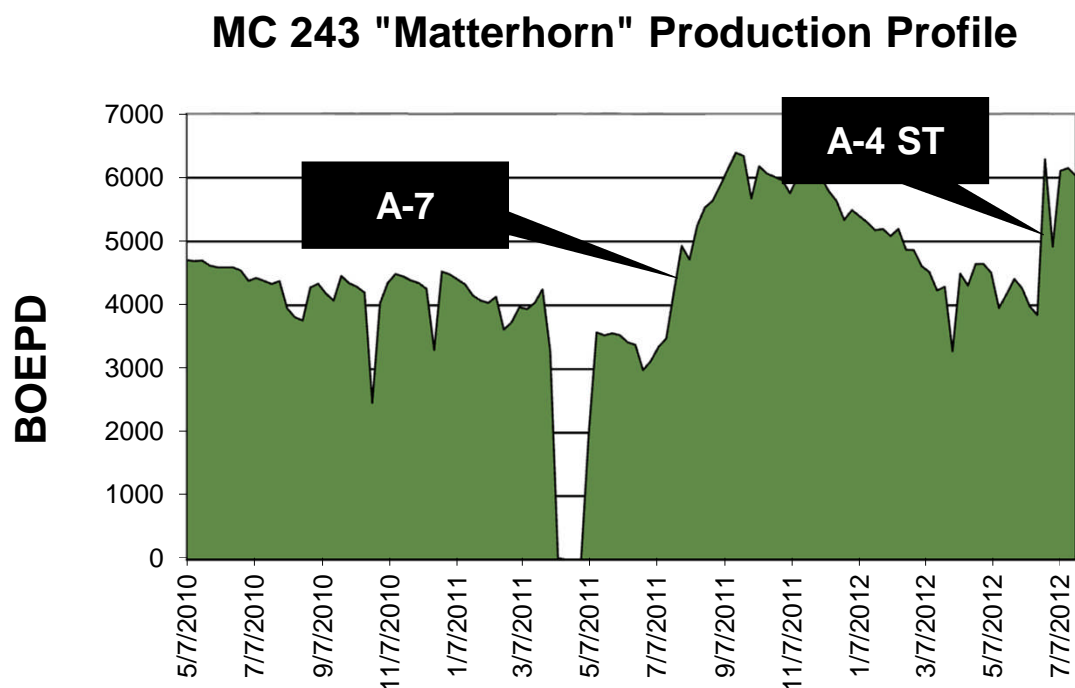


## Upcoming Activity at Mahogany

- A-9 ST, drilling, target IP: ~1,980 BOEPD
- A-2 ST (work over), Q4 2012, target IP: 375 BOEPD
- A-14, should spud in Q4 2012, target IP: ~2,100 BOEPD in Q2 of 2013

