

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2023

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 1-32414



**W&T OFFSHORE**

**W&T OFFSHORE, INC.**

(Exact name of registrant as specified in its charter)

**Texas**

(State or other jurisdiction of incorporation or organization)

**5718 Westheimer Road, Suite 700, Houston, Texas**

(Address of principal executive offices)

**72-1121985**

(I.R.S. Employer Identification Number)

**77057-5745**

(Zip Code)

Registrant's telephone number, including area code: **(713) 626-8525**

Securities registered pursuant to section 12(b) of the Act:

<b>Title of each class</b>	<b>Trading Symbol(s)</b>	<b>Name of each exchange on which registered</b>
Common Stock, par value \$0.00001	WTI	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every interactive data file required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer

Accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company. Yes  No

As of July 31, 2023 there were 146,480,637 shares outstanding of the registrant's common stock, par value \$0.00001.

**W&T OFFSHORE, INC. AND SUBSIDIARIES**  
**TABLE OF CONTENTS**

	<u>Page</u>
<b><u>PART I – FINANCIAL INFORMATION</u></b>	<b>1</b>
<u>Item 1. Financial Statements</u>	1
- <u>Condensed Consolidated Balance Sheets as of June 30, 2023 and December 31, 2022</u>	1
- <u>Condensed Consolidated Statements of Operations for the Six Months Ended June 30, 2023 and 2022</u>	2
- <u>Condensed Consolidated Statements of Changes in Shareholders' Equity (Deficit) for the Six Months Ended June 30, 2023 and 2022</u>	3
- <u>Condensed Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2023 and 2022</u>	4
- <u>Notes to Condensed Consolidated Financial Statements</u>	5
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	22
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	40
<u>Item 4. Controls and Procedures</u>	40
 <b><u>PART II – OTHER INFORMATION</u></b>	 <b>41</b>
<u>Item 1. Legal Proceedings</u>	41
<u>Item 1A. Risk Factors</u>	41
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	41
<u>Item 3. Defaults Upon Senior Securities</u>	41
<u>Item 4. Mine Safety Disclosures</u>	41
<u>Item 5. Other Information</u>	41
<u>Item 6. Exhibits</u>	41
 <b><u>SIGNATURE</u></b>	 <b>43</b>

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**PART I – FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**W&T OFFSHORE, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In thousands)  
(Unaudited)

	<u>June 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 171,627	\$ 461,357
Restricted cash	4,417	4,417
Receivables:		
Oil and natural gas sales	41,342	66,146
Joint interest, net	13,875	14,000
Income taxes	1,941	—
Total receivables	57,158	80,146
Prepaid expenses and other assets (Note 1)	21,365	24,343
Total current assets	254,567	570,263
Oil and natural gas properties and other, net (Note 1)	737,740	735,215
Restricted deposits for asset retirement obligations	22,092	21,483
Deferred income taxes	45,700	57,280
Other assets (Note 1)	42,118	47,549
Total assets	<u>\$ 1,102,217</u>	<u>\$ 1,431,790</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 67,293	\$ 65,158
Undistributed oil and natural gas proceeds	31,178	41,934
Advances from joint interest partners	3,110	3,181
Asset retirement obligations (Note 7)	37,763	25,359
Accrued liabilities (Note 1)	39,323	74,041
Current portion of long-term debt, net	30,550	582,249
Income tax payable	10	412
Total current liabilities	209,227	792,334
Long-term debt (Note 2)		
Principal	382,697	114,158
Unamortized debt issuance costs	(9,676)	(2,970)
Long-term debt, net (Note 2)	373,021	111,188
Asset retirement obligations, less current portion (Note 7)	443,069	441,071
Other liabilities (Note 1)	35,041	59,134
Deferred income taxes	72	72
Commitments and contingencies (Note 11)	16,996	20,357
Shareholders' equity:		
Preferred stock, \$0.00001 par value; 20,000 shares authorized; none issued at June 30, 2023 and December 31, 2022	—	—
Common stock, \$0.00001 par value; 200,000 shares authorized; 149,350 issued and 146,481 outstanding at June 30, 2023; 149,002 issued and 146,133 outstanding at December 31, 2022	1	1
Additional paid-in capital	579,849	576,588
Retained deficit	(530,892)	(544,788)
Treasury stock, at cost; 2,869 shares at June 30, 2023 and December 31, 2022	(24,167)	(24,167)
Total shareholders' equity	24,791	7,634
Total liabilities and shareholders' equity	<u>\$ 1,102,217</u>	<u>\$ 1,431,790</u>

See Notes to Condensed Consolidated Financial Statements.

**W&T OFFSHORE, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In thousands, except per share data)  
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
<b>Revenues:</b>				
Oil	\$ 89,982	\$ 159,264	\$ 186,982	\$ 281,966
NGLs	10,385	16,735	18,180	30,555
Natural gas	23,438	92,413	48,242	143,779
Other	2,376	5,396	4,502	8,512
Total revenues	126,181	273,808	257,906	464,812
<b>Operating expenses:</b>				
Lease operating expenses	66,021	52,976	131,207	96,387
Gathering, transportation and production taxes	6,802	9,181	12,938	14,448
Depreciation, depletion, and amortization	28,177	27,679	50,801	52,354
Asset retirement obligations accretion	7,717	6,681	15,227	12,917
General and administrative expenses	17,393	14,967	37,312	28,743
Total operating expenses	126,110	111,484	247,485	204,849
Operating income	71	162,324	10,421	259,963
<b>Interest expense, net</b>				
Interest expense, net	10,323	18,183	25,036	38,066
<b>Derivative (gain) loss, net</b>				
Derivative (gain) loss, net	(829)	(8,854)	(40,069)	71,143
<b>Other (income) expense, net</b>				
Other (income) expense, net	(311)	(1,534)	(78)	(629)
Income (loss) before income taxes	(9,112)	154,529	25,532	151,383
Income tax expense	2,997	31,093	11,636	30,404
Net (loss) income	\$ (12,109)	\$ 123,436	\$ 13,896	\$ 120,979
<b>Net income per common share:</b>				
Basic	\$ (0.08)	\$ 0.86	\$ 0.09	\$ 0.85
Diluted	\$ (0.08)	\$ 0.85	\$ 0.09	\$ 0.84
<b>Weighted average common shares outstanding:</b>				
Basic	146,452	143,020	146,435	142,981
Diluted	146,452	144,525	149,045	144,094

See Notes to Condensed Consolidated Financial Statements.

**W&T OFFSHORE, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)**  
(In thousands)  
(Unaudited)

	Common Stock Outstanding		Additional Paid-In Capital	Retained Deficit	Treasury Stock		Total Shareholders' Equity
	Shares	Value			Shares	Value	
Balances at March 31, 2023	146,461	\$ 1	\$ 577,787	\$ (518,783)	2,869	\$ (24,167)	\$ 34,838
Share-based compensation	—	—	2,087	—	—	—	2,087
Stock issued	20	—	—	—	—	—	—
RSUs surrendered for payroll taxes	—	—	(25)	—	—	—	(25)
Net loss	—	—	—	(12,109)	—	—	(12,109)
Balances at June 30, 2023	<u>146,481</u>	<u>\$ 1</u>	<u>\$ 579,849</u>	<u>\$ (530,892)</u>	<u>2,869</u>	<u>\$ (24,167)</u>	<u>\$ 24,791</u>
	Common Stock Outstanding		Additional Paid-In Capital	Retained Deficit	Treasury Stock		Total Shareholders' Deficit
	Shares	Value			Shares	Value	
Balances at March 31, 2022	143,012	\$ 1	\$ 553,175	\$ (778,394)	2,869	\$ (24,167)	\$ (249,385)
Share-based compensation	—	—	2,014	—	—	—	2,014
Stock issued	143	—	—	—	—	—	—
RSUs surrendered for payroll taxes	—	—	(434)	—	—	—	(434)
Net income	—	—	—	123,436	—	—	123,436
Balances at June 30, 2022	<u>143,155</u>	<u>\$ 1</u>	<u>\$ 554,755</u>	<u>\$ (654,958)</u>	<u>2,869</u>	<u>\$ (24,167)</u>	<u>\$ (124,369)</u>
	Common Stock Outstanding		Additional Paid-In Capital	Retained Deficit	Treasury Stock		Total Shareholders' Equity
	Shares	Value			Shares	Value	
Balances at December 31, 2022	146,133	\$ 1	\$ 576,588	\$ (544,788)	2,869	\$ (24,167)	\$ 7,634
Share-based compensation	—	—	4,009	—	—	—	4,009
Stock issued	348	—	—	—	—	—	—
RSUs surrendered for payroll taxes	—	—	(748)	—	—	—	(748)
Net income	—	—	—	13,896	—	—	13,896
Balances at June 30, 2023	<u>146,481</u>	<u>\$ 1</u>	<u>\$ 579,849</u>	<u>\$ (530,892)</u>	<u>2,869</u>	<u>\$ (24,167)</u>	<u>\$ 24,791</u>
	Common Stock Outstanding		Additional Paid-In Capital	Retained Deficit	Treasury Stock		Total Shareholders' Deficit
	Shares	Value			Shares	Value	
Balances at December 31, 2021	142,863	\$ 1	\$ 552,923	\$ (775,937)	2,869	\$ (24,167)	\$ (247,180)
Share-based compensation	—	—	2,534	—	—	—	2,534
Stock issued	292	—	—	—	—	—	—
RSUs surrendered for payroll taxes	—	—	(702)	—	—	—	(702)
Net income	—	—	—	120,979	—	—	120,979
Balances at June 30, 2022	<u>143,155</u>	<u>\$ 1</u>	<u>\$ 554,755</u>	<u>\$ (654,958)</u>	<u>2,869</u>	<u>\$ (24,167)</u>	<u>\$ (124,369)</u>

See Notes to Condensed Consolidated Financial Statements.

**W&T OFFSHORE, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In thousands)  
(Unaudited)

	Six Months Ended June 30,	
	2023	2022
<b>Operating activities:</b>		
Net income	\$ 13,896	\$ 120,979
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion, amortization and accretion	66,028	65,271
Amortization and write off of debt issuance costs	4,363	4,365
Share-based compensation	4,009	2,534
Derivative (gain) loss	(40,069)	71,143
Derivative cash (payments) receipts, net	(4,427)	70,227
Derivative cash premium payments	—	(46,111)
Deferred income taxes	11,580	27,031
Changes in operating assets and liabilities:		
Oil and natural gas receivables	24,804	(44,236)
Joint interest receivables	125	(3,625)
Prepaid expenses and other assets	26,992	(30,092)
Income tax	(2,345)	3,223
Asset retirement obligation settlements	(11,841)	(39,775)
Cash advances from JV partners	(71)	(9,813)
Accounts payable, accrued liabilities and other	(43,412)	46,638
Net cash provided by operating activities	<u>49,632</u>	<u>237,759</u>
<b>Investing activities:</b>		
Investment in oil and natural gas properties and equipment	(22,999)	(25,489)
Changes in operating assets and liabilities associated with investing activities	(2,338)	(5,786)
Acquisition of property interests	—	(47,625)
Purchase of corporate aircraft (Note 12)	(8,983)	—
Purchases of furniture, fixtures and other	(218)	—
Net cash used in investing activities	<u>(34,538)</u>	<u>(78,900)</u>
<b>Financing activities:</b>		
Repayment of Note Payable	(183)	—
Issuance of 11.75% Senior Second Lien Notes	275,000	—
Repayments on 9.75% Second Senior Lien Notes	(552,460)	—
Repayments on Term Loan	(19,181)	(24,941)
Debt issuance costs	(7,252)	(1,290)
Other	(748)	(703)
Net cash used in financing activities	<u>(304,824)</u>	<u>(26,934)</u>
(Decrease) increase in cash and cash equivalents	(289,730)	131,925
Cash and cash equivalents and restricted cash, beginning of period	465,774	250,216
Cash and cash equivalents and restricted cash, end of period	<u>\$ 176,044</u>	<u>\$ 382,141</u>

See Notes to Condensed Consolidated Financial Statements.

## NOTE 1 — BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

### *Nature of Operations*

W&T Offshore, Inc. (with subsidiaries referred to herein as “W&T” or the “Company”) is an independent oil and natural gas producer with substantially all of its operations offshore in the Gulf of Mexico. The Company is active in the exploration, development and acquisition of oil and natural gas properties. Interests in fields, leases, structures and equipment are primarily owned by the Company and its 100% owned subsidiaries, W & T Energy VI, LLC, Aquasition LLC (“A-I, LLC”), and Aquasition II, LLC (“A-II LLC”), and through a proportionately consolidated interest in Monza Energy LLC (“Monza”).

### *Basis of Presentation*

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) for interim periods and the appropriate rules and regulations of the Securities and Exchange Commission (“SEC”). Accordingly, the condensed consolidated financial statements do not include all of the information and footnote disclosures required by GAAP for complete financial statements for annual periods. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

Operating results for interim periods are not necessarily indicative of the results that may be expected for the entire year. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in the Company’s 2022 Annual Report on Form 10-K (the “2022 Annual Report”).

### *Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, the reported amounts of revenues and expenses during the reporting periods and the reported amounts of proved oil and natural gas reserves. Actual results could differ from those estimates.

### *Summary of Significant Accounting Policies*

**Revenue and Accounts Receivable** – The Company records revenues from the sale of oil, natural gas liquids (“NGLs”) and natural gas based on quantities of production sold to purchasers under short-term contracts (less than twelve months) at market prices when delivery to the customer has occurred, title has transferred, prices are fixed and determinable and collection is reasonably assured. Revenue from the sale of crude oil, NGLs and natural gas is recognized when performance obligations under the terms of the respective contracts are satisfied; this generally occurs with the delivery of oil, NGLs and natural gas to the customer. Each unit of product represents a separate performance obligation, therefore, future volumes are wholly unsatisfied and disclosure of the transaction price allocated to remaining performance obligations is not required.

The Company also has receivables related to joint interest arrangements primarily with mid-size oil and gas companies with a substantial majority of the net receivable balance concentrated in less than ten companies. A loss methodology is used to develop the allowance for credit losses on material receivables to estimate the net amount to be collected. The loss methodology uses historical data, current market conditions and forecasts of future economic conditions. The Company’s maximum exposure at any time would be the receivable balance. Joint interest receivables on the Condensed Consolidated Balance Sheets are presented net of allowance for credit losses of \$11.3 million and \$12.1 million as of June 30, 2023 and December 31, 2022, respectively.

**Employee Retention Credit** – Under the Consolidated Appropriations Act of 2021, the Company recognized a \$2.2 million employee retention credit during the six months ended June 30, 2023, which is included as a credit to *General and administrative expenses* in the Condensed Consolidated Statement of Operations.

[Table of Contents](#)

**Prepaid Expenses and Other Assets** – The amounts recorded are expected to be realized within one year and the major categories are presented in the following table (in thousands):

	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Derivatives <sup>(1)</sup> (Note 4)	\$ 1,778	\$ 4,954
Unamortized insurance/bond premiums	8,303	6,046
Prepaid deposits related to royalties	6,822	9,139
Prepayments to vendors	1,628	1,767
Prepayments to joint interest partners	2,319	1,717
Debt issue costs	427	687
Other	88	33
Prepaid expenses and other assets	<u>\$ 21,365</u>	<u>\$ 24,343</u>

(1) Includes closed contracts which have not yet settled.

**Oil and Natural Gas Properties and Other, Net** – Oil and natural gas properties and equipment are recorded at cost using the full cost method. There were no amounts excluded from amortization as of the dates presented in the following table (in thousands):

	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Oil and natural gas properties and equipment	\$ 8,847,421	\$ 8,813,404
Furniture, fixtures and other	40,224	20,915
Total property and equipment	8,887,645	8,834,319
Less: Accumulated depreciation, depletion, amortization and impairment	(8,149,905)	(8,099,104)
Oil and natural gas properties and other, net	<u>\$ 737,740</u>	<u>\$ 735,215</u>

**Other Assets (long-term)** – The major categories are presented in the following table (in thousands):

	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Right-of-Use assets	\$ 10,728	\$ 10,364
Investment in White Cap, LLC	2,721	2,453
Proportional consolidation of Monza (Note 6)	9,909	9,321
Derivatives <sup>(1)</sup> (Note 4)	17,184	23,236
Other	1,576	2,175
Total other assets (long-term)	<u>\$ 42,118</u>	<u>\$ 47,549</u>

(1) Includes open contracts.

**Accrued Liabilities** – The major categories are presented in the following table (in thousands):

	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Accrued interest	\$ 13,848	\$ 8,967
Accrued salaries/payroll taxes/benefits	4,808	15,097
Litigation accruals	56	396
Lease liability	1,045	1,628
Derivatives <sup>(1)</sup> (Note 4)	18,518	46,595
Other	1,048	1,358
Total accrued liabilities	<u>\$ 39,323</u>	<u>\$ 74,041</u>

(1) Includes closed contracts which have not yet settled.



[Table of Contents](#)

**Other Liabilities (long-term)** – The major categories are presented in the following table (in thousands):

	June 30, 2023	December 31, 2022
Dispute related to royalty deductions	\$ 5,250	\$ 4,937
Derivatives (Note 4)	17,417	43,061
Lease liability	11,709	10,527
Other	665	609
Total other liabilities (long-term)	<u>\$ 35,041</u>	<u>\$ 59,134</u>

**At-the-Market Equity Offering** – On March 18, 2022, the Company filed a prospectus supplement related to the issuance and sale of up to \$100,000,000 of shares of common stock under the Company’s “at-the-market” equity offering program (the “ATM Program”). The designated sales agents will be entitled to a placement fee of up to 3.0% of the gross sales price per share sold. During the six months ended June 30, 2023, the Company did not sell any shares in connection with the ATM Program. During the year ended December 31, 2022, the Company sold an aggregate of 2,971,413 shares for an average price of \$5.72 per share in connection with the ATM Program and received proceeds, net of commissions and expenses, of \$16.5 million.

**NOTE 2 — DEBT**

The components comprising the Company’s debt are presented in the following table (in thousands):

	June 30, 2023	December 31, 2022
<b>TVPX Loan:</b>		
Principal	\$ 11,575	\$ —
Discount	(1,651)	—
Unamortized debt issuance costs	(267)	—
Total TVPX Loan	<u>9,657</u>	<u>—</u>
<b>Term Loan:</b>		
Principal	128,719	147,899
Unamortized debt issuance costs	(3,727)	(4,592)
Total Term Loan	<u>124,992</u>	<u>143,307</u>
<b>Credit Agreement borrowings:</b>	—	—
<b>11.75% Senior Second Lien Notes due 2026:</b>		
Principal	275,000	—
Unamortized debt issuance costs	(6,078)	—
Total 11.75% Senior Second Lien Notes due 2026	<u>268,922</u>	<u>—</u>
<b>9.75% Senior Second Lien Notes due 2023:</b>		
Principal	—	552,460
Unamortized debt issuance costs	—	(2,330)
Total 9.75% Senior Second Lien Notes due 2023	<u>—</u>	<u>550,130</u>
Less current portion, net	(30,550)	(582,249)
Total long-term debt, net	<u>\$ 373,021</u>	<u>\$ 111,188</u>

***Current Portion of Long-Term Debt, Net***

As of June 30, 2023, the current portion of long-term debt of \$30.6 million represented principal payments due within one year on the TVPX Loan and Term Loan (defined below), net of current unamortized debt issuance costs.

***TVPX Loan***

On May 15, 2023, the Company acquired a corporate aircraft from a company affiliated with and controlled by W&T's Chairman, Chief Executive Officer ("CEO") and President, Tracy W. Krohn. The terms of the transactions were reviewed and approved by the Audit Committee of the Company's Board of Directors. See *Note 12 – Related Party Transactions*.

The purchase price of the aircraft was \$19.1 million, which was paid using \$9.0 million of the Company's cash on hand and through the assumption of an amortizing loan by TVPX Aircraft Solutions Inc. (the "TVPX Loan"), not in its individual capacity but as owner trustee of the trust which holds title to the aircraft, a wholly owned indirect subsidiary of the Company, as the borrower. At the time of the assumption, the TVPX Loan had an aggregate principal amount of approximately \$11.8 million outstanding. The TVPX Loan bears a fixed interest rate of 2.49% per annum for a term of 41 months and requires monthly amortization payments of \$91.7 thousand plus accrued interest, which began on May 17, 2023, and a balloon payment of \$8.0 million at the end of the loan term. The TVPX Loan is guaranteed by the Company on an unsecured basis. Using current market rates, we determined that the fair market value of the TVPX Loan was \$10.1 million at the date of assumption.

The aircraft was purchased as part of a series of transactions pursuant to which the Company restructured the compensation for its Named Executive Officers. Prior to the Company's purchase of the aircraft, the Company used the aircraft for business purposes, and the CEO also used the aircraft for personal purposes. Both the Company's use for business purposes and the CEO's unlimited use for personal purposes were paid for by the Company pursuant to the CEO's prior employment agreement. In connection with the Company's efforts to significantly reduce overall executive compensation, including perquisite compensation Mr. Krohn was receiving for personal use of the aircraft, on April 20, 2023, the Company entered into an amendment to the employment agreement with the CEO which requires that the Company be reimbursed for personal use of the aircraft in accordance with the Company's aircraft use policy.

During the six months ended June 30, 2023, the Company repaid \$183.3 thousand of principal outstanding. As of June 30, 2023, the Company had \$11.6 million of principal amount outstanding related to the TVPX Loan.

***Term Loan (Subsidiary Credit Agreement)***

On May 19, 2021, A-I LLC and A-II LLC (collectively, the "Subsidiary Borrowers"), both Delaware limited liability companies and indirect, wholly-owned subsidiaries of the Company, entered into a credit agreement (the "Subsidiary Credit Agreement") providing for a term loan (the "Term Loan") in an aggregate principal amount equal to \$215.0 million. The Term Loan requires quarterly amortization payments which commenced on September 30, 2021. The Term Loan bears interest at a fixed rate of 7.0% per annum and will mature on May 19, 2028. The Subsidiary Credit Agreement required the Company to enter into certain natural gas swap and put derivative contracts. See *Note 4 – Derivative Financial Instruments*.

In exchange for the net cash proceeds received by the Subsidiary Borrowers from the Term Loan, the Company assigned to (a) A-I LLC all of its interests in certain oil and gas leasehold interests and associated wells and units located in State of Alabama waters and U.S. federal waters in the offshore Gulf of Mexico, Mobile Bay region (such assets, the "Mobile Bay Properties") and (b) A-II LLC its interest in certain gathering and processing assets located (i) in State of Alabama waters and U.S. federal waters in the offshore Gulf of Mexico, Mobile Bay region and (ii) onshore near Mobile, Alabama, including offshore gathering pipelines, an onshore crude oil treating and sweetening facility, an onshore gathering pipeline, and associated assets (such assets, the "Midstream Assets").

[Table of Contents](#)

The Term Loan is non-recourse to the Company and any subsidiaries other than the Subsidiary Borrowers and the subsidiary that owns the equity in the Subsidiary Borrowers, and is secured by the first lien security interests in the equity of the Subsidiary Borrowers and a first lien mortgage security interest and mortgages on certain assets of the Subsidiary Borrowers (the Mobile Bay Properties, defined below). See *Note 5 – Subsidiary Borrowers* for additional information.

During the six months ended June 30, 2023, the Company repaid \$19.2 million of principal outstanding. As of June 30, 2023, the Company had \$128.7 million in principal amount of the Term Loan outstanding.

***Credit Agreement***

The Company has entered into a Credit Agreement with Calculus Lending, LLC (“Calculus”), a company affiliated with and controlled by W&T’s Chairman, Chief Executive Officer and President, Tracy W. Krohn, as sole lender under the Credit Agreement (as amended from time to time, the “Credit Agreement”). The Credit Agreement currently has a maturity date of January 3, 2024. Alter Domus (US) LLC serves as the administrative agent under the Credit Agreement. The primary terms and covenants associated with the Credit Agreement as of June 30, 2023, are as follows:

- \$100 million first priority lien secured revolving credit facility, with borrowings limited to a borrowing base of \$50.0 million;
- Outstanding borrowings accrue interest at SOFR plus 6.0% per annum;
- The Company’s ratio of First Lien Debt (as such term is defined in the Credit Agreement) outstanding under the Credit Agreement on the last day of the most recent quarter to EBITDAX (as such term is defined in the Credit Agreement) for the trailing four quarters must not be greater than 2.50 to 1.00 on the last day of any fiscal quarter commencing with the fiscal quarter ended March 31, 2022;
- The Company’s ratio of Total Proved PV-10 to First Lien Debt (as such terms are defined in the Credit Agreement) as of the last day of any fiscal quarter commencing with the fiscal quarter ended March 31, 2022, must be equal to or greater than 2.00 to 1.00;
- The ratio of the Company and its restricted subsidiaries’ consolidated current assets to consolidated current liabilities (subject in each case to certain exceptions and adjustments as set forth in the Credit Agreement) at the last day of any fiscal quarter must be greater than or equal to 1.00 to 1.00;
- As of the last day of any fiscal quarter commencing with the fiscal quarter ended March 31, 2022, the Company and its restricted subsidiaries on a consolidated basis must pass a “Stress Test” to determine whether certain future net revenues from the Company’s and its restricted subsidiaries’ and certain joint ventures’ oil and gas properties included in the collateral are sufficient to satisfy the aggregate first lien indebtedness under the Credit Agreement assuming the Borrowing Base is 100% funded or fully utilized; and
- Certain related party transactions are required to meet certain arm’s length criteria; except in each case as specifically permitted or excluded from the covenant under the Credit Agreement.

Availability under the Credit Agreement is subject to redetermination of the borrowing base that may be requested at the discretion of either the lender or the Company in accordance with the Credit Agreement. Any redetermination by the lender to change the borrowing base will result in a similar change in the availability under the Credit Agreement. The Credit Agreement is secured by a first priority lien on substantially all of the Company’s and its guarantor subsidiaries’ assets, excluding those assets of the Subsidiary Borrowers, which liens were released in the Mobile Bay Transaction (as described in *Note 5 – Subsidiary Borrowers*).

As of June 30, 2023, there were no borrowings outstanding under the Credit Agreement and no borrowings had been incurred under the Credit Agreement during the six months ended June 30, 2023. As of June 30, 2023 and December 31, 2022, the Company had \$4.4 million outstanding in letters of credit which have been cash collateralized.

### ***11.75% Senior Second Lien Notes due 2026***

On January 27, 2023, the Company issued and sold \$275 million in aggregate principal amount of its 11.75% Senior Second Lien Notes at par with an interest rate of 11.75% per annum that matures on February 1, 2026 (the “11.75% Senior Second Lien Notes”), which are governed under the terms of an indenture (the “Indenture”). Interest on the 11.75% Senior Second Lien Notes is payable in arrears on February 1 and August 1, commencing August 1, 2023. The 11.75% Senior Second Lien Notes will be recorded at their carrying value consisting of principal and unamortized debt issuance costs. The 11.75% Senior Second Lien Notes are secured by second-priority liens on the same collateral that is secured under the Credit Agreement, which does not include the Mobile Bay Properties and the related Midstream Assets. The estimated annual effective interest rate on the 11.75% Senior Second Lien Notes is 12.6%, which includes amortization of deferred interest costs.

Prior to August 1, 2024, the Company may redeem all or any portion of the 11.75% Senior Second Lien Notes at a redemption price equal to 100% of the principal amount of the notes outstanding plus accrued and unpaid interest, if any, to the redemption date, plus the “Applicable Premium” (as defined in the Indenture). In addition, prior to August 1, 2024, the Company may, at its option, on one or more occasions redeem up to 35% of the aggregate original principal amount of the 11.75% Senior Second Lien Notes in an amount not greater than the net cash proceeds from certain equity offerings at a redemption price of 111.750% of the principal amount of the outstanding plus accrued and unpaid interest, if any, to the redemption date.

On and after August 1, 2024, the Company may redeem the 11.75% Senior Second Lien Notes, in whole or in part, at redemption prices (expressed as percentages of the principal amount thereof) equal to 105.875% for the 12-month period beginning August 1, 2024, and 100.000% on August 1, 2025 and thereafter, plus accrued and unpaid interest, if any, to the redemption date. The 11.75% Senior Second Lien Notes are guaranteed by the Guarantors.

The 11.75% Senior Second Lien Notes contain covenants that limit or prohibit the Company’s ability and the ability of certain of its subsidiaries to: (i) make investments; (ii) incur additional indebtedness or issue certain types of preferred stock; (iii) create certain liens; (iv) sell assets; (v) enter into agreements that restrict dividends or other payments from the Company’s subsidiaries to the Company; (vi) consolidate, merge or transfer all or substantially all of the assets of the Company; (vii) engage in transactions with affiliates; (viii) pay dividends or make other distributions on capital stock or subordinated indebtedness; and (ix) create subsidiaries that would not be restricted by the covenants of the Indenture. These covenants are subject to important exceptions and qualifications set forth in the Indenture. In addition, most of the above-described covenants will terminate if both S&P Global Ratings, a division of S&P Global Inc., and Moody’s Investors Service, Inc. assign the 11.75% Senior Second Lien Notes an investment grade rating and no default exists with respect to the 11.75% Senior Second Lien Notes.

### ***Redemption of 9.75% Senior Second Lien Notes due 2023***

On October 18, 2018, the Company issued \$625.0 million of 9.75% Senior Second Lien Notes due 2023 (the “9.75% Senior Second Lien Notes”), which were issued at par with an interest rate of 9.75% per annum and would have matured on November 1, 2023.

On February 8, 2023, the Company redeemed all of the \$552.5 million of aggregate principle outstanding of the 9.75% Senior Second Lien Notes at a redemption price of 100.0%, plus accrued and unpaid interest to the redemption date. The Company used the net proceeds of \$270.8 million from the issuance of the 11.75% Senior Second Lien Notes and cash on hand of \$296.1 million to fund the redemption.

### ***Covenants***

As of June 30, 2023 and for all prior measurement periods presented, the Company was in compliance with all applicable covenants of the Credit Agreement and the Indenture.

**NOTE 3 – FAIR VALUE MEASUREMENTS**

***Derivative Financial Instruments***

Derivative financial instruments are reported in the Condensed Consolidated Balance Sheets using fair value. See *Note 4 – Derivative Financial Instruments* for additional information on derivative financial instruments. The Company measures the fair value of derivative financial instruments by applying the income approach, using models with inputs that are classified within Level 2 of the valuation hierarchy. The income approach converts expected future cash flows to a present value amount based on market expectations. The inputs used for the fair value measurement of derivative financial instruments are the exercise price, the expiration date, the settlement date, notional quantities, the implied volatility, the discount curve with spreads and published commodity future prices.

The following table presents the fair value of the Company’s derivative financial instruments (in thousands):

	June 30, 2023	December 31, 2022
<b>Assets:</b>		
Derivative instruments - current	\$ 1,778	\$ 4,954
Derivative instruments - long-term	17,184	23,236
<b>Liabilities:</b>		
Derivative instruments - current	18,518	46,595
Derivative instruments - long-term	17,417	43,061

***Debt Instruments***

The following table presents the net value and fair value of the Company’s debt (in thousands):

	June 30, 2023		December 31, 2022	
	Net Value	Fair Value	Net Value	Fair Value
<b>Liabilities:</b>				
TVPX Loan	\$ 9,657	\$ 9,977	\$ —	\$ —
Term Loan	124,992	120,965	143,307	139,056
11.75% Senior Second Lien Notes due 2026	268,922	275,303	—	—
9.75% Senior Second Lien Notes due 2023	—	—	550,130	544,902
Total	<u>\$ 403,571</u>	<u>\$ 406,245</u>	<u>\$ 693,437</u>	<u>\$ 683,958</u>

The fair value of the TVPX Loan and the Term Loan were measured using a discounted cash flows model and current market rates. The fair value of the 11.75% Senior Second Lien Notes and 9.75% Senior Second Lien Notes were measured using quoted prices, although the market is not a highly liquid market. The fair value of debt was classified as Level 2 within the valuation hierarchy.

**NOTE 4 — DERIVATIVE FINANCIAL INSTRUMENTS**

W&T’s market risk exposure relates primarily to commodity prices. The Company attempts to mitigate a portion of its commodity price risk and stabilize cash flows associated with sales of oil and natural gas production through the use of oil and natural gas swaps, costless collars, sold calls and purchased puts. The Company is exposed to credit loss in the event of nonperformance by the derivative counterparties; however, the Company currently anticipates that the derivative counterparties will be able to fulfill their contractual obligations. The Company is not required to provide additional collateral to the derivative counterparties and does not require collateral from the derivative counterparties.

[Table of Contents](#)

W&T has elected not to designate commodity derivative contracts for hedge accounting. Accordingly, commodity derivatives are recorded on the Condensed Consolidated Balance Sheets at fair value with settlements of such contracts, and changes in the unrealized fair value, recorded as *Derivative (gain) loss* on the Condensed Consolidated Statements of Operations in each period presented. The cash flows of all commodity derivative contracts are included in *Net cash provided by operating activities* on the Condensed Consolidated Statements of Cash Flows.

The natural gas contracts are based off the Henry Hub prices, which is quoted off the New York Mercantile Exchange (“NYMEX”).

The following table reflects the contracted volumes and weighted average prices under the terms of the Company’s open derivative contracts as of June 30, 2023:

Period	Instrument Type	Average Daily Volumes	Total Volumes	Weighted Strike Price	Weighted Put Price	Weighted Call Price
Natural Gas - Henry Hub (NYMEX)		(MMbtu) <sup>(1)</sup>	(MMbtu) <sup>(1)</sup>	(\$/MMbtu) <sup>(1)</sup>	(\$/MMbtu) <sup>(1)</sup>	(\$/MMbtu) <sup>(1)</sup>
July 2023 - Dec 2023	calls	35,288	12,880,000	\$ —	\$ —	\$ 7.50
Jan 2024 - Dec 2024	calls	65,000	23,790,000	\$ —	\$ —	\$ 6.13
Jan 2025 - Mar 2025	calls	62,000	5,580,000	\$ —	\$ —	\$ 5.50
July 2023 - Dec 2023 <sup>(2)</sup>	swaps	36,164	13,200,000	\$ 2.43	\$ —	\$ —
Jan 2024 - Dec 2024 <sup>(2)</sup>	swaps	65,574	24,000,000	\$ 2.46	\$ —	\$ —
Jan 2025 - Mar 2025 <sup>(2)</sup>	swaps	63,333	5,700,000	\$ 2.72	\$ —	\$ —
Apr 2025 - Dec 2025 <sup>(2)</sup>	puts	62,182	17,100,000	\$ —	\$ 2.27	\$ —
Jan 2026 - Dec 2026 <sup>(2)</sup>	puts	55,890	20,400,000	\$ —	\$ 2.35	\$ —
Jan 2027 - Dec 2027 <sup>(2)</sup>	puts	52,603	19,200,000	\$ —	\$ 2.37	\$ —
Jan 2028 - Apr 2028 <sup>(2)</sup>	puts	49,587	6,000,000	\$ —	\$ 2.50	\$ —

(1) MMbtu – Million British Thermal Units

(2) These contracts were entered into by the Company’s wholly owned subsidiary, A-1 LLC, in conjunction with the Term Loan (see *Note 5 – Subsidiary Borrowers*).

**Financial Statement Presentation**

The following fair value of derivative financial instruments amounts were recorded in the Condensed Consolidated Balance Sheets (in thousands):

	June 30, 2023	December 31, 2022
Prepaid expenses and other current assets	\$ 1,778	\$ 4,954
Other assets (long-term)	17,184	23,236
Accrued liabilities	18,518	46,595
Other liabilities (long-term)	17,417	43,061

Although the Company has master netting arrangements with its counterparties, the amounts recorded on the Condensed Consolidated Balance Sheets are on a gross basis.

[Table of Contents](#)

Changes in the fair value and settlements of contracts are recorded on the Condensed Consolidated Statements of Operations as *Derivative (gain) loss, net*. The impact of commodity derivative contracts on the Condensed Consolidated Statements of Operations were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Realized loss (gain) <sup>(1)</sup>	\$ 300	\$ (79,667)	\$ 530	\$ (35,973)
Unrealized (gain) loss	(1,129)	70,813	(40,599)	107,116
Derivative (gain) loss, net	\$ (829)	\$ (8,854)	\$ (40,069)	\$ 71,143

(1) The three and six months ended June 30, 2022 includes the effect of the \$138.0 million realized gain related to the monetization of certain natural gas call contracts through restructuring of strike prices.

Cash payments on commodity derivative contract settlements, net, are included within *Net cash provided by operating activities* on the Condensed Consolidated Statements of Cash Flows and were as follows (in thousands):

	Six Months Ended June 30,	
	2023	2022
Derivative (gain) loss, net	\$ (40,069)	\$ 71,143
Derivative cash (receipts) payments, net <sup>(1)</sup>	(4,427)	70,227
Derivative cash premium payments, net	—	(46,111)

(1) The six months ended June 30, 2022 includes \$105.3 million of net cash receipts related to the monetization of certain natural gas call contracts through restructuring of strike prices.

#### NOTE 5 — SUBSIDIARY BORROWERS

On May 19, 2021, the Subsidiary Borrowers, entered into the Subsidiary Credit Agreement providing for the Term Loan in an aggregate principal amount equal to \$215.0 million. Proceeds of the Term Loan were used by the Subsidiary Borrowers to (i) fund the acquisition of the Mobile Bay Properties and the Midstream Assets from the Company and (ii) pay fees, commissions and expenses in connection with the transactions contemplated by the Subsidiary Credit Agreement and the other related loan documents, including to enter into certain swap and put derivative contracts described in more detail under *Note 4 – Derivative Financial Instruments*, of this Quarterly Report on Form 10-Q.

The Subsidiary Borrowers are wholly-owned subsidiaries of the Company; however, the assets of the Subsidiary Borrowers are not available to satisfy the debt or contractual obligations of any other entities, including debt securities or other contractual obligations of the Company, and the Subsidiary Borrowers do not bear any liability for the indebtedness or other contractual obligations of any other entities, and vice versa.

During the year ended December 31, 2022, the Subsidiary Borrowers paid cash distributions to W&T of \$30.2 million. During the six months ended June 30, 2023, no such distributions were paid.

**Consolidation and Carrying Amounts**

The following table presents the amounts recorded by W&T on the Condensed Consolidated Balance Sheets related to the consolidation of the Subsidiary Borrowers and the subsidiary that owns the equity of the Subsidiary Borrowers (in thousands):

	June 30, 2023	December 31, 2022
<b>Assets:</b>		
Cash and cash equivalents	\$ 5,899	\$ 21,764
Receivables:		
Oil and natural gas sales	18,411	37,344
Joint interest, net	(27,400)	(5,760)
Prepaid expenses and other assets	125	417
Oil and natural gas properties and other, net	289,959	280,649
Other assets	11,486	8,473
<b>Liabilities:</b>		
Accounts payable	8,996	27,387
Undistributed oil and natural gas proceeds	3,625	7,930
Accrued liabilities	19,036	45,102
Current portion of long-term debt	30,074	32,119
Long-term debt, net	94,918	111,188
Asset retirement obligations	66,136	61,138
Other liabilities	22,020	47,398

The following table presents the amounts recorded by W&T in the Condensed Consolidated Statement of Operations related to the consolidation of the operations of the Subsidiary Borrowers and the subsidiary that owns the equity of the Subsidiary Borrowers (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Total revenues	\$ 25,437	\$ 76,846	\$ 46,560	\$ 124,361
Total operating expenses	30,443	18,385	50,490	33,185
Interest expense, net	3,229	3,658	5,411	8,436
Derivative (gain) loss, net	(6,012)	35,888	(52,389)	132,046

**NOTE 6 — JOINT VENTURE DRILLING PROGRAM**

In March 2018, W&T and two other initial members formed and initially funded Monza, which jointly participates with the Company in the exploration, drilling and development of certain drilling projects (the “Joint Venture Drilling Program”) in the Gulf of Mexico. Subsequent to the initial closing, additional investors joined as members of Monza during 2018 and total commitments by all members, including W&T’s commitment to fund its retained interest in Monza projects held outside of Monza, was \$361.4 million. W&T contributed 88.94% of its working interest in certain identified undeveloped drilling projects to Monza and retained 11.06% of its working interest. The Joint Venture Drilling Program is structured so that W&T initially receives an aggregate of 30.0% of the revenues less expenses, through the direct ownership from the retained working interest in the Monza projects and the Company’s indirect interest through its interest in Monza, for contributing 20.0% of the estimated total well costs plus associated leases and providing access to available infrastructure at agreed-upon rates. Any exceptions to this structure are approved by the Monza board of directors.



[Table of Contents](#)

The members of Monza are third-party investors, W&T and an entity owned and controlled by Tracy W. Krohn, the Company's Chairman, Chief Executive Officer and President. The entity affiliated with the Company's CEO invested as a minority investor on the same terms and conditions as the third-party investors, and its investment is limited to 4.5% of total invested capital within Monza, and made a capital commitment to Monza of \$14.5 million.

Monza is an entity separate from any other entity with its own separate creditors who will be entitled, upon its liquidation, to be satisfied out of Monza's assets prior to any value in Monza becoming available to holders of its equity. The assets of Monza are not available to pay creditors of the Company and its affiliates.

Through June 30, 2023, ten wells have been completed since the inception of the Joint Venture Drilling Program. W&T is the operator for eight of the ten wells completed through June 30, 2023.

Since inception through June 30, 2023, members of Monza made partner capital contributions, including W&T's contributions of working interest in the drilling projects, to Monza totaling \$302.4 million and received cash distributions totaling \$204.7 million. Since inception through June 30, 2023, W&T made total capital contributions, including the contributions of working interest in the drilling projects, to Monza totaling \$68.2 million and received cash distributions totaling \$48.3 million.

**Consolidation and Carrying Amounts**

W&T's interest in Monza is considered to be a variable interest that is proportionally consolidated. Through June 30, 2023, there have been no events or changes that would cause a redetermination of the variable interest status. W&T does not fully consolidate Monza because the Company is not considered the primary beneficiary of Monza.

The following table presents the amounts recorded by W&T on the Condensed Consolidated Balance Sheets related to the consolidation of the proportional interest in Monza's operations (in thousands):

	June 30, 2023	December 31, 2022
Working capital	\$ 1,191	\$ 2,515
Oil and natural gas properties and other, net	34,516	37,260
Asset retirement obligations	518	467
Other assets	9,909	11,571

As required, W&T may call on Monza to provide cash to fund its portion of certain Joint Venture Drilling Program projects in advance of capital expenditure spending, and the unused balances as of June 30, 2023 and December 31, 2022 were \$2.8 million and \$2.9 million, respectively, which are included in the Condensed Consolidated Balance Sheets in *Advances from joint interest partners*.