# Mississippi Canyon 243 - Matterhorn (WI: 100%)

Matterhorn production has nearly doubled over the past 12 months



Matterhorn platform was offline for much of April 2011 for equipment repair



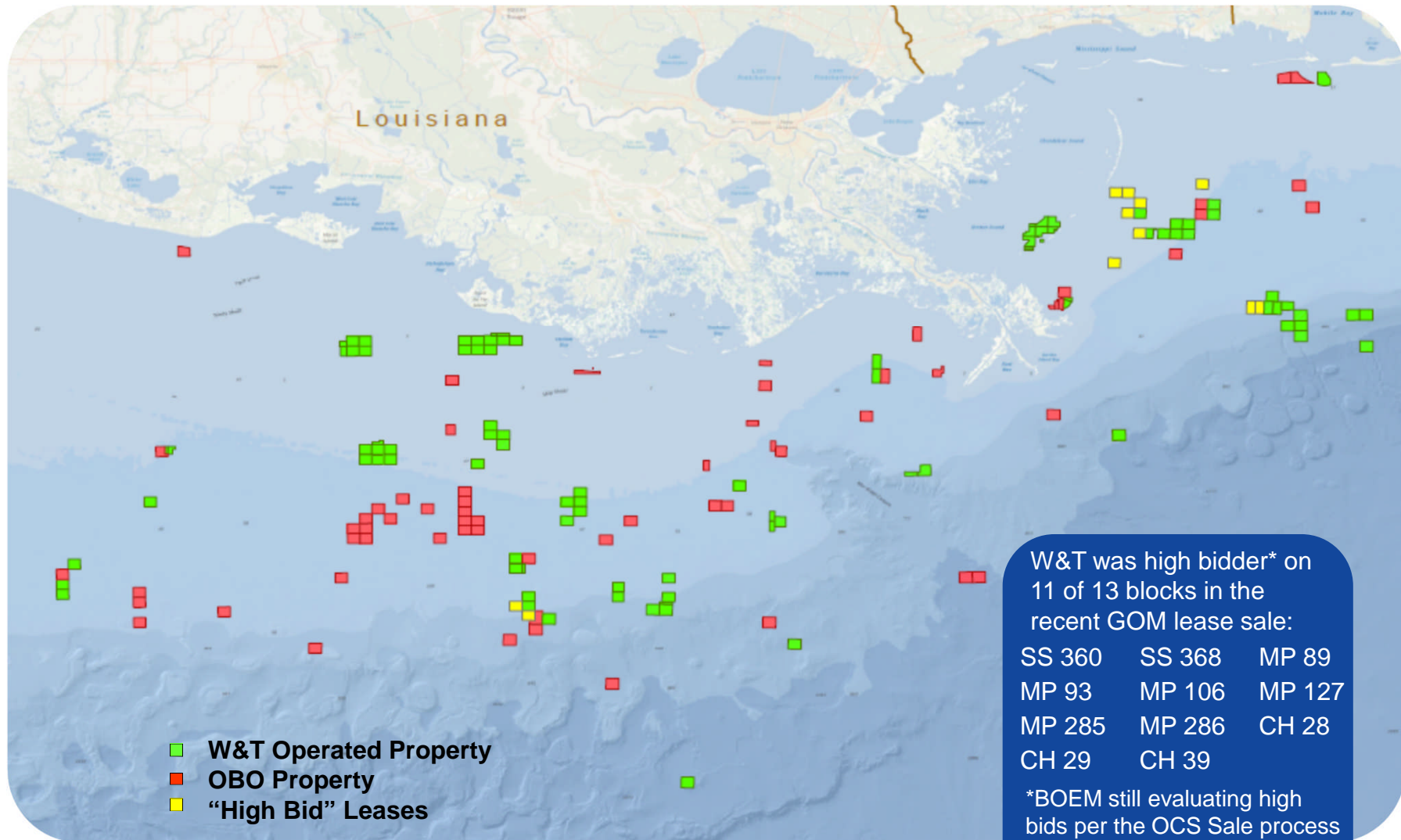
## A-7 recomple

- Online July 2011
- IP rate ~1,210 Boepd

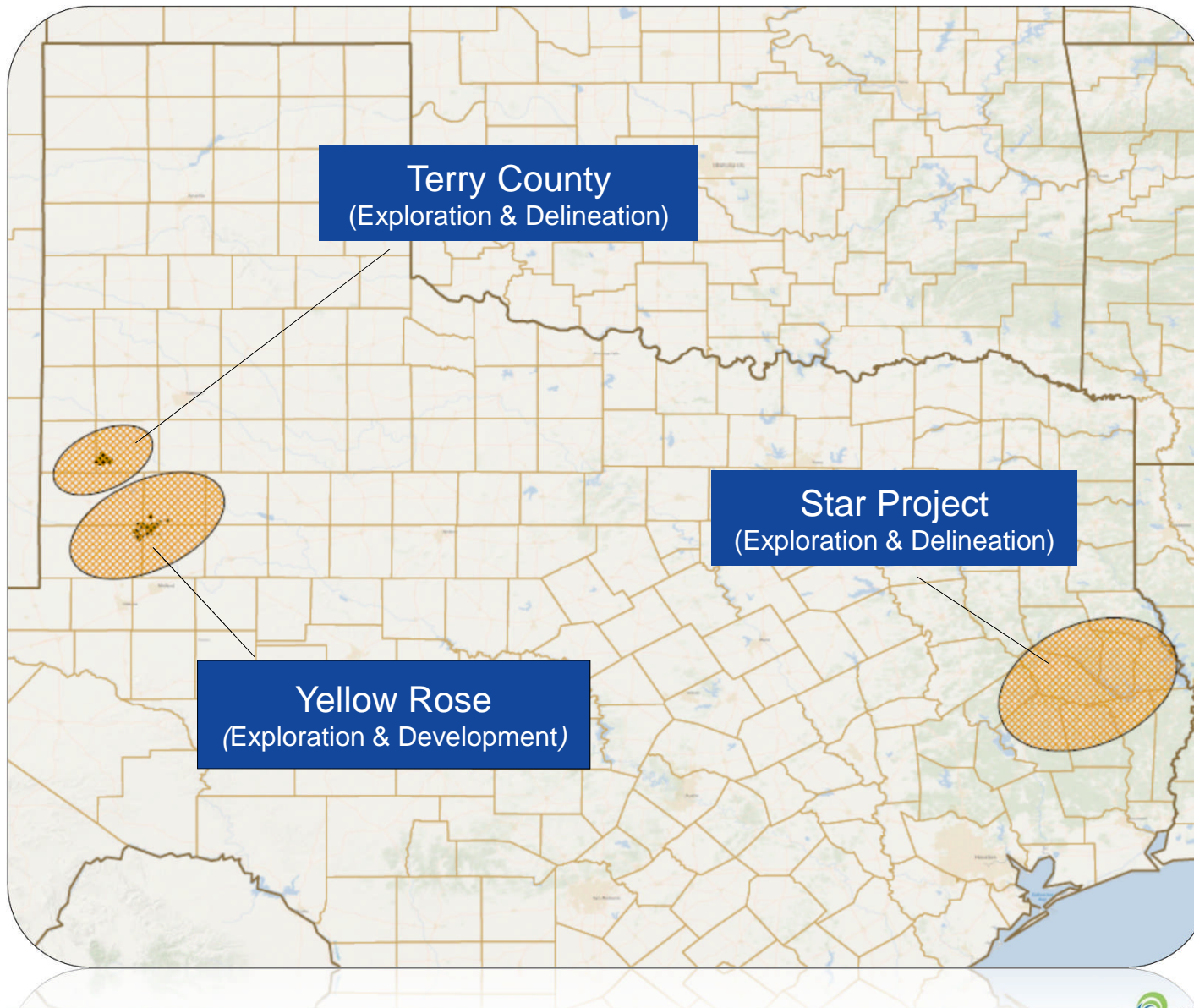
## A-4 ST

- Online July 2011
- IP rate ~3,100 Boepd

# New Leases Equal New Opportunities



# Onshore Activity in 2012



# Permian Basin Geology

System	Series Epoch	Midland Basin	
Permian	Guadalupe	Whitehorse	Tansill
			Yates
			7 Rivers
			Queen
			Grayburg
	Leonard	Ward	San Andres
			San Angelo
			Clear Fork
			Upper Leonard
			Upper Spraberry
Pennsylvanian	Wolfcamp		Lower Spraberry
			Dean
			Wolfcamp
			Virgil
			Cisco
Mississippian	Missouri		Canyon
	Des Moines		Strawn
	Atoka		Bend
	Morrow		
Devonian	Chester		U. Mississippian Lm
	Meramec Osage		L. Mississippian Lm
	Kinderhook		Kinderhook
Silurian	Upper		Woodford
	Middle		
	Lower		Devonian
Ordovician	U Niagara		Upper Silurian
	L Niagara		
	Alexandrian		Fusselman
	Cincinnati		Sylvan