The following table presents the amounts recorded by W&T in the Condensed Consolidated Statement of Operations related to the consolidation of the proportional interest in Monza's operations (in thousands):

	Six Months Ended June 30,	
	2023	2022
Total revenues	\$ 6,018	\$ 16,615
Total operating expenses	4,623	7,368
Interest income	104	—

**NOTE 7 — ASSET RETIREMENT OBLIGATIONS**

AROs represent the estimated present value of the amount incurred to plug, abandon and remediate the Company’s properties at the end of their productive lives. A summary of the changes to ARO is as follows (in thousands):

	<u>Six Months Ended June 30,</u>	
	<u>2023</u>	
Asset retirement obligations, beginning of period	\$	466,430
Liabilities settled		(11,841)
Accretion expense		15,227
Liabilities incurred		113
Revisions of estimated liabilities		10,903
Asset retirement obligations, end of period		480,832
Less: Current portion		(37,763)
Long-term	\$	<u>443,069</u>

**NOTE 8 — SHARE-BASED AWARDS AND CASH BASED AWARDS**

On June 16, 2023, the 2023 Incentive Compensation Plan (the “2023 Plan”) was approved by the Company’s shareholders. The 2023 Plan is effective June 16, 2023, and the Company will no longer grant awards pursuant to the W&T Offshore, Inc. Amended and Restated Incentive Compensation Plan, as amended from time to time, (the “Prior Plan”) or the 2004 Directors Compensation Plan, as amended from time to time. Under the 2023 Plan, the Company may issue, subject to the approval of the Board of Directors, stock options, stock appreciation rights, restricted stock, restricted stock units, performance awards, stock awards, dividend equivalents, other stock-based awards, performance units or shares, cash awards, substitute awards or any combination of the foregoing to eligible employees, non-employee directors, and consultants. Any awards granted prior to the effective date of the 2023 Plan are considered to have been granted under the Prior Plan.

**Share-Based Awards to Employees**

**Restricted Stock Units (“RSUs”)** – On June 5, 2023, the Company granted RSUs under the Prior Plan to certain employees. RSUs outstanding as of June 30, 2023 relate to the 2023, 2022, and 2021 grants. The 2023 RSUs granted are a long-term compensation component, subject to service conditions, with one-third of the award vesting each year on June 5, 2024, 2025 and 2026, respectively.

A summary of activity related to RSUs during the six months ended June 30, 2023 is as follows:

	<u>Restricted</u>	<u>Weighted</u>
	<u>Stock Units</u>	<u>Average</u>
		<u>Grant Date Fair</u>
		<u>Value Per Unit</u>
Nonvested, beginning of period	1,221,461	\$ 5.76
Granted	1,527,221	4.09
Vested	(486,134)	5.62
Forfeited	(80,911)	5.97
Nonvested, end of period	<u>2,181,637</u>	4.61

**Performance Share Units (“PSUs”)** – On June 5, 2023, the Company granted PSUs under the Prior Plan that are eligible to vest based on continued employment and the Company’s total shareholder return (“TSR”) ranking against peer companies’ TSR over a three-year performance period, which ends on December 31, 2025. PSUs outstanding as of June 30, 2023 relate to the 2023, 2022 and 2021 grants.

[Table of Contents](#)

A summary of activity related to PSUs during the six months ended June 30, 2023 is as follows:

	Performance Share Units	Weighted Average Grant Date Fair Value Per Unit
Nonvested, beginning of period	1,502,239	\$ 9.78
Granted	1,187,638	4.87
Vested	(10,705)	7.80
Forfeited	(188,307)	10.05
Nonvested, end of period	<u>2,490,865</u>	<u>7.43</u>

The following table summarizes the assumptions used in the Monte Carlo simulations to calculate the fair value of the absolute TSR PSUs granted at the date indicated:

	<u>2023 Grant Date</u> <u>June 5, 2023</u>
Expected term for performance period (in years)	2.6
Expected volatility	76.1 %
Risk-free interest rate	4.2 %
Fair value (in thousands)	\$ 5,694

**Share-Based Awards to Non-Employee Directors**

The Company may from time-to-time issue awards to non-employee directors pursuant to the 2023 Plan. There were no awards granted to non-employee directors during the six months ended June 30, 2023. Restricted shares vested during the six months ended June 30, 2023 relate to 2022 restricted shares issued to the non-employee directors.

A summary of activity related to restricted shares during the six months ended June 30, 2023 is as follows:

	Restricted Shares	Weighted Average Grant Date Fair Value Per Share
Nonvested, beginning of period	42,426	\$ 4.95
Vested	(42,426)	4.95
Nonvested, end of period	<u>—</u>	<u>\$ —</u>

**Share-Based Compensation Expense**

Compensation costs for share-based payments are recognized over the requisite service period. A summary of compensation expense under share-based payment arrangements is as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Restricted stock units	\$ 945	\$ 1,360	\$ 1,443	\$ 1,610
Performance share units	1,124	598	2,496	803
Restricted Shares	18	56	70	121
Total	<u>\$ 2,087</u>	<u>\$ 2,014</u>	<u>\$ 4,009</u>	<u>\$ 2,534</u>

**Cash-Based Incentive Compensation**

In addition to share-based compensation, short-term cash-based incentive awards were granted under the Plan to all eligible employees during the six months ended June 30, 2023. The short-term cash-based incentive awards granted in 2022 were paid in March 2023.

**Share-Based Awards and Cash-Based Awards Compensation Expense**

A summary of compensation expense related to share-based awards and cash-based awards is as follows (in thousands):

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Share-based compensation included in:				
General and administrative expenses	\$ 2,087	\$ 2,014	\$ 4,009	\$ 2,534
Cash-based incentive compensation included in:				
Lease operating expense <sup>(1)</sup>	321	206	1,568	462
General and administrative expenses <sup>(1)</sup>	899	646	6,869	2,603
Total charged to operating income (loss)	<u>\$ 3,307</u>	<u>\$ 2,866</u>	<u>\$ 12,446</u>	<u>\$ 5,599</u>

(1) Includes adjustments of accruals to actual payments.

**NOTE 9 — INCOME TAXES*****Tax Expense (Benefit) and Tax Rate***

For the three months ended June 30, 2023, the Company recognized income tax expense of \$3.0 million. Primarily as a result of changes in our valuation allowance on our deferred tax assets, our effective tax rate for the three months ended June 30, 2023 is not meaningful. For the three months ended June 30, 2022, the Company recognized income tax expense of \$31.1 million for an effective tax rate of 20.1%.

For the six months ended June 30, 2023, the Company recognized income tax expense of \$11.6 million for an effective tax rate of 45.6%. For the six months ended June 30, 2022, the Company recognized income tax expense of \$30.4 million for an effective tax rate of 20.1%. For the three and six months ended June 30, 2023, the Company's effective tax rate differed from the statutory Federal tax rate primarily by the impact of state income taxes, nondeductible compensation, and adjustments to the valuation allowance. For the three and six months ended June 30, 2022, the Company's effective tax rate differed from the statutory Federal tax rate primarily by the impact of state income taxes and adjustments to the valuation allowance.

***Calculation of Interim Provision for Income Tax.***

Historically, the Company has calculated the provision for income taxes during interim reporting periods by applying an estimate of the annual effective tax rate for the full year to income (loss) for the interim period. In the second quarter of 2023, the Company concluded that it could not calculate a reliable estimate of the annual effective tax rate. Accordingly, the Company computed the effective tax rate for the six-month period ending June 30, 2023 using actual results.

***Valuation Allowance***

Deferred tax assets are recorded related to net operating losses and temporary differences between the book and tax basis of assets and liabilities expected to produce tax deductions in future periods. The realization of these assets depends on recognition of sufficient future taxable income in specific tax jurisdictions in which those temporary differences or net operating losses are deductible. In assessing the need for a valuation allowance on deferred tax assets, the Company considers whether it is more likely than not that some portion or all of them will not be realized.

As of June 30, 2023 and December 31, 2022, the valuation allowance was \$19.8 million and \$15.3 million, respectively, and relates primarily to state net operating losses and the disallowed interest expense limitation carryover.

***Income Taxes Receivable, Refunds and Payments***

As of June 30, 2023, the Company has a federal income tax receivable of \$1.7 million and state income tax receivable of \$0.2 million. As of December 31, 2022, the Company did not have any outstanding current income taxes receivable. During the three and six months ended June 30, 2023, the Company did not receive any income tax refunds and made federal income tax payments of \$2.2 million and state income tax payments of \$0.3 million. During the three and six months ended June 30, 2022, the Company did not receive any income tax refunds or make any income tax payments of significance.

The tax years 2019 through 2022 remain open to examination by the tax jurisdictions to which the Company is subject.

**NOTE 10 — EARNINGS PER SHARE**

The following table presents the calculation of basic and diluted (loss) earnings per common share (in thousands, except per share amounts):

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Net (loss) income	\$ (12,109)	\$ 123,436	\$ 13,896	\$ 120,979
Less portion allocated to nonvested shares	—	—	243	—
Net (loss) income allocated to common shares	<u>\$ (12,109)</u>	<u>\$ 123,436</u>	<u>\$ 13,653</u>	<u>\$ 120,979</u>
Weighted average common shares outstanding - basic	146,452	143,020	146,435	142,981
Dilutive effect of securities	—	1,505	2,610	1,113
Weighted average common shares outstanding - diluted	<u>146,452</u>	<u>144,525</u>	<u>149,045</u>	<u>144,094</u>
Earnings per common share:				
Basic	\$ (0.08)	\$ 0.86	\$ 0.09	\$ 0.85
Diluted	(0.08)	0.85	0.09	0.84
Shares excluded due to being anti-dilutive (weighted average)	2,909	—	—	—

**NOTE 11 — CONTINGENCIES**

***Appeal with the Office of Natural Resources Revenue (“ONRR”)*** – In 2009, W&T recognized allowable reductions of cash payments for royalties owed to the ONRR for transportation of their deepwater production through subsea pipeline systems owned by the Company. In 2010, the ONRR audited calculations and support related to this usage fee, and ONRR notified the Company that they had disallowed approximately \$4.7 million of the reductions taken. The Company recorded a reduction to other revenue in 2010 to reflect this disallowance with the offset to a liability reserve; however, the Company disagrees with the position taken by the ONRR. W&T filed an appeal with the ONRR, which ultimately led to the Company posting a bond in the amount of \$7.2 million and cash collateral of \$6.9 million with the surety in order to appeal the Interior Board of Land Appeals decision. The cash collateral held by the surety was subsequently returned to the Company during the first quarter of 2020. The Company has continued to pursue its legal rights and, at present, the case is in front of the U.S. District Court for the Eastern District of Louisiana where both parties have filed cross-motions for summary judgment and opposition briefs. W&T has filed a Reply in support of its Motion for Summary Judgment and the government has in turn filed its Reply brief. With briefing now completed, the Company is waiting for the district court’s ruling on the merits. In compliance with the ONRR’s request for W&T to periodically increase the surety posted in the appeal to cover pre- and post-judgement interest, the sum of the bond posted is \$8.9 million as of June 30, 2023.

[Table of Contents](#)

**Civil Penalties** – In January 2021, W&T executed a Settlement Agreement with the Bureau of Safety and Environmental Enforcement (“BSEE”) which resolved nine pending civil penalties issued by BSEE. The civil penalties pertained to Incidents of Non-Compliance (“INC”) issued by BSEE alleging regulatory non-compliance at separate offshore locations on various dates between July 2012 and January 2018, with the proposed civil penalty amounts totaling \$7.7 million. Under the Settlement Agreement, W&T agreed to pay a total of \$720,000 in three annual installments. The first, second and final installments were paid in March 2021, March 2022 and February 2023, respectively.

**Contingent Decommissioning Obligations** – The Company may be subject to retained liabilities with respect to certain divested property interests by operation of law. Certain counterparties in past divestiture transactions or third parties in existing leases that have filed for bankruptcy protection or undergone associated reorganizations may not be able to perform required abandonment obligations. Due to operation of law, W&T may be required to assume decommissioning obligations for those interests. The Company may be held jointly and severally liable for the decommissioning of various facilities and related wells. W&T no longer owns these assets nor are they related to current operations.

During 2021, as a result of the declaration of bankruptcy by a third party that is the indirect successor in title to certain offshore interests that were previously divested by the Company, W&T recorded an initial contingent loss accrual of \$4.5 million related to anticipated decommissioning obligations, which was reflected in *Other (income) expense, net* on the Condensed Consolidated Statements of Operations in the period recorded. The Company reassessed the recorded contingent loss related to the anticipated decommissioning obligations throughout 2022, and as of December 31, 2022, the total loss contingency recorded was \$20.4 million. The additional \$15.9 million recorded in 2022 was reflected in *Other (income) expense, net* on the Condensed Consolidated Statements of Operations in the period recorded. During the six months ended June 30, 2023, the Company incurred \$3.4 million in costs related to these decommissioning obligations and reduced the liability accordingly. As of June 30, 2023, the remaining loss contingency recorded related to the anticipated decommissioning obligations was \$17.0 million.

Although it is reasonably possible that the Company could receive additional state or federal decommissioning orders in the future or be notified of defaulting third parties in existing leases, the Company cannot predict with certainty, if, how or when such orders or notices will be resolved or estimate a possible loss or range of loss that may result from such orders. However, the Company could incur judgments, enter into settlements or revise the Company’s opinion regarding the outcome of certain notices or matters, and such developments could have a material adverse effect on the Company’s results of operations in the period in which the amounts are accrued and the Company’s cash flows in the period in which the amounts are paid. To the extent that the Company does incur costs associated with these properties in future periods, W&T intends to seek contribution from other parties that owned an interest in the facilities.

**Other Claims** – W&T is a party to various pending or threatened claims and complaints seeking damages or other remedies concerning commercial operations and other matters in the ordinary course of its business. In addition, claims or contingencies may arise related to matters occurring prior to the Company’s acquisition of properties or related to matters occurring subsequent to the Company’s sale of properties. In certain cases, W&T has indemnified the sellers of properties acquired, and in other cases, W&T has indemnified the buyers of properties sold. The Company is also subject to federal and state administrative proceedings conducted in the ordinary course of business including matters related to alleged royalty underpayments on certain federal-owned properties. Although W&T can give no assurance about the outcome of pending legal and federal or state administrative proceedings and the effect such an outcome may have, the Company believes that any ultimate liability resulting from the outcome of such proceedings, to the extent not otherwise provided for or covered by insurance, will not have a material adverse effect on the consolidated financial position, results of operations or liquidity of the Company.

**NOTE 12 — RELATED PARTY TRANSACTIONS**

On May 15, 2023, the Company acquired a corporate aircraft from a company affiliated with and controlled by W&T's CEO. The purchase price of the aircraft was \$19.1 million, which was paid using \$9.0 million of cash on hand and through the assumption of the TVPX Loan, which had a fair market value of \$10.1 million on the date of assumption. The terms of this transaction were reviewed and approved by the Audit Committee of the Company's Board of Directors. See *Note 2 – Debt* for additional information.

The aircraft was purchased as part of a series of transactions pursuant to which the Company restructured the compensation for its Named Executive Officers. Prior to the Company's purchase of the aircraft, the Company used the aircraft for business purposes, and the CEO also used the aircraft for personal purposes. Both the Company's use for business purposes and the CEO's unlimited use for personal purposes were paid for by the Company pursuant to the CEO's prior employment agreement. In connection with the Company's efforts to significantly reduce overall executive compensation, including perquisite compensation Mr. Krohn was receiving for personal use of the aircraft, on April 20, 2023, the Company entered into an amendment to the employment agreement with the CEO which requires that the Company be reimbursed for personal use of the aircraft in accordance with the Company's aircraft use policy.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with our unaudited Condensed Consolidated Financial Statements and the notes to those financial statements included in Part I, Item 1 of this Quarterly Report, as well as our audited Consolidated Financial Statements and the notes thereto in 2022 Annual Report and the related Management's Discussion and Analysis of Financial Condition and the Results of Operations included in Part II, Item 7 of our 2022 Annual Report. Unless otherwise indicated or the context otherwise requires, references in this Quarterly Report to "us," "we," "our," "W&T" or the "Company" are to W&T Offshore, Inc. and its wholly owned subsidiaries.

### Cautionary Note Regarding Forward-Looking Statements

The information in this Quarterly Report includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements, other than statements of historical fact included in this Quarterly Report, regarding our strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. These forward-looking statements are based on certain assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances. Although we believe that these forward-looking statements are based upon reasonable assumptions, they are subject to several risks and uncertainties and are made in light of information currently available to us. If the risks or uncertainties materialize or the assumptions prove incorrect, our results may differ materially from those expressed or implied by such forward-looking statements and assumptions. When used in this Quarterly Report, the words "could," "believe," "anticipate," "intend," "estimate," "expect," "project," "forecast," "may," "objective," "plan," and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof. We assume no obligation, nor do we intend, to update these forward-looking statements, unless required by law.

The information included in this Quarterly Report includes forward-looking statements that involve risks and uncertainties that could materially affect our expected results of operations, liquidity, cash flows and business prospects. Such statements specifically include our expectations as to our future financial position, liquidity, cash flows, results of operations and business strategy, potential acquisition opportunities, other plans and objectives for operations, capital for sustained production levels, expected production and operating costs, reserves, hedging activities, capital expenditures, return of capital, improvement of recovery factors and other guidance. Actual results may differ from anticipated results, sometimes materially, and reported results should not be considered an indication of future performance. For any such forward-looking statement that includes a statement of the assumptions or bases underlying such forward-looking statement, we caution that, while we believe such assumptions or bases to be reasonable and make them in good faith, assumed facts or bases almost always vary from actual results, sometimes materially. Known material risks that may affect our financial condition and results of operations are discussed in Part I, Item 1A, *Risk Factors*, and market risks are discussed in Part II, Item 7A, *Quantitative and Qualitative Disclosures About Market Risk*, of our 2022 Annual Report, and may be discussed or updated from time to time in subsequent reports filed with the SEC.

Reserve engineering is a process of estimating underground accumulations of crude oil, NGLs and natural gas that cannot be measured in an exact manner. The accuracy of any reserve estimate depends on the quality of available data, the interpretation of such data, and the price and cost assumptions made by reservoir engineers. In addition, the results of drilling, testing, and production activities, or changes in commodity prices, may justify revisions of estimates that were made previously. If significant, such revisions would change the schedule of any further production and development drilling. Accordingly, reserve estimates may differ significantly from the quantities of crude oil, NGLs and natural gas that are ultimately recovered.

All forward-looking statements, expressed or implied, included in this Quarterly Report are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue.



## Overview

We are an independent oil and natural gas producer, active in the exploration, development and acquisition of oil and natural gas properties in the Gulf of Mexico. As of June 30, 2023, we hold working interests in 46 producing offshore fields in federal and state waters (which include 38 fields in federal waters and 8 in state waters). We currently have under lease approximately 578,000 gross acres (419,000 net acres) spanning across the outer continental shelf (“OCS”) off the coasts of Louisiana, Texas, Mississippi and Alabama, with approximately 8,000 gross acres in Alabama state waters, 416,500 gross acres on the conventional shelf and approximately 153,500 gross acres in the deepwater. A majority of our daily production is derived from wells we operate. Our interests in fields, leases, structures and equipment are primarily owned by W&T Offshore, Inc. and our wholly-owned subsidiaries, Aquasition LLC, Aquasition II LLC and, W&T Energy VI, LLC, each of which are Delaware limited liability companies, and through our proportionately consolidated interest in Monza.

## Known Trends and Uncertainties

*Volatility in Oil, NGL and Natural Gas Prices* – Our financial condition, cash flow and results of operations are significantly affected by the volume of our crude oil, NGLs and natural gas production and the prices that we receive for such production. Our realized sales prices received for our crude oil, NGLs and natural gas production are affected by many factors outside of our control, including changes in market supply and demand, which are impacted by weather conditions, pipeline capacity constraints, inventory storage levels, domestic production activities and political issues, and international geopolitical and economic events.

WTI crude oil prices and NYMEX Henry Hub natural gas prices have decreased following the surge in prices during 2022, closing the second quarter at \$70.66 per barrel and \$2.48 per Mcf, respectively. The U.S. Energy Information Administration (“EIA”) published its latest Short-Term Energy Outlook on July 11, 2023. The EIA expects the WTI spot price average to remain relatively flat in the third quarter of 2023 at \$73.32 per barrel as compared to the second quarter 2023 average of \$73.49 per barrel. The EIA expects the average Henry Hub spot price to increase during the third quarter of 2023 to \$2.74 per Mcf as compared to the second quarter 2023 average of \$2.25 per Mcf.

In June 2023 the Organization of the Petroleum Exporting Countries (“OPEC”) and Russia (together with OPEC, collectively “OPEC Plus”) announced that prior production cuts of over 3.6 million barrels per day, which were valid until the end of 2023, had been extended until the end of 2024. OPEC also announced plans to further reduce production targets by an additional 1.4 million barrels per day beginning in January 2024. Saudi Arabia also announced plans in June to reduce the country’s output by over 1.0 million barrels per day beginning in July 2023. Despite these OPEC Plus production cuts, the EIA expects that the global oil markets will see an overall increase in oil supply during 2023 primarily because of growth from non-OPEC producers. In addition, increasing risk in the U.S. and global banking sectors creates uncertainty about macroeconomic conditions and their potential effects on oil demand growth, which has the potential to result in lower oil prices. These shifts in OPEC Plus production levels as well as the Russia-Ukraine war and related sanctions, and overall indicators of slowing global economic growth, continue to contribute to a high level of uncertainty surrounding energy supply and demand, putting additional pressure on commodity prices.