Cambrian	Mohawkian		Montoya
			Bromide
			Tulip Creek McKee
	Chazy	Simpson	McLish Waddell
			Oil Creek Connell
	Canadian		Joins
	Ozarkian		Ellenburger
Precambrian	Upper		Wilberns
			Hickory

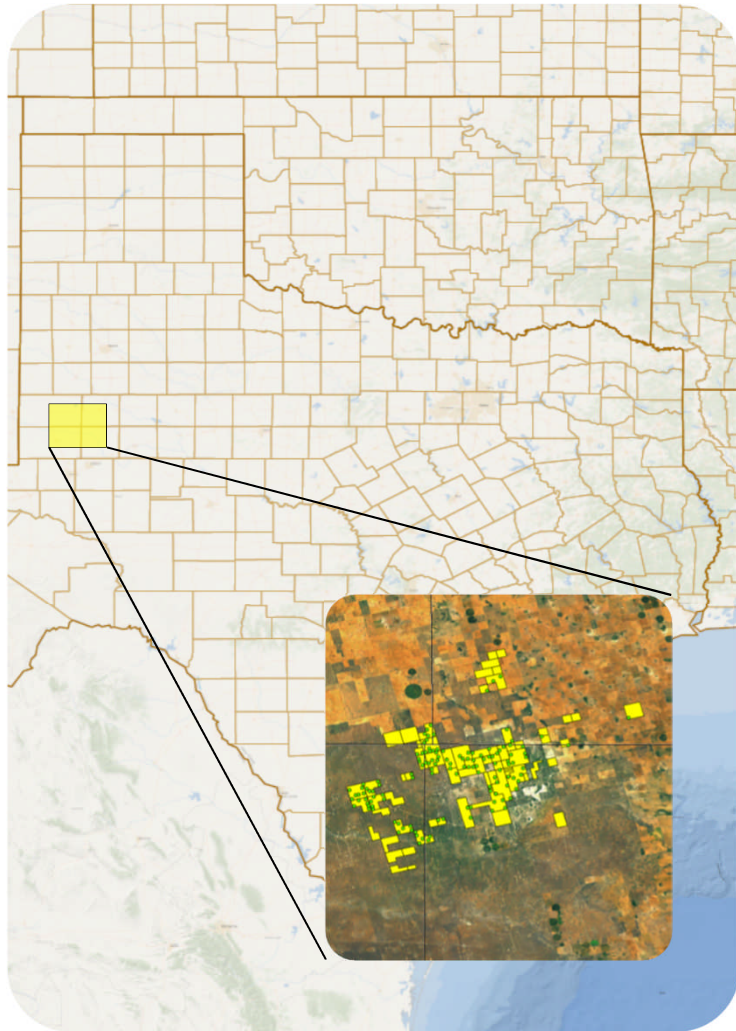
Clear Fork	Upper Leonard
Upper Spraberry	
Lower Spraberry	
Dean	
Wolfcamp	
Cisco	
Canyon	
Strawn	

Multiple operators are targeting these zones with horizontal activity

- Our focus in the West Texas Permian Basin is the Wolfberry
- Vertical wells in the Permian can produce from over 4,000' of net pay zones
- Numerous operators have already begun to show success with horizontal drilling in the area targeting the Wolfcamp
- W&T's first horizontal in the Permian was drilled in the Upper Wolfcamp within our Yellow Rose acreage, and we are currently preparing to spud our second horizontal well.

# Yellow Rose (WI: 100%)

Permian Basin Development Project with long life reserves and exploration upside



## 2012 Activity Update

Recent lease position has grown to ~23,200 net acres in Dawson, Martin, Andrews, Gaines counties in Texas.

2012: drilled 42 and completed 35 wells.