*Rising Interest Rates and Inflation of Cost of Goods, Services and Personnel* – Due to the cyclical nature of the oil and gas industry, fluctuating demand for oilfield goods and services can put pressure on the pricing structure within our industry. As commodity prices rise, the cost of oilfield goods and services generally also increase, while during periods of commodity price declines, oilfield costs typically lag and do not adjust downward as fast as oil prices do. Continued inflationary pressures and increased commodity may also result in increases to the costs of our oilfield goods, services and personnel, which would in turn cause our capital expenditures and operating costs to rise.

The United States has experienced a rise in inflation since October 2021. Inflation peaked during mid-2022 at 9.1% but has been gradually declining since the second half of 2022 according to the Consumer Price Index. As of June 2023, the annual inflation rate had slowed to 3.0% according to the Consumer Price Index. Though inflation is currently on the decline, these inflationary pressures have caused the Federal Reserve to tighten monetary policy by approving a series of increases to the Federal Funds Rate. On July 26, 2023, the Federal Reserve increased the Federal Funds Rate by another 0.25 percentage points, its eleventh hike since March 2022. This latest rate hike brought the Federal Reserve benchmark rate range to 5.25% to 5.50%. If inflation were to continue to rise, it is possible the Federal Reserve would continue to take action they deem necessary to bring inflation down and to ensure price stability, including further rate increases, which could have the effects of raising the cost of capital and depressing economic growth, either or both of which could negatively impact our business.

As a result of these factors, we cannot accurately predict future commodity prices and, therefore, we cannot determine with any degree of certainty what effect increases or decreases in these prices will have on our drilling program, production volumes or revenues.

*Planned and Unplanned Downtime* – We are subject to downtime events impacting production, transportation, gathering and processing of our production. Unplanned or planned downtime may be caused, for example, by certain regulatory requirements and inspections or third-party pipeline maintenance. During such downtime, our operating income is negatively impacted. During the first quarter of 2023, our production was temporarily impacted by planned maintenance at Mobile Bay and unplanned downtime at other non-operated fields. During the second quarter of 2023, our production was negatively impacted by unplanned downtime due to third-party pipeline maintenance and production downtime at non-operated fields.

*Bureau of Ocean Energy Management (“BOEM”) Matters* – In order to cover the various decommissioning obligations of lessees on the OCS, the BOEM generally requires that lessees post some form of acceptable financial assurance that such obligations will be met, such as surety bonds. The cost of such bonds or other financial assurance can be substantial, and we can provide no assurance that we can continue to obtain bonds or other surety in all cases. The Department of Interior is reviewing many BOEM regulations and proposed a rule in June 2023 that would revise BOEM’s criteria for determining whether lessees are required to provide supplemental financial insurance. Accordingly, we may be subject to additional financial assurance requirements in the future. As of the filing date of this Quarterly Report, we are in compliance with our financial assurance obligations to the BOEM and have no outstanding BOEM orders related to supplemental financial assurance obligations. We and other offshore Gulf of Mexico producers may, in the ordinary course of business, receive requests or demands in the future for financial assurances from the BOEM.

*Surety Bond Collateral* – Some of the sureties that provide us surety bonds used for supplemental financial assurance purposes or bonds associated with our appeals of Department of the Interior’s orders or demands have on occasion requested and received collateral from us, and may request additional collateral from us in the future, which could be significant and materially impact our liquidity. In addition, pursuant to the terms of our agreements with various sureties under our existing bonds or under any additional bonds we may obtain, we are required to post collateral at any time, on demand, at the surety’s discretion. No additional demands were made to us by sureties during the six months ended June 30, 2023 and we do not have surety bond collateral outstanding as of the filing date of this Quarterly Report. The issuance of any additional surety bonds or other security to satisfy future BOEM orders, collateral requests from surety bond providers, and collateral requests from other third parties may require the posting of cash collateral, which may be significant, and may require the creation of escrow accounts.

**Results of Operations**

*Three Months Ended June 30, 2023 Compared to the Three Months Ended June 30, 2022*

**Revenues**

Our revenues are derived from the sale of our oil and natural gas production, as well as the sale of NGLs. Our oil, natural gas and NGL revenues do not include the effects of derivatives, which are reported in *Derivative (gain) loss, net* in our Condensed Consolidated Statements of Operations. The following table presents our sources of revenue as a percentage of total revenue:

	Three Months Ended June 30,			
	2023		2022	
Oil	71.3	%	58.1	%
NGLs	8.2	%	6.1	%
Natural gas	18.6	%	33.8	%
Other	1.9	%	2.0	%

The information below provides a discussion of, and an analysis of significant variances in, our oil, natural gas and NGL revenues, production volumes and realized sales prices (which exclude the effect of hedging unless otherwise stated) for the three months ended June 30, 2023 and 2022:

	Three Months Ended June 30,			Change
	2023	2022		
(In thousands, except realized sales price data)				
<b>Revenues:</b>				
Oil	\$ 89,982	\$ 159,264	\$	(69,282)
NGLs	10,385	16,735		(6,350)
Natural gas	23,438	92,413		(68,975)
Other	2,376	5,396		(3,020)
Total revenues	126,181	273,808		(147,627)
<b>Production Volumes:</b>				
Oil (MBbls)	1,254	1,476		(222)
NGLs (MBbls)	443	384		59
Natural gas (MMcf)	10,023	11,995		(1,972)
Total oil equivalent (MBoe)	3,368	3,859		(491)
Average daily equivalent sales (Boe/day)	37,011	42,407		(5,396)
<b>Average realized sales prices:</b>				
Oil (\$/Bbl)	\$ 71.76	\$ 107.90		(36.14)
NGLs (\$/Bbl)	23.44	43.58		(20.14)
Natural gas (\$/Mcf)	2.34	7.70		(5.36)
Oil equivalent (\$/Boe)	36.76	69.55		(32.79)
Oil equivalent (\$/Boe), including realized commodity derivatives <sup>(1)</sup>	36.67	94.20		(57.53)

(1) Excludes the effects of premium amortization.

Volume measurements not previously defined:

MBbls — thousand barrels for crude oil, condensate or NGLs

MBoe — thousand barrels of oil equivalent

Mcf — thousand cubic feet

MMcf — million cubic feet

[Table of Contents](#)

Changes in average sales prices (which does not give effect to hedging) and sales volumes caused the following changes to our oil, NGL and natural gas revenues between the three months ended June 30, 2023 and 2022 (in thousands):

	Price	Volume	Total
Oil	\$ (45,386)	\$ (23,896)	\$ (69,282)
NGLs	(9,152)	2,802	(6,350)
Natural gas	(53,782)	(15,193)	(68,975)
	<u>\$ (108,320)</u>	<u>\$ (36,287)</u>	<u>\$ (144,607)</u>

*Realized Prices on the Sale of Oil, NGLs and Natural Gas* – Our average realized crude oil sales price differs from the WTI benchmark average crude price due primarily to premiums or discounts, crude oil quality adjustments, and volume weighting (collectively referred to as differentials). Crude oil quality adjustments can vary significantly by field as a result of quality and location. All of our crude oil is produced offshore in the Gulf of Mexico and is primarily characterized as Poseidon, Light Louisiana Sweet (“LLS”), and Heavy Louisiana Sweet (“HLS”). Similar to crude oil prices, the differentials for our offshore crude oil have also been volatile in the past. The average differential of WTI versus LLS and HLS for the three months ended June 30, 2023 was favorable to the Company and increased on average by approximately \$0.35 and \$1.30 per barrel, respectively, compared to the same period in 2022. The average differential for WTI versus Poseidon for the three months ended June 30, 2023 was unfavorable to the Company and declined on average by approximately \$1.12 per barrel compared to the same period in 2022.

Two major components of our NGLs, ethane and propane, typically make up over 70% of an average NGL barrel. For the three months ended June 30, 2023 compared to the three months ended June 30, 2022, average prices for domestic ethane decreased by 64.0% and average domestic propane prices decreased by 68.6% as measured using a price index for Mount Belvieu. The average prices for normal butane decreased by 49.8% while other domestic NGL components decreased between 46.1% and 48.1% for the three months ended June 30, 2023 compared to the same period in 2022. The change in prices for NGLs is mostly a function of the change in crude oil prices combined with changes in propane supply and demand.

The actual prices we realize from the sale of natural gas differ from the quoted NYMEX Henry Hub price as a result of quality and location differentials. The sales points of our gas production are generally within close proximity to the Henry Hub which creates a minimal differential in the prices we receive for our production versus average Henry Hub prices.

*Oil, NGLs, and Natural Gas Volumes* – Production volumes decreased by 491 MBoe to 3,368 MBoe during the three months ended June 30, 2023 compared to the same period in 2022, primarily due to third party deepwater pipeline maintenance and production downtime at non-operated fields.

**Operating Expenses**

The following table presents information regarding costs and expenses and selected average costs and expenses per Boe sold for the periods presented and corresponding changes:

	<u>Three Months Ended June 30,</u>		<u>Change</u>
	<u>2023</u>	<u>2022</u>	
	(In thousands, except per Boe data)		
<b>Operating expenses:</b>			
Lease operating expenses	\$ 66,021	\$ 52,976	\$ 13,045
Gathering, transportation and production taxes	6,802	9,181	(2,379)
Depreciation, depletion, amortization and accretion	35,894	34,360	1,534
General and administrative expenses	17,393	14,967	2,426
Total operating expenses	<u>\$ 126,110</u>	<u>\$ 111,484</u>	<u>\$ 14,626</u>
<b>Average per Boe (\$/Boe):</b>			
Lease operating expenses	\$ 19.60	\$ 13.73	\$ 5.87
Gathering, transportation and production taxes	2.02	2.38	(0.36)
DD&A	10.66	8.90	1.76
G&A expenses	5.16	3.88	1.28
Operating expenses	<u>\$ 37.44</u>	<u>\$ 28.89</u>	<u>\$ 8.55</u>

*Lease operating expenses* – Lease operating expenses, which include base lease operating expenses, workovers, and facilities maintenance expense, increased \$13.0 million to \$66.0 million for the three months ended June 30, 2023 compared to \$53.0 million for the three months ended June 30, 2022. On a component basis, base lease operating expenses increased \$4.7 million, workover expenses increased \$6.3 million, and facilities maintenance expense increased \$2.0 million.

Base lease operating expenses increased primarily due to increased contract labor, equipment rental, and transportation costs at various fields, and increased insurance expense. The increases in workover expenses and facilities maintenance expenses were due to an increase in projects undertaken. Workovers and facilities maintenance expenses consist of costs associated with major remedial operations on completed wells to restore, maintain or improve production. Since these remedial operations are not regularly scheduled, workover and maintenance expense are not necessarily comparable from period to period.

*Gathering, transportation and production taxes* – Gathering, transportation and production taxes decreased \$2.4 million for the three months ended June 30, 2023 compared to the three months ended June 30, 2022 due to decreases in production volumes and decreases in realized prices.

*Depreciation, depletion, amortization and accretion (“DD&A”)* – DD&A, which includes accretion for ARO, increased \$1.5 million for the three months ended June 30, 2023 as compared to the three months ended June 30, 2022. The DD&A rate increased to \$10.66 per Boe for the three months ended June 30, 2023 from \$8.90 per Boe for the three months ended June 30, 2022. The increased expense was primarily due to increases in the depreciable base due to increased capital spending and increased future development costs since the second quarter of 2022, partially offset by lower production volumes.

*General and administrative expenses (“G&A”)* – G&A increased \$2.4 million, to \$17.4 million for the three months ended June 30, 2023 as compared to \$15.0 million for the three months ended June 30, 2022. The increase is primarily due to increased payroll costs, incentive compensation expense and legal expenses. We incurred increased incentive compensation costs related to share-based compensation awards granted during the second quarter of 2023.

**Other Income and Expense**

The following table presents the components of other income and expense for the periods presented and corresponding changes:

	Three Months Ended June 30,		Change
	2023	2022	
	(In thousands)		
<b>Other income and expenses:</b>			
Derivative (gain) loss, net	\$ (829)	\$ (8,854)	\$ 8,025
Interest expense, net	10,323	18,183	(7,860)
Other (income) expense, net	(311)	(1,534)	1,223
Income tax expense	2,997	31,093	(28,096)

*Derivative (gain) loss, net* – During the three months ended June 30, 2023, the \$0.8 million derivative gain recorded for crude oil and natural gas derivative contracts consists of \$1.1 million of unrealized gain from the increase in the fair value of open contracts, partially offset by \$0.3 million of realized losses. During the three months ended June 30, 2022, the \$8.9 million derivative gain recorded for crude oil and natural gas derivative contracts consisted of \$79.7 million in realized gains and \$70.8 million of unrealized losses from the decrease in the fair value of open oil and natural gas contracts.

In the second quarter of 2022, the Company monetized a portion of existing hedge positions through restructuring of certain outstanding purchased calls covering the second half of 2022 through the first quarter of 2025 by increasing the weighted-average strike prices. These transactions resulted in net cash proceeds of \$105.3 million.

Unrealized gains or losses on open derivative contracts relate to production for future periods; however, changes in the fair value of our open derivative contracts are recorded as a gain or loss on our Condensed Consolidated Statements of Operations at the end of each month. As a result of the derivative contracts we have on our anticipated production volumes through April 2028, we expect these activities to continue to impact net income (loss) based on fluctuations in market prices for natural gas. See *Financial Statements – Note 4 – Derivative Financial Instruments* under Part I, Item 1 of this Quarterly Report for additional information.

*Interest expense, net* – Interest expense, net, was \$10.3 million and \$18.2 million for the three months ended June 30, 2023 and 2022, respectively. The decrease of \$7.9 million in 2023 is due to the redemption of the 9.75% Senior Second Lien Notes which occurred in February 2023, lower interest expense on the lower outstanding principal balance of the Term Loan and increased interest income. These decreases were partially offset by interest expense incurred on the 11.75% Senior Second Lien Notes issued in late January 2023.

*Income tax expense (benefit)* – Income tax expense for the three months ended June 30, 2023 and June 30, 2022 was \$3.0 million and \$31.1 million, respectively. For the three months ended June 30, 2023, the Company's effective tax rate differed from the statutory Federal tax rate primarily by the impact of state income taxes, nondeductible compensation, and adjustments to the valuation allowance. For the three months ended June 30, 2022, the Company's effective tax rate differed from the statutory Federal tax rate primarily by the impact of state income taxes and adjustments to the valuation allowance. Primarily as a result of changes in our valuation allowance on our deferred tax assets, our effective tax rate for the three months ended June 30, 2023 is not meaningful. The company's effective tax rate was 20.1% for the three months ended June 30 2022.

As of June 30, 2023, the valuation allowance on our deferred tax assets was \$19.8 million. We continually evaluate the need to maintain a valuation allowance on our deferred tax assets. Any future reduction of a portion or all of the valuation allowance would result in a non-cash income tax benefit in the period the decision occurs. See *Financial Statements – Note 9 – Income Taxes* under Part I, Item 1 of this Quarterly Report for additional information.

**Six Months Ended June 30, 2023 Compared to the Six Months Ended June 30, 2022**

**Revenues**

Our revenues are derived from the sale of our oil and natural gas production, as well as the sale of NGLs. Our oil, natural gas and NGL revenues do not include the effects of derivatives, which are reported in *Derivative (gain) loss, net* in our Condensed Consolidated Statements of Operations. The following table presents our sources of revenue as a percentage of total revenue:

	Six Months Ended June 30,			
	2023		2022	
Oil	72.6	%	60.7	%
NGLs	7.0	%	6.6	%
Natural gas	18.7	%	30.9	%
Other	1.7	%	1.8	%

The information below provides a discussion of, and an analysis of significant variance in, our oil, natural gas and NGL revenues, production volumes and realized sales prices (which exclude the effect of hedging unless otherwise stated) for the six months ended June 30, 2023 and 2022:

	Six Months Ended June 30,			Change
	2023	2022		
(In thousands, except realized sales price data)				
<b>Revenues:</b>				
Oil	\$ 186,982	\$ 281,966	\$	(94,984)
NGLs	18,180	30,555		(12,375)
Natural gas	48,242	143,779		(95,537)
Other	4,502	8,512		(4,010)
Total revenues	\$ 257,906	\$ 464,812	\$	(206,906)
<b>Production Volumes:</b>				
Oil (MBbls)	2,604	2,780		(176)
NGLs (MBbls)	738	733		5
Natural gas (MMcf)	17,699	22,466		(4,767)
Total oil equivalent (MBoe)	6,292	7,257		(965)
Average daily equivalent sales (Boe/day)	34,762	40,094		(5,332)
<b>Average realized sales prices:</b>				
Oil (\$/Bbl)	\$ 71.81	\$ 101.43	\$	(29.62)
NGLs (\$/Bbl)	24.63	41.68		(17.05)
Natural gas (\$/Mcf)	2.73	6.40		(3.67)
Oil equivalent (\$/Boe)	40.27	62.88		(22.61)
Oil equivalent (\$/Boe), including realized commodity derivatives <sup>(1)</sup>	40.19	70.53		(30.34)

(1) Excludes the effects of premium amortization and write-offs.

[Table of Contents](#)

Changes in average sales prices (which does not give effect to hedging) and sales volumes caused the following changes to our oil, NGL and natural gas revenues between the six months ended June 30, 2023 and 2022 (in thousands):

	Price	Volume	Total
Oil	\$ (77,129)	\$ (17,855)	\$ (94,984)
NGLs	(12,751)	\$ 376	(12,375)
Natural gas	(65,032)	(30,505)	(95,537)
	<u>\$ (154,912)</u>	<u>\$ (47,984)</u>	<u>\$ (202,896)</u>

*Realized Prices on the Sale of Oil, NGLs and Natural Gas* – Our average realized crude oil sales price differs from the WTI benchmark average crude price due primarily to premiums or discounts, crude oil quality adjustments, and volume weighting (collectively referred to as differentials). Crude oil quality adjustments can vary significantly by field as a result of quality and location. All of our crude oil is produced offshore in the Gulf of Mexico and is primarily characterized as Poseidon, LLS, and HLS. Similar to crude oil prices, the differentials for our offshore crude oil have also experienced volatility in the past. The average differential of WTI versus LLS for the six months ended June 30, 2023 was favorable to the Company and increased on average by approximately \$0.31 per barrel, compared to the same period in 2022. The average differential of WTI versus HLS for the six months ended June 30, 2023 was favorable to the Company and remained flat compared to the same period in 2022. The average differential for WTI versus Poseidon for the six months ended June 30, 2023 was unfavorable to the Company and declined on average by approximately \$0.86 per barrel compared to the same period in 2022.

Two major components of our NGLs, ethane and propane, typically make up over 70% of an average NGL barrel. For the six months ended June 30, 2023 compared to the six months ended June 30, 2022, average prices for domestic ethane decreased by 53.3% and average domestic propane prices decreased by 58.4% as measured using a price index for Mount Belvieu. The average prices for normal butane decreased by 39.0% while other domestic NGLs components decreased between 38.9% and 41.3% for the six months ended June 30, 2023 compared to the same period in 2022. The change in prices for NGLs is mostly a function of the change in crude oil prices combined with changes in propane supply and demand.

The actual prices we realize from the sale of natural gas differ from the quoted NYMEX Henry Hub price as a result of quality and location differentials. The sales points of our gas production are generally within close proximity to the Henry Hub which creates a minimal differential in the prices we receive for our production versus average Henry Hub prices.

*Oil, NGLs, and Natural Gas Volumes* – Production volumes decreased by 965 MBoe to 6,292 MBoe during the six months ended June 30, 2023 compared to the same period in 2022 primarily due to shut-ins related to field and well maintenance at Mobile Bay during the first quarter of 2023 as well as third party deepwater pipeline maintenance and production downtime at non-operated fields during the first and second quarters of 2023.



**Operating Expenses**

The following table presents information regarding costs and expenses and selected average costs and expenses per Boe sold for the periods presented and corresponding changes:

	<u>Six Months Ended June 30,</u>		<u>Change</u>
	<u>2023</u>	<u>2022</u>	
(In thousands, except per Boe data)			
<b>Operating expenses:</b>			
Lease operating expenses	\$ 131,207	\$ 96,387	\$ 34,820
Gathering, transportation and production taxes	12,938	14,448	(1,510)
Depreciation, depletion, amortization and accretion	66,028	65,271	757
General and administrative expenses	37,312	28,743	8,569
Total operating expenses	<u>\$ 247,485</u>	<u>\$ 204,849</u>	<u>\$ 42,636</u>
<b>Average per Boe (\$/Boe):</b>			
Lease operating expenses	\$ 20.85	\$ 13.28	\$ 7.57
Gathering, transportation and production taxes	2.06	1.99	0.07
DD&A	10.49	8.99	1.50
G&A expenses	5.93	3.96	1.97
Operating expenses	<u>\$ 39.33</u>	<u>\$ 28.22</u>	<u>\$ 11.11</u>

*Lease operating expenses* – Lease operating expenses, which include base lease operating expenses, workovers, and facilities maintenance expense, increased \$34.8 million to \$131.2 million for the six months ended June 30, 2023 compared to \$96.4 million for the six months ended June 30, 2022. On a component basis, base lease operating expenses increased \$16.0 million, workover expenses increased \$8.4 million, facilities maintenance expense increased \$10.7 million, and hurricane repairs decreased \$0.3 million.

Base lease operating expenses increased due to increased expenses related to a full six months of expenses at the fields acquired during February 2022 as well as increased contract labor, equipment rental, and transportation costs at various fields, and increased insurance expense. The increases in workover expenses and facilities maintenance expenses were due to an increase in projects undertaken. Workovers and facilities maintenance expenses consist of costs associated with major remedial operations on completed wells to restore, maintain or improve production. Since these remedial operations are not regularly scheduled, workover and maintenance expense are not necessarily comparable from period to period.

*Gathering, transportation and production taxes* – Gathering, transportation and production taxes decreased \$1.5 million for the six months ended June 30, 2023 compared to the six months ended June 30, 2022 primarily due to decreases in production volumes and decreases in realized prices partially offset by the transportation contract related to the properties acquired in February 2022.

*Depreciation, depletion, amortization and accretion* – DD&A, which includes accretion for ARO, increased \$0.8 million for the six months ended June 30, 2023 as compared to the six months ended June 30, 2022. The DD&A rate increased to \$10.49 per Boe for the six months ended June 30, 2023 from \$8.99 per Boe for the six months ended June 30, 2022. The slight increase in DD&A expense was primarily due to increases in the depreciable base due to increased capital spending and increased future development costs since the second quarter of 2022, partially offset by lower production volumes.

[Table of Contents](#)

*General and administrative expenses* – G&A increased \$8.6 million to \$37.3 million for the six months ended June 30, 2023 as compared to \$28.7 million for the six months ended June 30, 2022. The increase is primarily due to increased payroll costs, incentive compensation expense, and legal expenses. The increase was partially offset by a \$2.2 million employee retention credit recorded during the six months ended June 30, 2023. We incurred increased incentive compensation costs related to the higher value of the short-term cash-based incentive compensation awards granted in 2022 as compared to the value of awards granted in 2021, the higher grant date fair value of RSU and PSU awards granted during 2022 as compared to the value of awards granted in 2021, as well as share-based compensation awards granted during the second quarter of 2023.

#### ***Other Income and Expense***

The following table presents the components of other income and expense for the periods presented and corresponding changes:

	Six Months Ended June 30,		Change
	2023	2022	
	(In thousands)		
<b>Other income and expenses:</b>			
Derivative (gain) loss, net	\$ (40,069)	\$ 71,143	\$ (111,212)
Interest expense, net	25,036	38,066	(13,030)
Other (income) expense, net	(78)	(629)	551
Income tax expense	11,636	30,404	(18,768)

*Derivative(gain) loss, net* – During the six months ended June 30, 2023, the \$40.1 million derivative gain recorded for crude oil and natural gas derivative contracts consists of \$0.5 million of realized losses on settled contracts and \$40.6 million of unrealized gains from the increase in the fair value of open contracts. During the six months ended June 30, 2022, the \$71.1 million derivative loss recorded for crude oil and natural gas derivative contracts consisted of \$36.0 million in realized gains on settled contracts and \$107.1 million of unrealized losses from the decrease in the fair value of open oil and natural gas contracts.

In the second quarter of 2022, the Company monetized a portion of existing hedge positions through restructuring of certain outstanding purchased calls covering the second half of 2022 through the first quarter of 2025 by increasing the weighted-average strike prices. These transactions resulted in net cash proceeds of \$105.3 million.

Unrealized gains or losses on open derivative contracts relate to production for future periods; however, changes in the fair value of all of our open derivative contracts are recorded as a gain or loss on our Condensed Consolidated Statements of Operations at the end of each month. As a result of the derivative contracts we have on our anticipated production volumes through April 2028, we expect these activities to continue to impact net income (loss) based on fluctuations in market prices for natural gas. See *Financial Statements – Note 4 – Derivative Financial Instruments* under Part I, Item 1 of this Quarterly Report for additional information.

*Interest expense, net* – Interest expense, net was \$25.0 million and \$38.1 million for the six months ended June 30, 2023 and 2022, respectively. The decrease of \$13.0 million in 2023 is due to the redemption of the 9.75% Senior Second Lien Notes which occurred in February 2023, lower interest expense on the lower outstanding principal balance of the Term Loan, and increased interest income. These decreases were partially offset by interest expense incurred on the 11.75% Senior Second Lien Notes issued in late January 2023.

[Table of Contents](#)

*Income tax expense (benefit)* – Income tax expense for the six months ended June 30, 2023 and June 30, 2022 was \$11.6 million and \$30.4 million, respectively. For the six months ended June 30, 2023, the Company’s effective tax rate differed from the statutory Federal tax rate primarily by the impact of state income taxes, nondeductible compensation, and adjustments to the valuation allowance. For the six months ended June 30, 2022, the Company’s effective tax rate differed from the statutory Federal tax rate primarily by the impact of state income taxes and adjustments to the valuation allowance. The Company’s effective tax rate was 45.6% and 20.1% for the six months ended June 30, 2023 and 2022, respectively.

As of June 30, 2023, the valuation allowance on our deferred tax assets was \$19.8 million. We continually evaluate the need to maintain a valuation allowance on our deferred tax assets. Any future reduction of a portion or all of the valuation allowance would result in a non-cash income tax benefit in the period the decision occurs. See *Financial Statements – Note 9 – Income Taxes* under Part I, Item 1 of this Quarterly Report for additional information.

## Liquidity and Capital Resources

### Liquidity Overview

Our primary liquidity needs are to fund capital and operating expenditures and strategic acquisitions to allow us to replace our oil and natural gas reserves, repay and service outstanding borrowings, operate our properties and satisfy our ARO obligations. We have funded such activities in the past with cash on hand, net cash provided by operating activities, sales of property, securities offerings and bank and other borrowings, and expect to continue to do so in the future.

The primary sources of our liquidity are cash from operating activities and borrowings under our Credit Agreement. As of June 30, 2023, we had \$171.6 million cash on hand, and \$50.0 million available under our Credit Agreement, based on a borrowing base of \$50.0 million. We also have up to approximately \$83.0 million of availability through our “at-the-market” equity offering program, pursuant to which we may offer and sell shares of our common stock from time to time. We believe our access to the equity markets from our “at-the-market” equity offering program, our reserve based lending currently available under our Credit Agreement, along with our cash position, will provide us with additional liquidity to continue our growth to take advantage of the current commodity environment.

### Sources and Uses of Cash

	Six Months Ended June 30,		Change
	2023	2022	
Operating activities	\$ 49,632	\$ 237,759	\$ (188,127)
Investing activities	(34,538)	(78,900)	44,362
Financing activities	(304,824)	(26,934)	(277,890)

*Operating activities* – Net cash provided by operating activities decreased \$188.1 million for the six months ended June 30, 2023 compared to the corresponding period in 2022. This was primarily due to (i) the \$206.9 million decrease in revenues, (ii) the \$42.6 million increase in operating expenses, and (iii) derivative cash settlements payments of \$4.4 million during the six months ended June 30, 2023 as compared to net derivative cash settlement receipts of \$70.2 million during the six months ended June 30, 2022. The decrease in revenues was due to a decrease in realized prices for oil, NGLs and natural gas, and to a lesser extent the decrease in production volumes. During the six months ended June 30, 2022 derivative cash settlement receipts were due to the \$105.3 million of net cash proceeds received related to the monetization of certain natural gas call contracts.

[Table of Contents](#)

These decreases in operating cash flow were partially offset by (i) the changes in operating assets and liabilities (excluding ARO settlements) which increased operating cash flows by \$6.1 million as compared to a decrease of \$37.9 million for the six months ended June 30, 2022, primarily related to lower oil and natural gas receivables balances due to decreased realized prices and lower accounts payable and accrued liabilities in the current period and (ii) decreased ARO settlements of \$11.8 million during the six months ended June 30, 2023 as compared to \$39.8 million during the six months ended June 30, 2022.

*Investing activities* – Net cash used in investing activities decreased \$44.4 million for the six months ended June 30, 2023 compared to the corresponding period in 2022. The decrease was primarily due to the acquisition of properties for \$47.6 million during the six months ended June 30, 2022.

*Financing activities* – During the six months ended June 30, 2023, cash used in financing activities increased by \$277.9 million for the six months ended June 30, 2023 compared to the corresponding period in 2022. This was due to the redemption of the \$552.5 million principal amount outstanding 9.75% Senior Second Lien Notes on February 8, 2023, which was partially offset by the net cash proceeds of \$270.8 million received from the issuance of the 11.75% Senior Second Lien Notes. Additionally, the principal repayments on the Term Loan decreased by \$5.8 million.

*Derivative Financial Instruments* – From time to time, we use various derivative instruments to manage a portion of our exposure to commodity price risk from sales of oil and natural gas. See *Financial Statements – Note 4 – Derivative Financial Instruments* under Part I, Item 1 of this Quarterly Report for additional information about our derivative activities. The following table summarizes the historical results of our hedging activities:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
<b>Crude Oil (\$/Bbl):</b>				
Average realized sales price, before the effects of derivative settlements	\$ 71.76	\$ 107.90	\$ 71.81	\$ 101.43
Effects of realized commodity derivatives	—	(18.22)	—	(17.47)
Average realized sales price, including realized commodity derivatives	\$ 71.76	\$ 89.68	\$ 71.81	\$ 83.96
<b>Natural Gas (\$/Mcf)</b>				
Average realized sales price, before the effects of derivative settlements	\$ 2.34	\$ 7.70	\$ 2.73	\$ 6.40
Effects of realized commodity derivatives <sup>(1)</sup>	(0.03)	10.17	(0.03)	4.63
Average realized sales price, including realized commodity derivatives	\$ 2.31	\$ 17.87	\$ 2.70	\$ 11.03

(1) Excludes the effects of premium amortization.

*Income Taxes* – For 2023, the Company does not expect to owe any cash taxes. The Company made income tax payments of \$2.2 million for federal and \$0.3 million for state purposes, and has income taxes receivable of \$1.7 million for federal and \$0.2 million for state for the six months ended June 30, 2023. See *Financial Statements – Note 9 – Income Taxes* under Part I, Item 1 of this Quarterly Report for additional information.

*Employee Retention Credit* – Under the Consolidated Appropriations Act of 2021, the Company recognized a \$2.2 million Employee Retention Credit during the six months ended June 30, 2023, which is included as a credit to *General and administrative expenses* in the Condensed Consolidated Statement of Operations.

### Capital Expenditures

The level of our investment in oil and natural gas properties changes from time to time depending on numerous factors, including the prices of crude oil, NGLs and natural gas, acquisition opportunities, available liquidity and the results of our exploration and development activities. The following table presents our capital expenditures for exploration, development and other leasehold costs:

	Six Months Ended June 30,	
	2023	2022
	(In thousands)	
Exploration <sup>(1)</sup>	\$ 2,660	\$ 9,854
Development <sup>(1)</sup>	18,360	9,186
Acquisitions of interests	—	47,625
Seismic and other	1,979	6,449
Investments in oil and gas property/equipment – accrual basis	<u>\$ 22,999</u>	<u>\$ 73,114</u>

(1) Reported geographically in the subsequent table.

The following table presents our exploration and development capital expenditures geographically in the Gulf of Mexico:

	Six Months Ended June 30,	
	2023	2022
	(In thousands)	
Conventional shelf <sup>(1)</sup>	\$ 6,898	\$ 7,849
Deepwater	14,122	11,191
Exploration and development capital expenditures – accrual basis	<u>\$ 21,020</u>	<u>\$ 19,040</u>

(1) Includes exploration and development capital expenditures in Alabama state waters.

The capital expenditures are included within *Oil and natural gas properties and other, net* on the Condensed Consolidated Balance Sheets and recorded on an accrual basis. The capital expenditures reported within the Investing activities section of the Condensed Consolidated Statements of Cash Flows include adjustments to report cash payments related to capital expenditures. Our capital expenditures for the six months ended June 30, 2023 were financed by cash flow from operations and cash on hand.

*Acquisitions* – There were no acquisitions during the six months ended June 30, 2023. During the six months ended June 30, 2022, the Company acquired the working interest and operatorship of certain oil and natural gas producing properties in federal shallow waters in the Gulf of Mexico at Ship Shoal 230, South Marsh Island 27/Vermilion 191, and South Marsh Island 73 fields on February 1, 2022 and April 1, 2022. After normal and customary post-effective date adjustments (including net operating cash flow attributable to the properties from the effective date to the respective close date), cash consideration of approximately \$34.0 and \$17.5 million was paid to the sellers. The transaction was funded using cash on hand.

*Asset Retirement Obligations* – Each quarter, we review and revise our ARO estimates. Our ARO estimates as of June 30, 2023 and December 31, 2022 were \$480.8 million and \$466.4 million, respectively. The increase is primarily due to ARO accretion and upward revisions of estimates, partially offset by liabilities settled. As our ARO estimates are for work to be performed in the future, and in the case of our non-current ARO, extend from one to many years in the future, actual expenditures could be substantially different than our estimates. See *Risk Factors*, under Part I, Item 1A of our 2022 Annual Report for additional information.

[Table of Contents](#)

*TVPX Transaction* – On May 15, 2023, we acquired a corporate aircraft from a company affiliated with and controlled by our CEO. The purchase price of the aircraft was \$19.1 million, which was paid using \$9.0 million of cash on hand and through the assumption of the TVPX Loan, which had a fair market value of \$10.1 million on the date of assumption. A valuation prepared by an independent third-party appraiser was one of the components used in determining the purchase price value. Factors considered for purchasing the aircraft were the primary use of making business travel efficient as well as our intent to charter out the aircraft to defray a portion of the operating costs and certain tax considerations and benefits. The terms of this transaction were reviewed and approved by the Audit Committee of the Company's Board of Directors. See *Note 2 – Debt* and *Note 12 – Related Party Transactions* for additional information.

***Drilling Activity***

We did not drill any wells during the six months ended June 30, 2023. During the six months ended June 30, 2022, we completed the East Cameron 349 B-1 well (Cota). The Cota well is in the Monza Joint Venture Drilling Program. See *Financial Statements – Note 6 – Joint Venture Drilling Program* under Part I, Item 1 of this Quarterly Report for additional information.

***Debt***

*TVPX Loan* – On May 15, 2023, we acquired a corporate aircraft. In connection with the acquisition, the TVPX Loan was assumed by TVPX Aircraft Solutions Inc., not in its individual capacity but as owner trustee of the trust which holds title to the aircraft, a wholly owned indirect subsidiary of the Company, as the borrower. At the time of the assumption, the TVPX Loan had an aggregate principal amount of \$11.8 million outstanding. The TVPX Loan bears a fixed interest rate of 2.49% per annum for a term of 41 months and requires monthly amortization payments of \$91.7 thousand plus accrued interest, which began on May 17, 2023, and a balloon payment of \$8.0 million at the end of the loan term. The TVPX Loan is guaranteed by the Company on an unsecured basis. See *Financial Statements – Note 2 – Debt* under Part I, Item 1 of this Quarterly Report for additional information.

*Term Loan* – As of June 30, 2023, we had \$128.7 million of Term Loan principal outstanding. The Term Loan requires quarterly amortization payments, bears interest at a fixed rate of 7% per annum and will mature on May 19, 2028. The Term Loan is non-recourse to the Company and its subsidiaries other than Subsidiary Borrowers and the subsidiary that owns the equity of the Subsidiary Borrowers, and is not secured by any assets other than first lien security interests in the equity in the Subsidiary Borrowers and a first lien mortgage security interest and mortgages on certain assets of Subsidiary Borrowers (the Mobile Bay Properties). See *Financial Statements – Note 2 – Debt* under Part I, Item 1 of this Quarterly Report for additional information.

*Credit Agreement* – During the six months ended June 30, 2023, we had no borrowings incurred or outstanding under the Credit Agreement.

*11.75% Senior Second Lien Notes due 2026* – On January 27, 2023, we issued and sold \$275 million in aggregate principal amount of our 11.75% Senior Second Lien Notes at par with an interest rate of 11.75% per annum that matures on February 1, 2026. The Senior Second Lien Notes are secured by a second-priority lien on all of our assets that are secured under the Credit Agreement. As of June 30, 2023, we had outstanding \$275.0 million principal of 11.75% Senior Second Lien Notes. See *Financial Statements – Note 2 – Debt* under Part I, Item 1 of this Quarterly Report for additional information.

[Table of Contents](#)

*9.75% Senior Second Lien Notes due 2023* – On February 8, 2023, we redeemed all of the 9.75% Senior Second Lien Notes outstanding at a redemption price of 100.000%, plus accrued and unpaid interest to the redemption date. The Company used the net proceeds of \$270.8 million from the issuance of the 11.75% Senior Second Lien Notes due 2026 and cash on hand of \$296.1 million to fund the redemption. See *Financial Statements – Note 2 – Debt* under Part I, Item 1 of this Quarterly Report for additional information.

*Debt Covenants* – The Credit Agreement contains financial covenants calculated as of the last day of each fiscal quarter, which includes thresholds on financial ratios, as defined in the respective Credit Agreement. We were in compliance with all applicable covenants of Credit Agreement as of and for the period ended June 30, 2023. See *Financial Statements – Note 2 – Debt* under Part I, Item 1 of this Quarterly Report for additional information.

***The Subsidiary Borrowers***

On May 19, 2021, we formed A-I LLC and A-II LLC, both indirect, wholly-owned subsidiaries of W&T Offshore, Inc., through their parent, Aquasition Energy LLC (collectively, the “Aquasition Entities”). Concurrently, A-I LLC and A-II LLC, entered into a credit agreement providing for the Term Loan. See *Financial Statements – Note 5 – Subsidiary Borrowers* under Part I, Item 1 in this Quarterly Report for additional information.

We designated the Aquasition Entities as unrestricted subsidiaries under the Indenture (the “Unrestricted Subsidiaries”). Having been so designated, the Unrestricted Subsidiaries do not guarantee the 11.75% Senior Second Lien Notes and the liens on the assets sold to the Unrestricted Subsidiaries have been released under the Credit Agreement. The Unrestricted Subsidiaries are not bound by the covenants contained in the Credit Agreement or the Indenture. Under the Subsidiary Credit Agreement and related instruments, assets of the Aquasition Entities may not be available to mortgage or pledge as security to secure new indebtedness of the Company and its other subsidiaries. See *Financial Statements – Note 2 – Debt* under Part I, Item 1 in this Quarterly Report for additional information.

[Table of Contents](#)

Below is consolidating balance sheet information reflecting the elimination of the accounts of our Unrestricted Subsidiaries from our Condensed Consolidated Balance Sheet as of June 30, 2023 (in thousands):

	Consolidated Balance Sheet	Eliminations of Unrestricted Subsidiaries	Consolidated Balance Sheet of restricted subsidiaries
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 171,627	\$ (5,899)	\$ 165,728
Restricted cash	4,417	—	4,417
Receivables:			
Oil and natural gas sales	41,342	(18,411)	22,931
Joint interest, net	13,875	27,400	41,275
Income taxes	1,941	—	1,941
Total receivables	57,158	8,989	66,147
Prepaid expenses and other assets	21,365	(125)	21,240
Total current assets	254,567	2,965	257,532
Oil and natural gas properties and other, net	737,740	(289,959)	447,781
Restricted deposits for asset retirement obligations	22,092	—	22,092
Deferred income taxes	45,700	—	45,700
Other assets	42,118	(11,486)	30,632
Total assets	\$ 1,102,217	\$ (298,480)	\$ 803,737
<b>Liabilities and Shareholders' Equity (Deficit)</b>			
Current liabilities:			
Accounts payable	\$ 70,403	\$ (8,996)	\$ 61,407
Undistributed oil and natural gas proceeds	31,178	(3,625)	27,553
Asset retirement obligations	37,763	—	37,763
Accrued liabilities	39,323	(19,036)	20,287
Current portion of long-term debt	30,550	(30,074)	476
Income tax payable	10	—	10
Total current liabilities	209,227	(61,731)	147,496
Long-term debt			
Principal	382,697	(97,222)	285,475
Unamortized debt issuance costs	(9,676)	2,304	(7,372)
Long-term debt, net	373,021	(94,918)	278,103
Asset retirement obligations, less current portion	443,069	(66,136)	376,933
Other liabilities	52,037	(22,020)	30,017
Deferred income taxes	72	—	72
Common stock	1	—	1
Shareholders' equity (deficit):			
Additional paid-in capital	579,849	—	579,849
Retained deficit	(530,892)	(53,675)	(584,567)
Treasury stock, at cost	(24,167)	—	(24,167)
Total shareholders' equity (deficit)	24,791	(53,675)	(28,884)
Total liabilities and shareholders' equity (deficit)	\$ 1,102,217	\$ (298,480)	\$ 803,737



[Table of Contents](#)

Below is Consolidating Statement of Operations information reflecting the elimination of the accounts of our Unrestricted Subsidiaries from our Condensed Consolidated Statement of Operations for the six months ended June 30, 2023 (in thousands):

	Consolidated Statement of Operations	Eliminations of Unrestricted Subsidiaries	Consolidated Statement of Operations of restricted subsidiaries
<b>Revenues:</b>			
Oil	\$ 186,982	\$ (288)	\$ 186,694
NGLs	18,180	(11,660)	6,520
Natural gas	48,242	(32,354)	15,888
Other	4,502	(2,258)	2,244
Total revenues	<u>257,906</u>	<u>(46,560)</u>	<u>211,346</u>
<b>Operating expenses:</b>			
Lease operating expenses	131,207	(48,157)	83,050
Gathering, transportation and production taxes	12,938	(4,054)	8,884
Depreciation, depletion, amortization and accretion	66,028	2,375	68,403
General and administrative expenses	37,312	(654)	36,658
Total operating expenses	<u>247,485</u>	<u>(50,490)</u>	<u>196,995</u>
Operating income	10,421	3,930	14,351
Interest expense, net	25,036	(5,411)	19,625
Derivative (gain) loss, net	(40,069)	52,389	12,320
Other income, net	(78)	—	(78)
Income (loss) before income taxes	25,532	(43,048)	(17,516)
Income tax expense	11,636	—	11,636
Net (loss) income	<u>\$ 13,896</u>	<u>\$ (43,048)</u>	<u>\$ (29,152)</u>

The following table presents our produced oil, NGLs and natural gas volumes (net to our interests) from the Subsidiary Borrowers for the periods indicated:

	Six Months Ended June 30,	
	2023	2022
<b>Production Volumes:</b>		
Oil (MBbls)	7	7
NGLs (MBbls)	465	468
Natural gas (MMcf)	11,570	15,166
Total oil equivalent (MBoe)	2,400	3,003

### ***Contractual Obligations***

As of June 30, 2023, there were no long-term drilling rig commitments. Except as disclosed herein, contractual obligations as of June 30, 2023 did not change materially from the disclosures in *Management's Discussion and Analysis of Financial Condition and Results of Operations*, under Part II, Item 7 of our 2022 Annual Report.