Current production rate: ~2,495 Boepd net (3,240 gross)

## Next Steps

Drill ~15 additional vertical wells by year end

Monitor flow back progress on current horizontal

Second horizontal well with ~6,500' lateral targeting upper Wolfcamp to spud in early September

Third horizontal currently being planned for this year

## Key Points for Yellow Rose

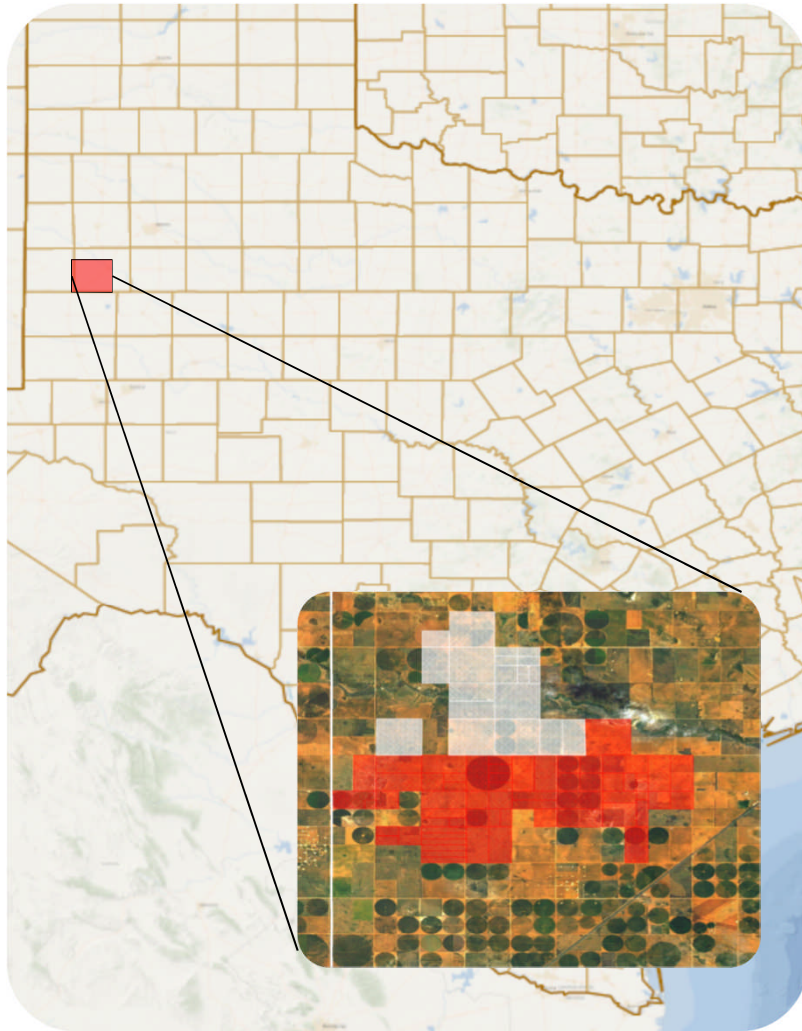
Upside potential for both production and reserves through down-spacing to 40 acres (possibly 20 acres).

At \$2 million per vertical well, we project 26% IRR\*\* with average EUR 163 Mboe.

*\*\*IRR calculations are based upon flat \$90 oil and flat \$3 natural gas*

# Terry County (WI: 35.6 – 90%)

*Exploratory Opportunity 100 Miles North of W&T Proved Reserves at Yellow Rose*



## Background

~10,800 net acres

Geologically similar to Yellow Rose

In the exploration and delineation phase

14 vertical exploration wells completed

## Current Activity

Two horizontal wells planned for 2<sup>nd</sup> half of 2012 with 1<sup>st</sup> well targeted to spud in Q3.

Initial horizontal, the Holmes 23-4, is planned for a 7,000' lateral with 24 stage frac job. Estimated cost ~ \$7 million.

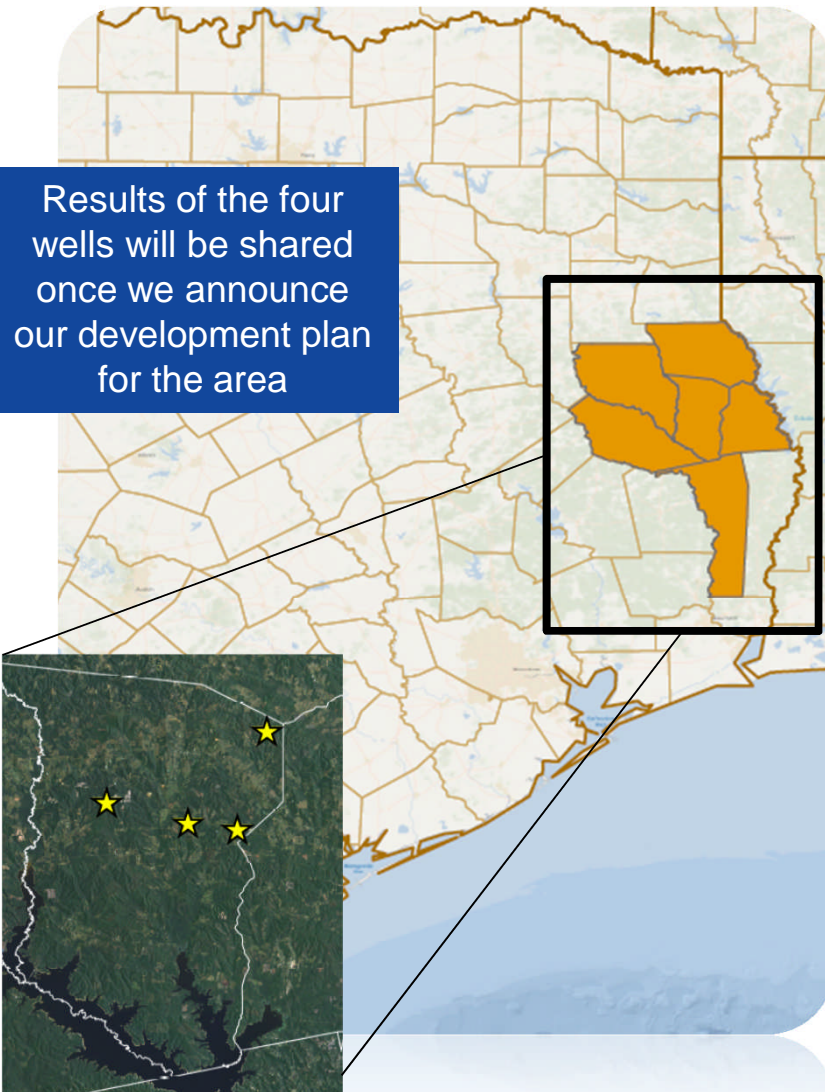
## Key Points

No reserves have been booked for any of the Terry county acreage

*\*\*IRR calculations are based upon flat \$90 oil and flat \$3 natural gas*

# STAR Prospect (WI: 97.6%)

Low entry cost, pure exploration play



## Background

Currently ~143,700 net acres in six East Texas counties and still growing

Targeting oil in the James Limes formation

Drilled and completed two horizontal wells since acquiring acreage in 2011

## Current Activity

Currently drilling 3<sup>rd</sup> well, the Colwell A-8 to TD of 9,000' with a planned 6,200' lateral and 22 stage frac

Permit submitted for 4<sup>th</sup> well, the McMahon A-28. Target spud date is late Q3. Well plan includes a ~6,700' lateral with a 25 stage frac job.

## Key Points for Star Prospect

Estimated cost per well ~ \$7 million with targeted IP of up to 833 Boepd per well

This project could yield up to 50 MMBoe

No reserves currently booked for Star acreage

# W&T's Acquisition Advantage

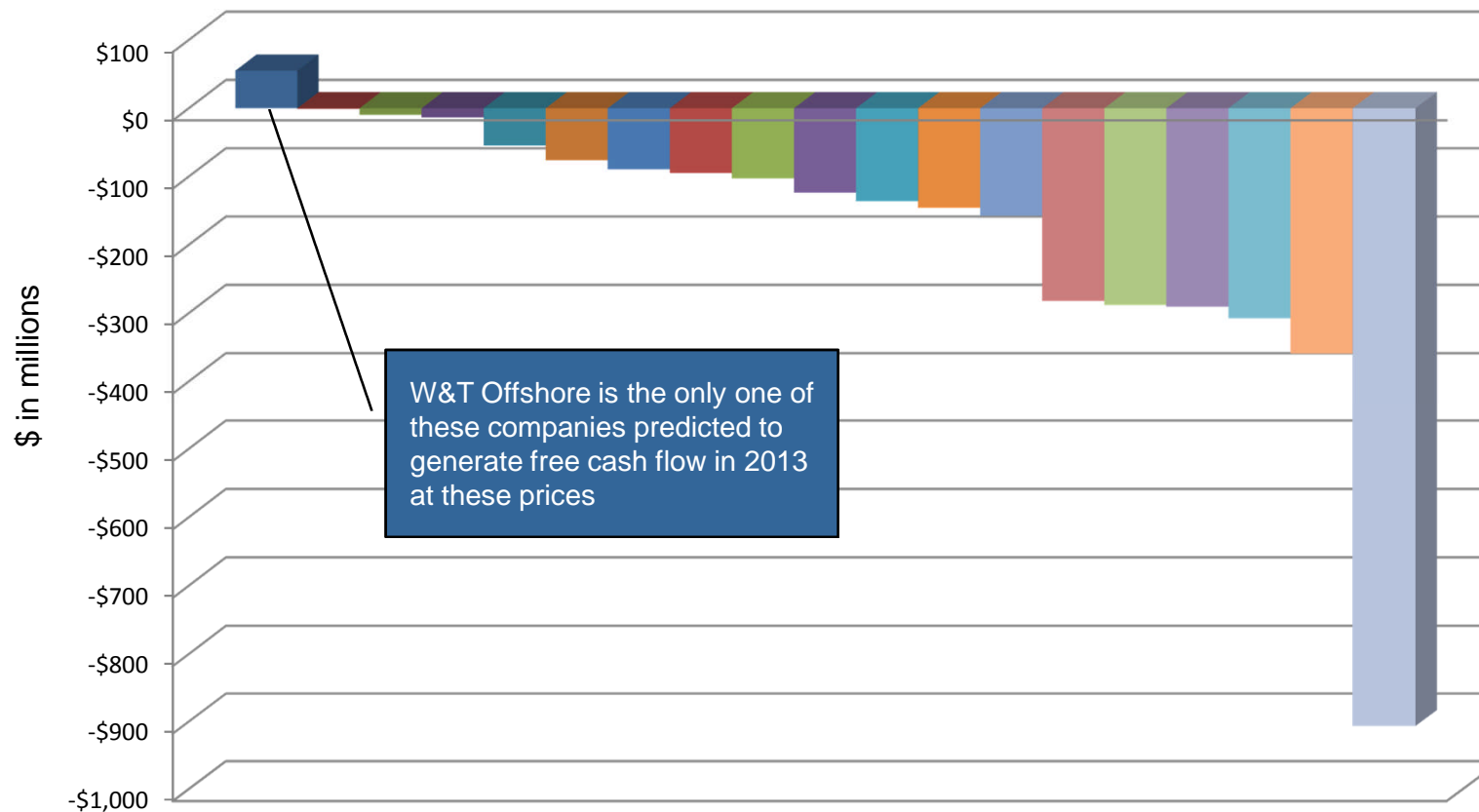
- **W&T has proven acquisition criteria**
  - *Properties generate cash flow, are financeable, and have identified upside*
- **We are a preferred buyer in the Gulf of Mexico**
  - *28+ years of proven experience for safe operations*
  - *Strong liquidity provides the basis to seek numerous opportunities*
- **High deal flow creates even more opportunity**
  - *We continue to see more quality opportunities come to the market both onshore and offshore as the year progresses*
  - *W&T has reviewed and screened ~45 potential acquisition opportunities valued at more than \$30 billion (based on seller data) since the beginning of the year*
- **Strong history of creating value by improving the acquired assets**