### **Critical Accounting Policies and Estimates**

We consider accounting policies related to revenue recognition, full cost accounting, impairment of oil and natural gas properties, oil and natural gas reserve quantities, asset retirement obligations, and income taxes as critical accounting policies. These policies include significant estimates made by management using information available at the time the estimates are made. However, these estimates could change materially if different information or assumptions were used.

There have been no changes to our critical accounting policies which are summarized in *Management's Discussion and Analysis of Financial Condition and Results of Operations* under Part II, Item 7 of our 2022 Annual Report.

### **Recent Accounting Pronouncements**

There were no recently issued accounting standards material to us.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

Information about the types of market risks for the six months ended June 30, 2023 did not change materially from the disclosures in *Quantitative and Qualitative Disclosures About Market Risk* under Part II, Item 7A of our 2022 Annual Report. In addition, the information contained herein should be read in conjunction with the related disclosures in our 2022 Annual Report.

### **Item 4. Controls and Procedures**

We have established disclosure controls and procedures designed to ensure that material information required to be disclosed in our reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC and that any material information relating to us is accumulated and communicated to our management, including our CEO and Chief Financial Officer ("CFO"), as appropriate to allow timely decisions regarding required disclosures. In designing and evaluating our disclosure controls and procedures, our management recognizes that controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving desired control objectives. In reaching a reasonable level of assurance, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As required by Exchange Act Rule 13a-15(b), our CEO and CFO performed an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this Quarterly Report. Based on that evaluation, our CEO and CFO have each concluded that as of June 30, 2023, our disclosure controls and procedures are effective to ensure that information we are required to disclose in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that our controls and procedures are designed to ensure that information required to be disclosed by us in such reports is accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

During the quarter ended June 30, 2023, there was no change in our internal control over financial reporting that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II – OTHER INFORMATION

### Item 1. Legal Proceedings

See *Financial Statements – Note 11 – Contingencies* under Part I Item 1 of this Quarterly Report for information on various legal proceedings to which we are a party or our properties are subject.

### Item 1A. Risk Factors

In addition to the information set forth in this Quarterly Report, investors should carefully consider the risk factors and other cautionary statements included under Part I, Item 1A, *Risk Factors*, in our 2022 Annual Report, together with all of the other information included in this Quarterly Report, and in our other public filings, which could materially affect our business, financial condition or future results. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or future results.

Notwithstanding the matters discussed herein, there have been no material changes in our risk factors as previously disclosed in Part I, Item 1A, *Risk Factors*, in our 2022 Annual Report.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

### Item 3. Defaults Upon Senior Securities

None.

### Item 4. Mine Safety Disclosures

None.

### Item 5. Other Information

During the three months ended June 30, 2023, none of our directors or “officers” (as such term is defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement” (as each term is defined in Item 408(a) of Regulation S-K).

### Item 6. Exhibits

Exhibit Number	Description
3.1*	<a href="#">Second Amended and Restated Articles of Incorporation of W&amp;T Offshore, Inc.</a>
3.2	<a href="#">Fourth Amended and Restated Bylaws of W&amp;T Offshore, Inc. (Incorporated by reference to Exhibit 3.1 of the Company’s Current Report on Form 8-K, filed April 26, 2023 (File No. 001-32414))</a>
4.1*	<a href="#">First Supplemental Indenture, dated as of May 25, 2023, among Falcon Aero Holdings LLC, Falcon Aero Holdco LLC, W&amp;T Offshore, Inc., the other Guarantors party thereto and Wilmington Trust, National Association, as trustee.</a>
10.1	<a href="#">W&amp;T Offshore, Inc. 2023 Incentive Compensation Plan (Incorporated by reference to Exhibit 10.1 of the Company’s Current Report on Form 8-K, filed June 20, 2023 (File No. 001-32414))</a>

[Table of Contents](#)

10.2*	<a href="#">W&amp;T Offshore, Inc. Change in Control Severance Plan</a>
10.3*	<a href="#">Form of Restricted Stock Unit Agreement (Service-based Vesting), pursuant to the W&amp;T Offshore, Inc. Amended and Restated Incentive Compensation Plan</a>
10.4*	<a href="#">Form of Restricted Stock Unit Agreement (Performance Vesting), pursuant to the W&amp;T Offshore, Inc. Amended and Restated Incentive Compensation Plan</a>
10.5*	<a href="#">Form of 2023 Executive Annual Incentive Award Agreement</a>
10.6	<a href="#">Amended and Restated Employment Agreement between W&amp;T Offshore, Inc. and Tracy W. Krohn (Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on April 26, 2023 (File No. 001-32414))</a>
10.7†	<a href="#">Twelfth Amendment to the Sixth Amended and Restated Credit Agreement, dated as of May 15, 2023, by and among W&amp;T Offshore, Inc., the guarantor subsidiaries party thereto, Alter Domus (US) LLC, and the various agents and lenders and other parties thereto (Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8 K, filed May 19, 2023 (File No. 001 32414))</a>
31.1*	<a href="#">Section 302 Certification of Chief Executive Officer</a>
31.2*	<a href="#">Section 302 Certification of Chief Financial Officer</a>
32.1**	<a href="#">Section 906 Certification of Chief Executive Officer and Chief Financial Officer</a>
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Schema Document
101.CAL*	Inline XBRL Calculation Linkbase Document
101.DEF*	Inline XBRL Definition Linkbase Document
101.LAB*	Inline XBRL Label Linkbase Document
101.PRE*	Inline XBRL Presentation Linkbase Document
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

\* Filed herewith.

\*\* Furnished herewith.

† Certain schedules and similar attachments to this agreement have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company hereby undertakes to furnish a supplemental copy of each such omitted schedule or similar attachment to the SEC upon request.

**SIGNATURE**

Pursuant to the requirements of Section 13 or 15(d) of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on August 2, 2023.

**W&T OFFSHORE, INC.**

By: /s/ Sameer Parasnis  
Sameer Parasnis  
Executive Vice President and Chief Financial Officer  
(Principal Financial Officer), duly authorized to sign on behalf  
of the registrant

**SECOND AMENDED AND RESTATED ARTICLES OF INCORPORATION  
OF  
W&T OFFSHORE, INC.**

(giving effect to all amendments through June 16, 2023)

W&T Offshore, Inc. (the "Corporation"), pursuant to the provisions of Section 21.056 of the Texas Business Organizations Code (the "Code"), hereby adopts this Second Amended and Restated Articles of Incorporation (the "Restated Articles"), which completely supersedes and replaces the Corporation's Amended and Restated Articles of Incorporation filed with the Texas Secretary of State on January 28, 2005 (the "Existing Articles").

Each new amendment to the Existing Articles has been made in accordance with the provisions of the Code. The amendments to the Existing Articles have been approved in the manner required by the Code and the governing documents of the Corporation.

The Restated Articles accurately state the text of the Existing Articles being restated and each amendment to the Existing Articles that is in effect, and as further amended by the Restated Articles. The Restated Articles do not contain any other change to the Existing Articles except for the information permitted to be omitted under Section 3.059 of the Code.

The text of the Existing Articles is hereby completely superseded and replaced with the following:

**ARTICLE I**

**NAME**

The name of the corporation is W&T Offshore, Inc.

**ARTICLE II**

**DURATION**

The period of its duration is perpetual.

**ARTICLE III**

**PURPOSE**

The purpose or purposes for which the corporation is organized is the transaction of any or all lawful business for which corporations may be incorporated under the Texas Business Organizations Code (the "Code").

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## ARTICLE IV

### AUTHORIZED CAPITAL

The aggregate number of shares of capital stock which the Corporation shall have authority to issue is four hundred twenty million (420,000,000) shares, of which four hundred million (400,000,000) shares shall be designated as Common Stock, par value \$0.00001 per share, and twenty million (20,000,000) shares shall be designated as Preferred Stock, par value \$0.00001 per share.

The following is a statement fixing certain of the designations and rights, voting rights, preferences, and relative, participating, optional or other rights of the Preferred Stock and the Common Stock of the corporation, and the qualifications, limitations or restrictions thereof, and the authority with respect thereto expressly granted to the Board of Directors of the corporation to fix any such provisions not fixed by these Articles:

#### A. PREFERRED STOCK

The Board of Directors is hereby expressly vested with the authority to adopt a resolution or resolutions providing for the issuance of authorized but unissued shares of Preferred Stock, which shares may be issued from time to time in one or more series and in such amounts as may be determined by the Board of Directors in such resolution or resolutions. The rights, voting rights, designations, preferences, and relative, participating, optional or other rights, if any, of each series of Preferred Stock and the qualifications, limitations or restrictions, if any, of such preferences and/or rights (collectively the "Series Terms"), shall be such as are stated and expressed in a resolution or resolutions providing for the creation or revision of such Series Terms (a "Preferred Stock Series Resolution") adopted by the Board of Directors. The Board shall have the power and authority, to the fullest extent permissible under the Code, as currently in effect or as amended, to determine and establish by a Preferred Stock Series Resolution, the Series Terms of a particular series, including, without limitation, determination of the following:

- (1) The number of shares constituting that series and the distinctive designation of that series, or any increase or decrease (but not below the number of shares thereof then outstanding) in such number;
  - (2) The dividend rate on the shares of that series; whether such dividends, if any, shall be cumulative, noncumulative, or partially cumulative and, if cumulative or partially cumulative, the date or dates from which dividends payable on such shares shall accumulate; and the relative rights of priority, if any, of payment of dividends on shares of that series;
  - (3) Whether that series shall have voting rights, in addition to the voting rights provided by law, and, if so, the terms of such voting rights;
  - (4) Whether that series shall have conversion privileges with respect to shares of any other class or classes of stock or of any other series of any class of stock, and, if so, the terms and conditions of such conversion, including provision for
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adjustment of the conversion rate upon occurrence of such events as the Board of Directors shall determine;

- (5) Whether the shares of that series shall be redeemable at the option of either the corporation or the holder, and, if so, the terms and conditions of such redemption, including relative rights of priority, if any, of redemption, the date or dates upon or after which they shall be redeemable, provisions regarding redemption notices, and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates;
- (6) Whether the corporation shall have any repurchase obligation with respect to the shares of that series and, if so, the terms and conditions of such obligation, subject, however, to the limitations of the Code;
- (7) Whether that series shall have a sinking fund for the redemption or purchase of shares of that series, and, if so, the terms and amount of such sinking fund;
- (8) The rights of the shares of that series in the event of voluntary or involuntary liquidation, dissolution or winding up of the corporation, and the relative rights of priority, if any, of payment of shares of that series;
- (9) The conditions or restrictions upon the creation of indebtedness of the corporation or upon the issuance of additional Preferred Stock or other capital stock ranking on a parity therewith, or prior thereto, with respect to dividends or distribution of assets upon liquidation;
- (10) The conditions or restrictions with respect to the issuance of, payment of dividends upon, or the making of other distributions to, or the acquisition or redemption of, shares ranking junior to the Preferred Stock or to any series thereof with respect to dividends or distribution of assets upon liquidation;
- (11) The relative priority of each series of Preferred Stock in relation to other series of Preferred Stock with respect to dividends or distribution of assets upon liquidation; and
- (12) Any other designations, powers, preferences and rights, including, without limitation, any qualifications, limitations or restrictions thereof.

Any of the Series Terms, including voting rights, of any series may be made dependent upon facts ascertainable outside the Articles of Incorporation and the Preferred Stock Series Resolution, provided that the manner in which such facts shall operate upon such Series Terms is clearly and expressly set forth in the Articles of Incorporation or in the Preferred Stock Series Resolution.

Subject to the provisions of this Article Four, shares of one or more series of Preferred Stock may be authorized or issued from time to time as shall be determined by and for such consideration as shall be fixed by the Board of Directors, in an aggregate amount not exceeding the total number of shares of Preferred Stock authorized by the Articles of Incorporation. All

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shares of any one series of Preferred Stock so designated by the Board of Directors shall be alike in every particular, except that shares of any one series issued at different times may differ as to the dates from which dividends thereon shall be cumulative.

**B. COMMON STOCK**

**ARTICLE VDIVIDENDS.** Subject to the provisions of any Preferred Stock Series Resolution, the Board of Directors may, in its discretion, out of funds legally available for the payment of dividends and at such times and in such manner as determined by the Board of Directors, declare and pay dividends on the Common Stock of the corporation.

No dividend (other than a dividend in capital stock ranking on a parity with the Common Stock or cash in lieu of fractional shares with respect to such stock dividend) shall be declared or paid on any share or shares of any class of stock or series thereof ranking on a parity with the Common Stock in respect of payment of dividends for any dividend period unless there shall have been declared, for the same dividend period, like proportionate dividends on all shares of Common Stock then outstanding.

**ARTICLE VILIQUIDATION.** In the event of any liquidation, dissolution or winding up of the corporation, whether voluntary or involuntary (each, a "Liquidation Event"), after payment or provision for payment of the debts and other liabilities of the corporation and payment or setting aside for payment of any preferential amount due to the holders of any other class or series of stock, the holders of the Common Stock shall be entitled to receive ratably any or all assets remaining to be paid or distributed.

**ARTICLE VIIVOTING RIGHTS.** Subject to any special voting rights set forth in any Preferred Stock Series Resolution, the holders of the Common Stock of the corporation shall be entitled at all meetings of shareholders to one vote for each share of such stock held by them.

**A. PRIOR, PARITY OR JUNIOR STOCK**

Whenever reference is made in this Article Four to shares "ranking prior to" another class of stock or "on a parity with" another class of stock, such reference shall mean and include all other shares of the corporation in respect of which the rights of the holders thereof as to the payment of dividends or as to distributions upon a Liquidation Event, as the case may be, are given preference over, or rank on an equality with, as the case may be, the rights of the holders of such other class of stock. Whenever reference is made to shares "ranking junior to" another class of stock, such reference shall mean and include all shares of the corporation in respect of which the rights of the holders thereof as to the payment of dividends or as to distributions upon a Liquidation Event, as the case may be, are junior and subordinate to the rights of the holders of such class of stock.

Except as otherwise provided herein or in any Preferred Stock Series Resolution, each series of Preferred Stock ranks on a parity with each other with respect to the payment of dividends and

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distributions upon a Liquidation Event, and each ranks prior to the Common Stock with respect to the payment of dividends and distributions upon a Liquidation Event. Common Stock ranks junior to the Preferred Stock with respect to the payment of dividends and distributions upon a Liquidation Event.

## **B. LIQUIDATION**

For the purposes of Section 2 of Section B of this Article Four and for the purpose of the comparable sections of any Preferred Stock Series Resolution, the merger or consolidation of the corporation into or with any other corporation, or the merger of any other corporation into it, or the sale, lease, or conveyance of all or substantially all the assets, property or business of the corporation, shall not be deemed to be a liquidation, dissolution or winding up of the corporation.

## **C. RESERVATION AND RETIREMENT OF SHARES**

The corporation shall at all times reserve and keep available, out of its authorized but unissued shares of Common Stock or out of shares of Common Stock held in its treasury, the full number of shares of Common Stock into which all shares of any series of Preferred Stock having conversion privileges from time to time outstanding are convertible.

Unless otherwise provided in a Preferred Stock Series Resolution with respect to a particular series of Preferred Stock, all shares of Preferred Stock redeemed or acquired (as a result of conversion or otherwise) shall be retired and restored to the status of authorized but unissued shares.

## **ARTICLE VIII**

### **NO PREEMPTIVE RIGHTS**

No holder of any shares of stock of the corporation shall be entitled as a matter of right to purchase or subscribe for any part of any shares of stock of the corporation authorized by these Articles or of any additional shares of stock of any class to be issued by reason of any increase in the authorized capital stock of the corporation, or of any bonds, certificates of indebtedness, debentures, warrants, options or other securities or rights convertible into any class of capital stock of the corporation, but any shares of stock authorized by these Articles or any such additional authorized issue of any capital stock, rights or securities convertible into any shares of such stock may be issued and disposed of by the Board of Directors to such persons, firms, corporations or associations for such consideration, upon such terms and in such manner as the Board of Directors may, in its discretion, determine without any offering thereof on the same terms or on any other terms to the shareholders then of record or to any class of shareholders; provided only that such issuance may not be inconsistent with any provisions of law or with any of the provisions of these Articles.

## **ARTICLE IX**

### **MEETINGS OF SHAREHOLDERS**

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An annual meeting of the shareholders shall be held at such times as may be stated or fixed in accordance with the bylaws. Special meetings may only be called (1) by the Chairman of the Board (if any), the President, the Board of Directors, or such other person or persons as may be authorized in the Articles of Incorporation or the bylaws or (2) by the holders of not less than twenty-five percent (25%) of all the shares entitled to vote at the proposed special meeting.

## ARTICLE X

### LIMITATION OF LIABILITY

To the fullest extent permitted by applicable law, no director of this corporation shall be liable to the corporation or its shareholders for monetary damages for an act or omission in the director's capacity as director, except that this Article does not eliminate or limit the liability of a director for:

- (a) a breach of a director's duty of loyalty to the corporation or its shareholders;
- (b) an act or omission not in good faith or that involves intentional misconduct or a knowing violation of the law;
- (c) a transaction from which a director received an important benefit, whether or not the benefit resulted from an action taken within the scope of the director's office;
- (d) an act or omission for which the liability of a director is expressly provided for by statute; or
- (e) an act related to an unlawful stock repurchase or payment of a dividend.

If the Texas Miscellaneous Corporation Laws Act or any other statute is amended subsequently to the effective date of this Article VII to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the corporation shall be eliminated or limited to the full extent permitted by such statute, as so amended.

Any repeal or modification of the foregoing paragraph by the shareholders of the corporation shall not adversely affect any right or protection of a director of the corporation existing at the time of such repeal or modification.

## ARTICLE XI

### INDEMNIFICATION

- (a) **THE CORPORATION SHALL INDEMNIFY AND HOLD HARMLESS THE DIRECTORS (EACH, AN "INDEMNIFIED PERSON") TO THE FULLEST EXTENT PERMITTED BY LAW FROM AND AGAINST ANY AND ALL LOSSES, CLAIMS, DEMANDS, COSTS, DAMAGES, LIABILITIES, JOINT OR SEVERAL, EXPENSES OF ANY NATURE (INCLUDING REASONABLE ATTORNEYS' FEES AND DISBURSEMENTS), JUDGMENTS, FINES, SETTLEMENTS AND**
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**OTHER AMOUNTS ARISING FROM ANY AND ALL CLAIMS, DEMANDS, ACTIONS, SUITS OR PROCEEDINGS, WHETHER CIVIL, CRIMINAL, ADMINISTRATIVE OR INVESTIGATIVE, IN WHICH THE INDEMNIFIED PERSON MAY BE INVOLVED OR THREATENED TO BE INVOLVED, AS A PARTY OR OTHERWISE, ARISING OUT OF OR INCIDENTAL TO THE BUSINESS OR ACTIVITIES OF OR RELATING TO THE CORPORATION REGARDLESS OF WHETHER THE INDEMNIFIED PERSON CONTINUES TO BE A DIRECTOR AT THE TIME ANY SUCH LIABILITY OR EXPENSE IS PAID OR INCURRED. THE INDEMNIFICATION PROVIDED IN THIS ARTICLE VIII MAY NOT BE MADE TO OR ON BEHALF OF ANY DIRECTOR IF A FINAL ADJUDICATION ESTABLISHES THAT THE INDEMNIFIED PERSONS ACTS OR OMISSIONS INVOLVED INTENTIONAL MISCONDUCT, FRAUD OR A KNOWING VIOLATION OF THE LAW.**

- (b) EXPENSES (INCLUDING REASONABLE ATTORNEYS' FEES AND DISBURSEMENTS) INCURRED BY AN INDEMNIFIED PERSON IN DEFENDING ANY CLAIM, DEMAND, ACTION, SUIT, OR PROCEEDING SUBJECT TO THIS ARTICLE VIII SHALL, FROM TIME TO TIME, UPON REQUEST BY THE INDEMNIFIED PERSON, BE ADVANCED BY THE CORPORATION PRIOR TO THE FINAL DISPOSITION OF SUCH CLAIM, DEMAND, ACTION, SUIT OR PROCEEDING UPON RECEIPT BY THE CORPORATION OF (I) A WRITTEN AFFIRMATION BY SUCH INDEMNIFIED PERSON OF HIS, HER OR ITS GOOD FAITH BELIEF THAT HE, SHE OR IT HAS MET THE STANDARD OF CONDUCT NECESSARY FOR INDEMNIFICATION UNDER THIS ARTICLE VIII AND (II) A WRITTEN UNDERTAKING, BY OR ON BEHALF OF SUCH INDEMNIFIED PERSON, TO REPAY SUCH AMOUNT IF IT SHALL ULTIMATELY BE DETERMINED, BY A COURT OF COMPETENT JURISDICTION THAT SUCH INDEMNIFIED PERSON IS NOT ENTITLED TO BE INDEMNIFIED AS AUTHORIZED IN THIS ARTICLE VIII OR OTHERWISE.**
  - (c) ANY INDEMNIFICATION HEREUNDER SHALL BE SATISFIED ONLY OUT OF THE ASSETS OF THE CORPORATION, AND THE STOCKHOLDERS SHALL NOT BE SUBJECT TO PERSONAL LIABILITY BY REASON OF THESE INDEMNIFICATION PROVISIONS.**
  - (d) AN INDEMNIFIED PERSON SHALL NOT BE DENIED INDEMNIFICATION IN WHOLE OR IN PART UNDER THIS ARTICLE VIII OR OTHERWISE BY REASON OF THE FACT THAT THE INDEMNIFIED PERSON HAD AN INTEREST IN THE TRANSACTION WITH RESPECT TO WHICH THE INDEMNIFICATION APPLIES IF THE TRANSACTION WAS OTHERWISE PERMITTED OR NOT**
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**EXPRESSLY PROHIBITED BY THE TERMS OF THESE ARTICLES OF INCORPORATION.**

- (e) **THE PROVISIONS OF THIS ARTICLE VIII ARE FOR THE BENEFIT OF THE INDEMNIFIED PERSONS, THEIR HEIRS, SUCCESSORS, ASSIGNS AND ADMINISTRATORS AND SHALL NOT BE DEEMED TO CREATE ANY RIGHTS FOR THE BENEFIT OF ANY OTHER PERSON(S) OR ENTITY(IES).**

**ARTICLE XII**

**NO CUMULATIVE VOTING**

Cumulative voting is expressly prohibited. At each election of directors every shareholder entitled to vote at such election shall have the right to vote, in person or by proxy, the number of shares owned by him with respect to each of the persons nominated for election as a director and for whose election he has a right to vote; and no shareholder shall be entitled to cumulate his votes by giving one candidate a number of votes equal to the number of directors to be elected, multiplied by the number of shares owned by such shareholder, or by distributing such votes on the same principle among any number of candidates.