# Liquidity for Further Growth

- **Revolving bank credit facility with \$650 million borrowing base**
  - *We have ~ \$68 million currently drawn on the revolver*
  - *Current cash balance ~ \$ 36 million*
- **Adjusted EBITDA for 2011 - \$646 million**
  - *Adjusted EBITDA for the 1st six months of 2012 - \$281.4 million*
- **Current revolver matures in 2015 and bonds mature in 2019**
- **Oil hedges in place**
- **Access to capital markets**

# Cash Generation Remains Key

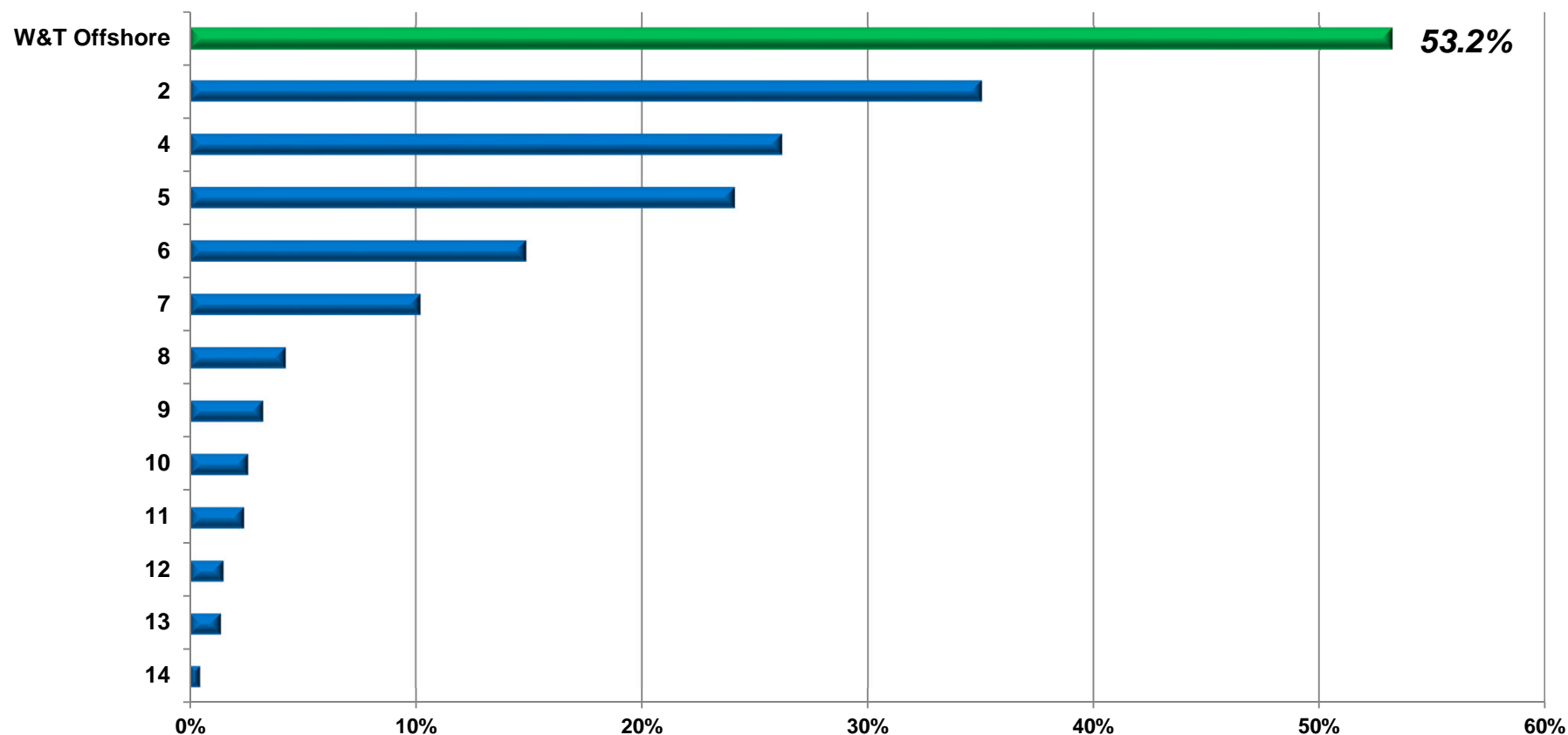
2013 Estimates of Free Cash Flow at \$90 Oil and \$3.50 Natural Gas