**ARTICLE XIII**

**REGISTERED OFFICE AND AGENT**

The address of the corporation's current registered office is 1021 Main Street, Suite 1150, Houston, Texas 77002, and the name of the current registered agent at such address is CT Corporation.

**ARTICLE XIV**

**BOARD OF DIRECTORS**

The number of directors of the corporation shall be fixed by, or in the manner provided by, the bylaws.

**ARTICLE XV**

**CREATION PURSUANT TO CONVERSION**

The Corporation was incorporated pursuant to a plan of conversion whereby W&T Offshore, Inc., a Nevada corporation (the "converting entity"), was converting into W&T Offshore, Inc., a Texas corporation (the "converted entity"). The converting entity was incorporated in Nevada on March 7, 1988. The converted entity was incorporated in Texas on April 27, 2004. The address of the converted entity is 5718 Westheimer Road, Suite 700, Houston, Texas 77057.

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## **ARTICLE XVI**

### **BYLAWS**

The Board of Directors is expressly authorized to adopt, amend and repeal the bylaws. The corporation's shareholders are hereby expressly authorized to adopt, amend and repeal the bylaws.

## **ARTICLE XVII**

### **ACTION BY WRITTEN CONSENT**

Any action required by the Code, as presently in effect and as hereafter amended, to be taken at any annual or special meeting of shareholders, or any action which may be taken at any annual or special meeting of shareholders, may be taken without a meeting, without prior notice, and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holder or holders of shares having not less than the minimum number of votes that would be necessary to take such action at a meeting at which the holders of all shares entitled to vote on the action were present and voted.

## **ARTICLE XVIII**

### **ACTION BY MAJORITY VOTE**

Notwithstanding any provision of law requiring the affirmative vote of a greater percentage or proportion than a majority of the outstanding shares of all classes or of any class of stock of the Corporation entitled to vote to take or authorize any action, including without limitation (1) any amendment of these Articles of Incorporation, (2) any disposition or sale of all or substantially all of the Corporation's assets, (3) any dissolution of the Corporation and (4) any plan of merger, consolidation or exchange, such action may be taken or authorized upon the affirmative vote of a majority of the outstanding shares of all classes or of any class of stock of the Corporation entitled to vote thereon, except as may be otherwise provided in these Articles of Incorporation or in the bylaws.

DATED as of the 16th day of June 2023.

**W&T OFFSHORE, INC.**

By: /s/ Tracy W. Krohn  
Tracy W. Krohn,  
President and Chief Executive Officer

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## SUPPLEMENTAL INDENTURE

SUPPLEMENTAL INDENTURE (this “*Supplemental Indenture*”), dated as of May 25, 2023, among Falcon Aero Holdings LLC, a Delaware limited liability company, Falcon Aero Holdco LLC, a Delaware limited liability company (together, the “*Guaranteeing Subsidiaries*” and each a “*Guaranteeing Subsidiary*”), W&T Offshore, Inc., a Texas corporation (the “*Company*”), the other Guarantors (as defined in the Indenture referred to herein) and Wilmington Trust, National Association, as trustee under the Indenture referred to below (the “*Trustee*”).

### WITNESSETH

WHEREAS, the Company has heretofore executed and delivered to the Trustee an indenture (the “*Indenture*”), dated as of January 27, 2023, providing for the issuance of 11.750% Senior Second Lien Notes due 2026 (the “*Notes*”);

WHEREAS, the Indenture provides that under certain circumstances the Guaranteing Subsidiaries shall execute and deliver to the Trustee a supplemental indenture pursuant to which the Guaranteing Subsidiaries shall unconditionally guarantee all of the Company’s Obligations under the Notes and the Indenture on the terms and conditions set forth herein (the “*Note Guarantee*”); and

WHEREAS, pursuant to Section 9.01 of the Indenture, the Company and the Trustee are authorized to execute and deliver this Supplemental Indenture without the consent of Holders.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Company, the Guaranteing Subsidiaries and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. CAPITALIZED TERMS. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. AGREEMENT TO GUARANTEE. Each Guaranteing Subsidiary hereby agrees to provide an unconditional Guarantee on the terms and subject to the conditions set forth in the Note Guarantee and in the Indenture including but not limited to Article 10 thereof.

3. NO RECOURSE AGAINST OTHERS. No past, present or future director, officer, employee, incorporator, member, partner or stockholder of the Guaranteing Subsidiaries, as such, shall have any liability for any obligations of the Company or any Guaranteing Subsidiaries under the Notes, any Note Guarantees, the Indenture or this Supplemental Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of the Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the federal securities laws.

4. NEW YORK LAW TO GOVERN. The law of the state of New York will govern and be used to construe and enforce this Supplemental Indenture.

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5. COUNTERPARTS. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. The exchange of copies of this Supplemental Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this instrument as to the parties hereto and may be used in lieu of the original instrument for all purposes. Signatures of the parties hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes.

6. EFFECT OF HEADINGS. The Section headings herein are for convenience only and shall not affect the construction hereof.

7. THE TRUSTEE. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Guaranteeing Subsidiaries and the Company.

8. RATIFICATION OF INDENTURE. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and every Holder of Notes heretofore or hereafter authenticated and delivered shall be bound hereby.

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IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed and attested, all as of the date first above written.

Dated:

**FALCON AERO HOLDINGS LLC  
FALCON AERO HOLDCO LLC**

By: /s/ Jonathan Curth  
Name: Jonathan Curth  
Title: Executive Vice President, General Counsel and Corporate Secretary

**W&T OFFSHORE, INC.**

By: /s/ Jonathan Curth  
Name: Jonathan Curth  
Title: Executive Vice President, General Counsel and Corporate Secretary

**W & T ENERGY VI, LLC  
W & T ENERGY VII, LLC  
AQUASITION III LLC  
AQUASITION IV LLC  
AQUASITION V LLC  
GREEN HELL LLC  
SEAQUESTER LLC  
SEAQUESTRATION LLC**

By: /s/ Jonathan Curth  
Name: Jonathan Curth  
Title: Executive Vice President, General Counsel and Corporate Secretary

[Signature Page to Supplemental Indenture]

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**WILMINGTON TRUST, NATIONAL ASSOCIATION, as  
Trustee**

By: /s/ Jane Schweiger \_\_\_\_\_  
Name: Jane Schweiger  
Title: Vice President

[Signature Page to Supplemental Indenture]

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**W&T OFFSHORE, INC. CHANGE IN CONTROL SEVERANCE PLAN**

W&T Offshore, Inc., a Texas corporation (the “Company”) hereby adopts this W&T Offshore, Inc. Change in Control Severance Plan (the “Plan”), effective as of April 20th, 2023 (the “Effective Date”), for the benefit of “Eligible Employees” (as defined below).

The Plan supersedes any and all prior plans, policies or practices, written or oral, with respect to severance pay or benefits, which may have previously applied or been applied to any Eligible Employees. The Company expressly reserves the right at any time, and from time to time, for any reason in the Company’s sole discretion, to change, modify, alter, or amend the Plan in any respect, in whole or in part, and to terminate the Plan in full, with or without providing any advance notice.

**SECTION 1. DEFINITIONS.** As hereinafter used:

1.1 “Board” means the Board of Directors of the Company.

1.2 “Cause” means “Cause” (or any term of similar effect) as defined in such Eligible Employee’s employment agreement, offer letter or similar agreement, if such agreement exists and contains a definition of Cause (or term of similar effect), or, if no such agreement exists or such agreement does not contain a definition of Cause (or term of similar effect), then Cause for termination by the Company of the Eligible Employee’s employment will include, but not be limited to: (a) the Eligible Employee’s unauthorized use or disclosure of confidential information or trade secrets of the Company or an affiliate or any material breach of a written agreement between the Eligible Employee and the Company, including without limitation a material breach of any employment, confidentiality, non-compete, non-solicit or similar agreement; (b) the Eligible Employee’s commission of, indictment for or the entry of a plea of guilty or nolo contendere by the Eligible Employee to, a felony under the laws of the United States or any state thereof or any crime involving dishonesty or moral turpitude (or any similar crime in any jurisdiction outside of the United States); (c) the Eligible Employee’s gross negligence or willful misconduct; (d) the Eligible Employee’s willful or repeated failure or refusal to substantially perform assigned duties; (e) any act of fraud, embezzlement, material misappropriation or dishonesty committed by the Eligible Employee against the Company or any affiliate; (f) any acts, omissions or statements by an Eligible Employee which the Company reasonably determines to be materially detrimental or damaging to the reputation, operations, prospects or business relations of the Company; or (g) a material violation of the Company’s written policies or codes of conduct, including written policies related to discrimination, harassment, performance of illegal or unethical activities, and ethical misconduct.

1.3 “Change in Control” has the meaning set forth in the Equity Incentive Plan.

1.4 “COBRA” means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

1.5 “Compensation Committee” means the Compensation Committee of the Board.

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1.6 “Disability” has the meaning set forth in the Equity Incentive Plan.

1.7 “Eligible Employee” means the employees as provided on Exhibit A attached hereto so long as the employee (a) is a full-time employee of the Company or any of its affiliates (including employees who are on an approved leave of absence), (b) is employed through such employee’s applicable “Separation Date” (as defined below), (c) performed all duties through the applicable Separation Date to the satisfaction of the Company, (d) is party to a Participation Notice and (e) suffers a “Qualifying Termination of Employment” (as defined below); provided, however, that none of the following individuals are Eligible Employees: (i) any individual who is a member of a collective bargaining unit with respect to which the Company or an affiliate has negotiated with the designated representative thereof and for whom no coverage under the Plan is required by the terms of a collective bargaining agreement; (ii) any individual who is eligible to receive severance benefits under the provisions of any employment agreement or any other severance pay plan or contract; (iii) any individual who is on an unapproved leave of absence at any time between the Effective Date and such employee’s applicable Separation Date; (iv) any individual who is employed by any third party that is providing services to the Company; (v) any individual whose pay is reported to the Internal Revenue Service on Form 1099; and (vi) any individual who is treated as an independent contractor or consultant on the books and records of the Company.

1.8 “ERISA” means the Employee Retirement Income Security Act of 1974, as it may be amended from time to time.

1.9 “Equity Incentive Plan” means the W&T Offshore, Inc. Amended and Restated Incentive Compensation Plan, as amended from time to time, or any successor plan.

1.10 “Good Reason” means “Good Reason” (or any term of similar effect) as defined in such Eligible Employee’s employment agreement, offer letter or similar agreement, if such agreement exists and contains a definition of Good Reason (or term of similar effect), or, if no such agreement exists or such agreement does not contain a definition of Good Reason (or term of similar effect), then Good Reason means the occurrence of any of the following events without the prior written consent of such Eligible Employee, unless such events are fully corrected in all material respects by the Company within 30 days following written notification by the Eligible Employee to the Company of the occurrence of one of the reasons set forth below: (a) a material reduction in Salary or Target Bonus, (b) a relocation of such Eligible Employee’s primary work location by more than 30 miles from its then current location or (c) material diminution in the Eligible Employee’s title, duties, authorities or responsibilities; provided, however, that such circumstances will only constitute “Good Reason” if the Eligible Employee provides the Company with a written notice detailing the specific circumstances alleged to constitute Good Reason within 30 days after the first occurrence of such circumstances and such Eligible Employee actually terminates employment within 30 days following the expiration of the Company’s 30 day cure period described above if the applicable

condition has not been cured. Otherwise, any claim of such circumstances as Good Reason will be deemed irrevocably waived by such Eligible Employee.

1.11 “Participation Notice” means a participation notice duly executed by the Eligible Employee and the Company, in substantially the form set forth on Exhibit B.

1.12 “Plan Administrator” means the Compensation Committee or such person(s) appointed by the Compensation Committee to administer the Plan.

1.13 “Qualifying Termination of Employment” means the termination of an Eligible Employee’s employment (a) without Cause by the Company or any of its affiliates or (b) with Good Reason, in each case, on or within one year following a Change in Control. A Qualifying Termination of Employment shall not include a termination of employment prior to a Change in Control or any termination on account of (a) a termination of employment by the Company for Cause, (b) the Eligible Employee’s death or Disability or (c) any termination of employment by an Eligible Employee or any abandonment of his or her duties by an Eligible Employee (other than a termination with Good Reason) prior to the Separation Date.

1.14 “Release” means a general release of claims in favor of the Company in substantially the form set forth on Exhibit D.

1.15 “Release Effective Date” means the date upon which the Release becomes effective pursuant to the Release’s terms.

1.16 “Salary” means the Eligible Employee’s then current base salary prior to any reduction in base salary that would provide for the Eligible Employee’s resignation for Good Reason. Salary excludes overtime, bonuses, awards, imputed income, extraordinary payments, or other compensation or benefits paid to the Eligible Employee from the Company.

1.17 “Separation Date” means the date on which an Eligible Employee incurs a Qualifying Termination of Employment.

1.18 “Target Bonus” means the target annual cash bonus in effect for an Eligible Employee as of immediately prior to the Separation Date (or, if greater, as of immediately prior to the Change in Control).

## **SECTION 2. SEVERANCE BENEFITS.**

2.1 Subject to the provisions of the Plan, and provided that the Release becomes effective and no longer subject to revocation pursuant to its terms, an Eligible Employee who experiences a Qualifying Termination of Employment shall be entitled to receive from the Company (directly or through one of its subsidiaries) certain severance benefits, determined in accordance with the terms of Exhibit C hereof to the Plan that the Plan Administrator determines applies to the Eligible Employee (the “Severance Benefits”).

2.2 No Eligible Employee who incurs a Qualifying Termination of Employment shall be eligible to receive the Severance Benefits unless he or she first executes the

Release, no later than 45 days following the Separation Date, and, if applicable, during the revocation period pursuant to the terms of the Release; provided that the Eligible Employee may not sign the Release prior to the Separation Date. If the Eligible Employee does not execute, date and return the Release within the required time frame, or if the Release Effective Date does not occur, the Eligible Employee shall not be entitled to any payments under the Plan. An Eligible Employee must comply with the Release at all times.

2.3 In the event of an Eligible Employee's death after the Separation Date, any unpaid portion of the Severance Benefits will be paid to the Eligible Employee's designated beneficiary (or to the Eligible Employee's estate if no beneficiary is designated) as if the Eligible Employee had survived under the same terms and conditions provided hereunder.

2.4 In order to receive and retain any of the Severance Benefits, an Eligible Employee must (a) remain in compliance at all times with the terms and conditions of the Release, any policies of the Company or post-employment obligations to the Company or any terms and conditions of any individual employment agreements to which the Eligible Employee is a party; (b) satisfactorily perform his or her duties to the Company through the Separation Date; and (c) return all Company property, and nonpublic, confidential, proprietary or trade secret information of the Company to the Company within five days following the Separation Date.

2.5 If the Plan Administrator determines, at any time during or after an Eligible Employee's employment, that the Eligible Employee has breached any of the covenants set forth in Sections 2.2 and 2.4 of the Plan, the Eligible Employee shall no longer be eligible for any payments or benefits under the Plan and shall be required to repay the Company any amounts received under the Plan, subject to applicable law. Any repayments required under this Section 2.5 must be made by the Eligible Employee within 10 days following written demand from the Company.

2.6 Regardless of the amount of an Eligible Employee's Severance Benefits under the Plan, such benefit will be reduced by any payments required to be paid by the Company to the Eligible Employee under any federal or state law, including without limitation the Worker Adjustment Retraining Notification Act of 1988, as amended, and state law equivalents (except unemployment benefits payable in accordance with state law and payment for accrued but unused paid time off, if applicable).

### **SECTION 3. PLAN ADMINISTRATION.**

3.1 The Plan shall be interpreted, administered and operated by the Plan Administrator, which shall have complete authority in its sole discretion subject to the express provisions of the Plan, to determine who shall be eligible for the Severance Benefits, to interpret the Plan, to prescribe, amend and rescind such rules and regulations relating to the Plan as it shall deem necessary or appropriate, and to make all other determinations necessary or advisable for the administration of the Plan. All decisions of the Plan Administrator shall be final, conclusive and binding on all parties.

3.2 The Plan Administrator may delegate any of its duties hereunder to such person(s) from time to time as it may designate.

3.3 The Plan Administrator is empowered, on behalf of the Plan, to engage accountants, legal counsel and such other personnel as it deems necessary or advisable to assist it in the performance of its duties under the Plan. The functions of any such persons engaged by the Plan Administrator shall be limited to the specified services and duties for which they are engaged, and such persons shall have no other duties, obligations or responsibilities under the Plan. Such persons shall exercise no discretionary authority or discretionary control respecting the management of the Plan. All reasonable expenses thereof shall be borne by the Company.

3.4 In no event shall the Plan Administrator be personally liable for any action, determination or interpretation made in good faith with respect to the Plan. The Plan Administrator shall be indemnified and held harmless by the Company against any cost or expense (including counsel fees) reasonably incurred by the Plan Administrator or liability (including any sum paid in settlement of a claim with the approval of the Company) arising out of any act or omission to act in connection with the Plan, unless arising out of the Plan Administrator's own fraud or bad faith. Such indemnification shall be in addition to any rights of indemnification the Plan Administrator may have as an officer or director or otherwise under the bylaws of the Company.

#### **SECTION 4. PLAN MODIFICATION OR TERMINATION.**

4.1 The Plan may be terminated, suspended, modified or amended by the Board or the Plan Administrator at any time; provided, however (a) no modification or amendment shall be made that would materially impair the rights of an Eligible Employee under the Plan without such Eligible Employee's consent and (b) in the event of a Change in Control, no termination, suspension, modification or amendment to the Plan may adversely affect the rights of any potential Eligible Employee until the first anniversary of the consummation of such Change in Control.

4.2 The benefits provided for in the Plan are not vested benefits and the Plan shall not be funded. No Eligible Employee shall have any right to or interest in any assets of the Company or other rights under the Plan.

#### **SECTION 5. RESTRICTIVE COVENANTS.**

5.1 Confidential Information; Non-Disclosure

(a) Eligible Employee acknowledges that the business of the Company is highly competitive and that, by participating in this Plan, the Company promised to provide Eligible Employee with access to Confidential Information (as defined below) relating to the business of the Company. Eligible Employee acknowledges that this Confidential Information constitutes a valuable, special and unique asset used by the Company in its business to obtain a competitive advantage over competitors. Eligible Employee further acknowledges that protection of such Confidential Information against unauthorized disclosure and use is of critical importance to the Company in maintaining its competitive position. Eligible Employee agrees that Eligible Employee will not, at any time

during or after Eligible Employee's employment with the Company, make any unauthorized disclosure of any Confidential Information of the Company, or make any use thereof, except in the carrying out of Eligible Employee's employment responsibilities to the Company. Eligible Employee also agrees to preserve and protect the confidentiality of third party Confidential Information to the same extent, and on the same basis, as the Company's Confidential Information.