In a group of 19 companies, W&T Offshore was the projected leader in 2013 free cash flow using \$90 oil and \$3.50 gas. Estimates are the product of projections by Barclay's energy analyst Jeffery Robertson as published on Aug 3rd, 2012. Companies included are: BBG, CRK, FST, SGY, CXO, CXPO, DNR, KWK, PVA, PXP, REN, SD, SFY, SM, VQ, WLL, WTI, XCO, XEC

# Aligned Interests: *Shareholder View*

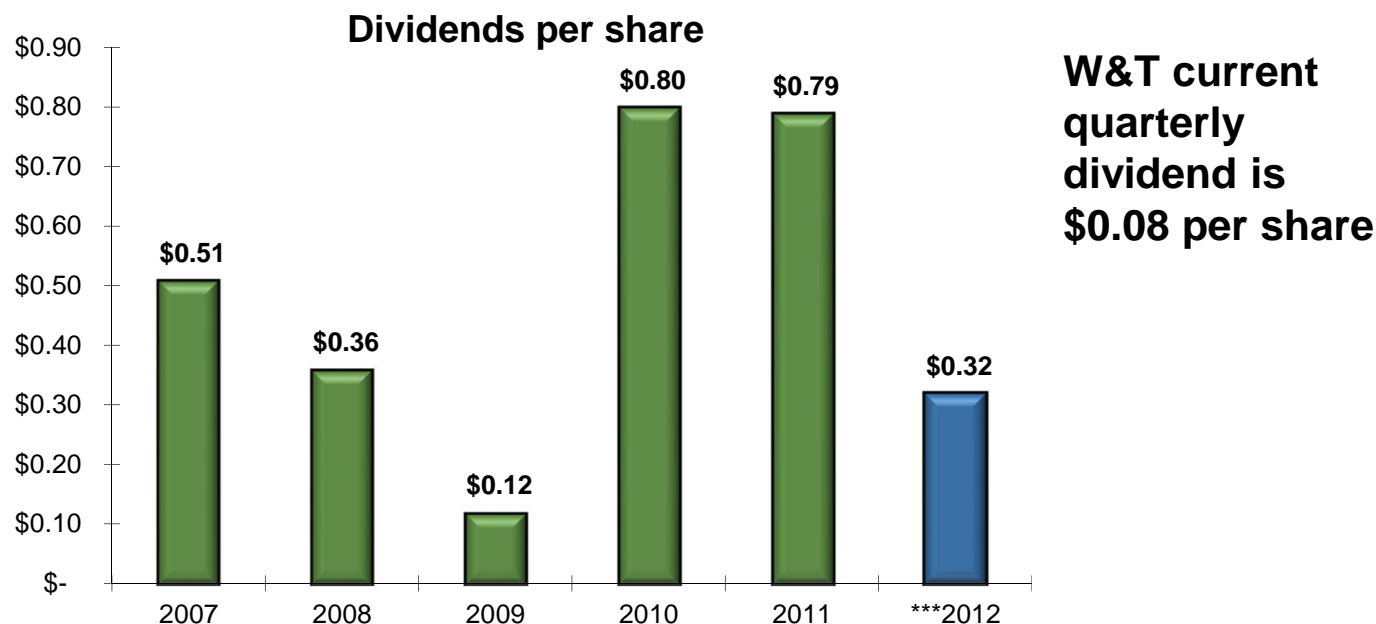
## Inside Ownership



*\* Ownership percentages portrayed were obtained from the ThomsonOne website in December 2011. Parties included: Apache, Bill Barrett, Cabot Oil & Gas, Comstock Resources, Energy XXI, Forest Oil, McMoran Exploration, Newfield Exploration, Sandridge, SM Energy, Stone Energy, Swift Energy and W&T Offshore.*

# Returning Cash to Investors

- In 2011, we paid the most dividends and had the highest dividend yield\* (3.7%) among our peers\*\*, whose average yield was close to 0%.
- Quarterly dividend has been increased three times since going public
- Paid a special dividend four of the last five years



\* Yield is calculated as total dividends for the year, divided by the closing stock price on the last day of the respective year. \*\*Peers include: Apache, Bill Barrett, Cabot Oil & Gas, Comstock, Energy XXI, Forest Oil, McMoran, Newfield, Sandridge, Swift Energy, Stone Energy and SM Energy. \*\*\*2012 dividend column is representative of annualization of the 1<sup>st</sup> and 2<sup>nd</sup> quarter eight cent dividends.

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# APPENDIX



# Reconciliation of Net Income to EBITDA

The following table presents a reconciliation of our consolidated net income to consolidated EBITDA to Adjusted EBITDA:

	Year Ended December 31,			Six Months Ended June 30,	
	2009	2010	2011	2011	2012
(\$ in thousands)					
Net income (loss)	\$ (187,919)	\$ 117,892	\$ 172,817	\$ 73,824	\$ 56,785
Income tax expense (benefit)	(74,111)	11,901	91,517	40,019	36,134
Net interest expense	39,245	36,996	42,432	18,685	22,095
Depreciation, depletion, amortization and accretion	342,537	294,100	328,786	157,462	174,432
Impairment of oil and natural gas properties	218,871	-	-	-	-
EBITDA	338,623	460,889	635,552	289,990	289,446
Adjustments:					
Unrealized derivatives loss (gain)	5,370	9,511	(11,770)	(1,814)	(16,322)
Royalty relief recoupment	-	(24,881)	-	-	-
Transportation allowance for deepwater production	(5,558)	4,687	-	20,663	-
Loss on extinguishment of debt	2,926	-	22,694	-	-
Litigation Accrual	-	-	-	-	8,300
Adjusted EBITDA	\$ 341,361	\$ 450,206	\$ 646,476	\$ 308,839	\$ 281,424

We define EBITDA as net income (loss) plus income tax expense (benefit), net interest expense (which includes interest income), depreciation, depletion, amortization and accretion and impairment of oil and natural gas properties. Adjusted EBITDA excludes the loss on extinguishment of debt and the unrealized gain or loss related to our derivative contracts. Although not prescribed under GAAP, we believe the presentation of EBITDA and Adjusted EBITDA provide useful information regarding our ability to service debt and fund capital expenditures and they help our investors understand our operating performance and make it easier to compare our results with those of other companies that have different financing, capital and tax structures. EBITDA and Adjusted EBITDA should not be considered in isolation from or as a substitute for net income, as an indication of operating performance or cash flow from operating activities or as a measure of liquidity. EBITDA and Adjusted EBITDA, as we calculate them, may not be comparable to EBITDA and Adjusted EBITDA measures reported by other companies. In addition, EBITDA and Adjusted EBITDA do not represent funds available for discretionary use.

# 2011 Year End Proved Reserves

As of December 31, 2011						
Classification of Proved Reserves	Total Equivalent Reserves					
	Oil (MMBbls)	NGLs (MMGals)	Natural Gas (Bcf)	Barrel Equivalent (MMBoe)	Natural Gas Equivalent (Bcfe)	% of Total Proved
Proved developed producing	17.9	347.3	169.4	54.4	326.3	46%
Proved developed non-producing	5.6	117.5	82.1	22.1	132.4	19%
Total proved developed	23.5	464.8	251.5	76.5	458.7	65%
Proved undeveloped	27.9	255.3	38.2	40.4	242.4	35%
Total Proved	51.4	720.1	289.7	116.9	701.1	100%

# Financial Commodity Derivatives

## Oil Collars

		Weighted Average Contract Price	
		Barrels	Nymex Pricing (\$ per barrel)
2012		per Day	
			Floor
			Ceiling
	Third Quarter	1,348	75.00
	Fourth Quarter	2,728	75.00
			97.88
			98.99

## Oil Swaps

		Barrels	Weighted Average Swap Price
2012		per Day	Brent Pricing (\$ per barrel)
	Third Quarter	4,500	107.28
	Fourth Quarter	2,800	107.28
2013	Average	3,550	101.97
2014	Average	1,850	97.37

# Forward-Looking Statement Disclosure

This presentation, contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act and Section 21E of the Exchange Act. Forward-looking statements give our current expectations or forecasts of future events. They include statements regarding our future operating and financial performance. Although we believe the expectations and forecasts reflected in these and other forward-looking statements are reasonable, we can give no assurance they will prove to have been correct. They can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. You should understand that the following important factors, could affect our future results and could cause those results or other outcomes to differ materially from those expressed or implied in the forward-looking statements relating to: (1) amount, nature and timing of capital expenditures; (2) drilling of wells and other planned exploitation activities; (3) timing and amount of future production of oil and natural gas; (4) increases in production growth and proved reserves; (5) operating costs such as lease operating expenses, administrative costs and other expenses; (6) our future operating or financial results; (7) cash flow and anticipated liquidity; (8) our business strategy, including expansion into the deep shelf and the deepwater of the Gulf of Mexico, and the availability of acquisition opportunities; (9) hedging strategy; (10) exploration and exploitation activities and property acquisitions; (11) marketing of oil and natural gas; (12) governmental and environmental regulation of the oil and gas industry; (13) environmental liabilities relating to potential pollution arising from our operations; (14) our level of indebtedness; (15) timing and amount of future dividends; (16) industry competition, conditions, performance and consolidation; (17) natural events such as severe weather, hurricanes, floods, fire and earthquakes; and (18) availability of drilling rigs and other oil field equipment and services.

We caution you not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation or as of the date of the report or document in which they are contained, and we undertake no obligation to update such information. The filings with the SEC are hereby incorporated herein by reference and qualifies the presentation in its entirety.

## **Cautionary Note to U.S. Investors**

The United States Securities and Exchange Commission permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that a company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions. U.S. Investors are urged to consider closely the disclosure in our Form 10-K for the year ended December 31, 2011, available from us at Nine Greenway Plaza, Suite 300, Houston, Texas 77046. You can obtain these forms from the SEC by calling 1-800-SEC-0330.



# ***W&T OFFSHORE***

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