(b) For purposes hereof, "Confidential Information" includes business operations and methods, existing and proposed investments and investment strategies, seismic, well-log and other geologic and oil and gas operating and exploratory data, financial performance, compensation arrangements and amounts (whether relating to the Company or to any of its employees), contractual relationships, business partners and relationships (including customers and suppliers), marketing strategies and other confidential information that is regularly used in the operation, technology and business dealings of the Company, regardless of the medium in which any of the foregoing information is contained, so long as such information is actually confidential and proprietary to the Company. The term "Confidential Information" shall not include information which (i) is or becomes a part of the public domain through no action or failure to act, whether directly or indirectly, on the part of Eligible Employee or (ii) was lawfully acquired by Eligible Employee subsequent to termination of employment from a source that had the right to disseminate such information at the time it is acquired by Eligible Employee. Notwithstanding the foregoing, nothing in this Plan, any other agreement between Eligible Employee and the Company, or any Company policy shall be read to prevent Eligible Employee from (1) sharing this Plan or the terms hereof or other information with Eligible Employee's attorney; (2) reporting possible violations of federal law or regulation to any governmental agency or entity including, but not limited to, the Department of Justice, the Securities and Exchange Commission, the Congress, and any Inspector General, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation. Eligible Employee will not need the prior authorization of the Company to make any such reports or disclosures and Eligible Employee will not be required to notify the Company that Eligible Employee has made such reports or disclosures; (3) sharing information about this Plan with Eligible Employee's spouse, accountant, attorney or financial advisor so long as Eligible Employee ensures that such parties maintain the strict confidentiality of this Plan; or (4) apprising any future or potential employer or other person or entity to which Eligible Employee provides services of Eligible Employee's continuing obligations to the Company under this Plan.

(c) Eligible Employee is hereby notified in accordance with the Defend Trade Secrets Act of 2016 that Eligible Employee will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (i) is made (1) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (2) solely for the purpose of reporting or investigating a suspected violation of law; or



(ii) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. Eligible Employee is further notified that if Eligible Employee files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Eligible Employee may disclose the Company's trade secrets to Eligible Employee's attorney and use the trade secret information in the court proceeding if Eligible Employee: (i) files any document containing the trade secret under seal; and (ii) does not disclose the trade secret, except pursuant to court order. The provisions of this Section 5.1 will survive the expiration, suspension or termination of this Plan for any reason.

## 5.2 Non-Competition and Non-Solicitation Obligations

(a) In order for Eligible Employee to perform Eligible Employee's duties the Company shall provide Eligible Employee with, and give Eligible Employee access to, Confidential Information. Eligible Employee acknowledges and agrees that, as an executive officer of the Company, Eligible Employee will be provided with, and have access to, significant Confidential Information after the execution of this Plan and will be responsible for building and maintaining business relationships and goodwill with current and future operating partners, investors, partners and prospects on a personal level. Eligible Employee acknowledges and agrees that this responsibility creates a special relationship of trust and confidence between the Company, Eligible Employee and these persons or entities. Eligible Employee also acknowledges that this creates a high risk and opportunity for Eligible Employee to misappropriate the Company's Confidential Information, business relationships and the goodwill existing between the Company and such persons. Eligible Employee acknowledges and agrees that it is fair and reasonable for the Company to take steps to protect itself from the risk of such misappropriation.

(b) Eligible Employee acknowledges and agrees that, in exchange for Eligible Employee's agreement contained in this Section 5.2, Eligible Employee will receive substantial, valuable consideration from the Company upon the execution of this Plan and during the course of this Plan which such consideration includes the Company's, Confidential Information.

(c) Eligible Employee acknowledges and agrees during the Non-Compete Term (as defined below), Eligible Employee will not, directly or indirectly, provide the same or substantially the same services that Eligible Employee provides to the Company or any of its subsidiaries to any Business Enterprise in the Market Area (each as defined below). This includes working as an agent, consultant, employee, officer, director, partner or independent contractor or being a shareholder, member, joint venturer or equity owner in, any such Business Enterprise; provided, however, that the foregoing shall not restrict Eligible Employee from holding up to 1% of the voting power or equity of one or more Business Enterprises. For purposes hereof, W&T Offshore, LLC, Krohn

Racing, LLC or their affiliates and/or subsidiaries shall not be considered Business Enterprises.

(d) For purposes of hereof:

(i) “Business Enterprise” means any corporation, partnership, limited liability company, sole proprietorship, joint venture or other business association or entity engaged in the business of exploring for, developing, operating or acquiring oil and gas properties;

(ii) “Market Area” means any geographic or market area in which the Company is conducting or has conducted any material amount of oil and gas exploration and production activities during the last two years of the Eligible Employee’s employment with the Company; and

(iii) “Non-Compete Term” means the term of Eligible Employee’s employment with the Company and the date ending 15 consecutive months following the date of Eligible Employee’s termination of employment.

(e) During the Non-Compete Term, Eligible Employee will not, either directly or indirectly, call on, solicit or induce any other employees or officers of the Company to terminate their employment, and will not assist any other person or entity in such a solicitation; provided, however, that with respect to soliciting any employee or officer whose employment was terminated by the Company or its affiliates, the foregoing restriction shall not apply.

(f) Eligible Employee acknowledges that the Confidential Information provided to Eligible Employee pursuant to this Plan, and the Company’s need to protect its goodwill, gives rise to the Company’s interest in these restrictive covenants, and that any limitations as to time, geographic scope and scope of activity to be restrained defined herein are reasonable and do not impose a greater restraint than is necessary to protect the goodwill or other business interest of the Company. Eligible Employee further agrees that if, at some later date, a court of competent jurisdiction determines that certain covenants do not meet the criteria set forth in Tex. Bus. & Com. Code § 15.50(2), those covenants shall be reformed by the court, pursuant to Tex. Bus. & Com. Code § 15.51(c), to the least extent necessary to make them enforceable. Eligible Employee acknowledges and recognizes that the enforcement of any of the provisions in this Agreement by the Company will not interfere with Eligible Employee’s ability to pursue a proper livelihood.

5.3 Equitable Relief and Other Remedies. Eligible Employee agrees that the Company’s remedies at law for a breach or threatened breach of any of the provisions of this Section 5 would be inadequate, and in recognition of this fact, Eligible Employee agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company,

without posting any bond or other security, is entitled to obtain equitable relief in the form of specific performance, a temporary restraining order, a temporary or permanent injunction or any other equitable remedy that may then be available, without the necessity of showing actual monetary damages. In the event of a violation by Eligible Employee of this Section 5, the Eligible Employee's right to receive the Severance Benefits will immediately cease and be forfeited.

## **SECTION 6. CLAIMS PROCEDURE.**

6.1 It shall not be necessary for an Eligible Employee or beneficiary who has become entitled to receive a benefit hereunder to file a claim for such benefit with any person as a condition precedent to receiving a distribution of such benefit. However, any Eligible Employee or beneficiary who believes that he or she has become entitled to a benefit hereunder and who has not received, or commenced receiving, a distribution of such benefit, or who believes that he or she is entitled to a benefit hereunder in excess of the benefit which he or she has received, or commenced receiving, may file a written claim for such benefit with the Plan Administrator within 90 days after he or she allegedly became entitled to receive a distribution of such benefit. Such written claim shall set forth the Eligible Employee's or beneficiary's name and address and a statement of the facts and a reference to the pertinent provisions of the Plan upon which such claim is based. The Plan Administrator shall, within 90 days after such written claim is filed, provide the claimant with written notice of its decision with respect to such claim. If such claim is denied in whole or in part, the Plan Administrator shall, in such written notice to the claimant, set forth in a manner calculated to be understood by the claimant the specific reason or reasons for denial; specific references to pertinent provisions of the Plan upon which the denial is based; a description of any additional material or information necessary for the claimant to perfect his or her claim and an explanation of why such material or information is necessary; and an explanation of the provisions for review of claims set below.

6.2 An Eligible Employee or beneficiary who has filed a written claim for benefits with the Plan Administrator which has been denied may appeal such denial to the Plan Administrator and receive a full and fair review of his or her claim by filing with the Plan Administrator a written application for review at any time within 60 days after receipt from the Plan Administrator of the written notice of denial of his or her claim provided for in Section 6.1 above. An Eligible Employee or beneficiary who submits a timely written application for review shall be entitled to review any and all documents pertinent to his or her claim and may submit issues and comments to the Plan Administrator in writing. Not later than 60 days after receipt of a written application for review, the Plan Administrator shall give the claimant written notice of its decision on review, which written notice shall set forth in a manner intended to be understood by the claimant specific reasons for its decision and specific references to the pertinent provisions of the Plan upon which the decision is based.

6.3 Any act permitted or required to be taken by an Eligible Employee or beneficiary under this Section 6 may be taken for and on behalf of such Eligible Employee or beneficiary by such Eligible Employee's or beneficiary's duly authorized representative. Any claim, notice, application or other writing permitted or required to be filed with or given to a party by this Article shall be deemed to have been filed or given when deposited in the U.S. mail, postage prepaid, and properly addressed to the party to whom it is to be given or with whom it is to be

filed. Any such claim, notice, application, or other writing deemed filed or given pursuant to the preceding sentence shall in the absence of clear and convincing evidence to the contrary, be deemed to have been received on the fifth business day following the date upon which it was filed or given. Any such notice, application, or other writing directed to an Eligible Employee or beneficiary shall be deemed properly addressed if directed to the address set forth in the written claim filed by such Eligible Employee or beneficiary.

#### **SECTION 7. GENERAL PROVISIONS.**

7.1 Nothing in the Plan shall be deemed to give any Eligible Employee the right to be retained in the employ of the Company or any of its affiliates, or to interfere with the right of the Company to discharge him or her at any time and for any reason, with or without notice or Cause.

7.2 Except as otherwise provided herein or by law, no right or interest of any Eligible Employee under the Plan shall be assignable or transferable, in whole or in part, either directly or by operation of law or otherwise, including without limitation by execution, levy, garnishment, attachment, pledge or in any manner; no attempted assignment or transfer thereof shall be effective; and no right or interest of any Eligible Employee under the Plan shall be liable for, or subject to, any obligation or liability of such Eligible Employee. When a payment is due under the Plan to an Eligible Employee who is unable to care for his or her affairs, payment may be made directly to his or her legal guardian or personal representative.

7.3 If any provision of the Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and the Plan shall be construed and enforced as if such provisions had not been included.

7.4 The Company intends that the Plan constitute an unfunded "welfare plan" as such term is defined under ERISA for the benefit of a select group of management and highly compensated employees. No Eligible Employee, employee of the Company or any other person shall have any rights to or interest in any specific assets or accounts of the Company or any of its affiliates by reason of the Plan.

7.5 The Plan shall be effective as of the Effective Date and shall remain in effect unless and until terminated by the Board or the Plan Administrator.

7.6 All notices and other communications under the Plan shall be in writing and shall be delivered to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

If to the Plan Administrator, unless otherwise designated by the Company in a written notice to the Eligible Employee:

W&T Offshore, Inc.  
Attn: Executive Vice President and General Counsel  
5718 Westheimer Rd., Suite 700  
Houston, Texas 77057

Eligible Employee shall also provide a copy of written notice to the Compensation Committee Chairman, which shall not constitute notice.

If to the Eligible Employee, at the Eligible Employee's last known address on file with the Company.

Any notice that is delivered personally or by overnight courier or telecopier in the manner provided herein shall be deemed to have been duly given to the Eligible Employee when it is mailed by the Company or, if such notice is not mailed to the Eligible Employee, upon receipt by the Eligible Employee. Any notice that is addressed and mailed in the manner herein provided shall be conclusively presumed to have been given to the party to whom it is addressed at the close of business, local time of the recipient, on the fourth day after the day it is so placed in the mail.

7.7 It is intended that the payments and benefits set forth in the Plan are, to the greatest extent possible, exempt from the application of Internal Revenue Code Section 409A and the regulations and guidance promulgated thereunder (collectively, "Code Section 409A") and the Plan shall be construed and interpreted accordingly. However, if the Company, or if applicable, the successor entity thereto, determines that all or a portion of the payments and benefits provided under the Plan constitute "deferred compensation" under Section 409A, and that the Eligible Employee is a "specified employee" of the Company, or any successor entity thereto, as such term is defined in Section 409A(a)(2)(B)(i), then, solely to the extent necessary to avoid the incurrence of the adverse personal tax consequences under Section 409A, the timing of the applicable payments shall be delayed until the first payroll date following the six-month anniversary of the Eligible Employee's "separation from service" (as defined under Section 409A), and the Company, or if applicable, the successor entity thereto, shall (a) pay to the Eligible Employee a lump-sum amount equal to the sum of the payments that the Eligible Employee would otherwise have received during such six-month period had no such delay been imposed; and (b) commence paying the balance of the payments in accordance with the applicable payment schedule set forth in the Plan. For purposes of Section 409A, an Eligible Employee's right to receive any installment payments under the Plan shall be treated as a right to receive a series of separate and distinct payments. Any benefits or reimbursements provided under the Plan shall be determined by reference to the objective and non-discretionary criteria set forth in the applicable Company benefit plans, the benefits, or reimbursements provided during one taxable year to an Eligible Employee will not affect the benefits or reimbursements provided in any other taxable year, and the right to receive benefits or reimbursements is not subject to liquidation or exchange for any other benefit. The Company makes no representations that the payments and benefits provided under the Plan comply with Section 409A, and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest, or other expenses that may be incurred by the Eligible Employee on account of noncompliance with Section 409A.

7.8 The Plan shall be governed by and construed and interpreted in accordance with the laws of the State of Texas without giving effect to its conflicts of law principles. Each Eligible Employee agrees that the exclusive forum for any action to enforce the Plan, as well as any action relating to our arising out of the Plan, shall be the state and federal courts of the State of Texas.

**EXHIBIT A**

**Eligible Employees**

This Exhibit A will apply to Eligible Employees with the following titles:

1. Executive Vice President and Chief Financial Officer
2. Executive Vice President and Chief Operating Officer
3. Executive Vice President and General Counsel

## **EXHIBIT B**

### **Form of Participation Notice**

This Participation Notice (this "Agreement") is entered into as of the date set forth below (the "Participation Date") by and between [NAME], (the "Eligible Employee"), and W&T Offshore, Inc. (the "Company"). Capitalized terms used herein that are not otherwise defined shall have the meaning ascribed to such terms in the W&T Offshore, Inc. Change in Control Severance Plan, as may be amended from time to time (the "Plan").

[DATE]

[NAME]

Dear [NAME]:

You acknowledge that you have been selected to participate in the Plan. The terms and conditions of your participation are set forth in and governed by the terms of the Plan, including all exhibits thereto, and this participation notice (this "Participation Notice").

By signing this Participation Notice and as a condition to, and in consideration of, your right to participate in the Plan, you hereby expressly acknowledge and agree that your participation in the Plan pursuant to this Participation Notice is subject to all terms and conditions of the Plan, including all appendices thereto.

Please note that you are not required to participate in the Plan and may decline participation in the Plan by not timely returning this Participation Notice.

If you wish to accept participation in the Plan, you must execute this Participation Notice and see that it is returned in person or via email to Jonathan Curth at [jcurth@wtoffshore.com](mailto:jcurth@wtoffshore.com) so that it is received no later than [Date]. This Participation Notice may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement.

If you have any questions regarding this Participation Notice or the Plan, please direct those questions to Jonathan Curth at [jcurth@wtoffshore.com](mailto:jcurth@wtoffshore.com).

Agreed to and accepted:

W&T OFFSHORE, INC.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

PARTICIPANT

\_\_\_\_\_  
[NAME]

\_\_\_\_\_  
Date



## EXHIBIT C

### **Severance Benefits**

1. The Eligible Employee's Salary through the Separation Date, reimbursement for business expenses in accordance with Company policy, accrued and unused paid time off as of the Separation Date, if any, payable in accordance with the Company's vacation policies as in effect as of such date, and vested employee benefits accrued through the Separation Date in accordance with applicable law or the governing plan rules;
2. An amount equal to two times the sum of the Eligible Employee's Salary and Target Bonus, with payment made in a lump sum as soon as practicable, but no later than 10 days after the Release Effective Date and in accordance with Section 409A;
3. Any earned but unpaid annual bonus, if any, with respect to the calendar year ending on or preceding the Separation Date, payable as soon as practicable, but no later than 10 days after the Release Effective Date;
4. A payment equal to the product of (a) the Eligible Employee's target annual bonus for the calendar year that includes the Separation Date and (b) a fraction, the numerator of which is the number of days prior to the Separation Date in the calendar year in which the Separation Date occurs and the denominator of which is the number of days in such year, payable as soon as practicable, but no later than 10 days after the Release Effective Date;
5. Subject to the Eligible Employee's timely election of continuation coverage pursuant to COBRA, the employer portion of continued coverage for a period of 18 months following the Separation Date for the Eligible Employee and his or her eligible dependents under the Company's health plans if and in which the Eligible Employee participated immediately prior to the Separation Date or any equivalent plans maintained by the Company in replacement thereof; and
6. The vesting and forfeiture of any equity incentive awards held by the Eligible Employee will be determined in accordance with the applicable equity incentive plan and award agreement pursuant to which such awards are granted.

## EXHIBIT D

### Agreement and General Release

This General Release of Claims (this "Release" or "Agreement") is entered into by and between [Name] ("Employee") and W&T Offshore, Inc. (the "Company").

WHEREAS:

1. Employee has been employed by the Company;
2. In that connection, Employee's employment has been terminated as of the Separation Date, as defined below; and
3. The parties desire to amicably resolve any and all issues and potential issues between them and to separate on the terms set forth herein.

NOW THEREFORE, the Company and Employee agree as follows:

1. **Separation Date.** Employee's employment with the Company was or will be permanently terminated on [DATE] (the "Separation Date").
2. **Release of Claims.** Employee, for and in consideration of the promises of the Company set forth in this Agreement, and intending to be legally bound hereby, does hereby REMISE, RELEASE AND FOREVER DISCHARGE the Company and its past, present, and future parent organizations, divisions, subsidiaries, affiliates, related entities, successors, predecessors and assigns and its and their directors, partners, officers, shareholders, employees, agents, attorneys, representatives, predecessors, successors, and assigns ("Releasees"), from all claims, actions, causes of action, suits, debts, charges, complaints, demands, losses, liabilities and obligations of any nature whatsoever, that Employee ever had, now has, or hereafter may have, whether known or unknown, asserted or unasserted, in law or in equity, from the beginning of Employee's employment with the Company through the date of this Agreement ("Claims").

This general release includes any Claims arising out of any federal, state or local statutes, regulations, ordinances or common law, and whether based on contract, tort, or statute or any other legal or equitable theory of recovery, including but not limited to claims arising under Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1866, the Civil Rights Act of 1991, the federal Age Discrimination in Employment Act of 1967, the federal Equal Pay Act, the United States Constitution, the federal Employee Retirement Income Security Act, the federal Older Workers Benefit Protection Act, the federal Americans With Disabilities Act, the federal Family and Medical Leave Act, Executive Orders 11246 and 11141, the Worker Adjustment Retraining and Notification Act, the Genetic Information and Non-Discrimination Act, the National Labor Relations Act, the Uniformed Services Employment and Reemployment Rights Act, or the Occupational Safety and Health Act, [INSERT SPECIFIC STATE LAWS AS APPLICABLE] and any other federal, state or local law or ordinances, or any common law claim under tort,

contract or any other theories now or hereafter recognized. [ONLY FOR CALIFORNIA EMPLOYEES: EMPLOYEE ACKNOWLEDGES THAT S/HE IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, AND THAT, WHICH IF KNOWN BY HIM OR HER WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

EMPLOYEE, BEING AWARE OF SAID CODE SECTION, HEREBY EXPRESSLY WAIVES ANY RIGHTS S/HE MAY HAVE THEREUNDER, AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT.]

1. The general release recited in this paragraph shall include any and all Claims which Employee may have for any type of damages cognizable under any of the laws referenced herein, including, but not limited to, any and all claims for compensatory damages, punitive damages, and attorneys' fees and costs.

2. Employee also agrees that this general release should be interpreted as broadly as possible to achieve Employee's intention to waive all of his/her Claims against the Releasees.

3. **Claims Not Released.** Notwithstanding the above, pursuant to this Release, Employee is not waiving claims filed under any state workers' compensation or unemployment law or challenges to the validity of this Agreement under the Older Workers Benefits Protection Act. Employee is also not waiving any claim for pension benefits or worker's compensation benefits, which may arise in the future; claims to any benefit entitlements vested as of the date of Employee's employment termination, pursuant to written terms of any Company employee benefit plan; Employee's right to payment and benefits under the Change in Control Severance Plan that are contingent upon the execution by Employee of this Release; and Employee's existing rights as an equity holder under any operating agreement, stockholders' agreement or similar agreement of the Company and any vested rights under any equity compensation plans, agreements or arrangements sponsored or maintained by the Company.

4. **Agreement Not to Sue.** Employee expressly represents that Employee has not filed a lawsuit or initiated any other administrative proceedings against the Releasees, and that Employee has not assigned any claim against the Releasees to any other person or entity. Employee further promises not to initiate a lawsuit against the Releasees relating to any Claim arising prior to the date of execution of this Agreement, except that nothing in this Agreement shall bar Employee's right to file an administrative charge with the Securities and Exchange Commission

("SEC"), the Equal Employment Opportunity Commission ("EEOC"), the United States Department of Labor ("DOL"), the National Labor Relations Board ("NLRB"), or any other federal, state or local agency; prevent Employee from reporting to any government agency any concerns Employee may have regarding the Company's practices; or preclude Employee's participation in an investigation by the SEC, EEOC, DOL, NLRB or any other federal, state or local agency. Should any entity, agency, commission, or person file a charge, action, complaint or lawsuit against the Releasees based upon any of the above-released Claims, Employee agrees that this Agreement bars Employee's right to recover any relief whatsoever (including monetary relief), except that Employee may receive an award from the SEC under the federal securities laws.

5. [IF OVER 40: **No Waiver of Future Age Discrimination Claims.** Employee understands that, by this Release, Employee does not waive any rights or claims under the Age Discrimination in Employment Act, 29 U.S.C. Section 621 et seq. that may arise after Employee's execution of this Agreement.]

6. **No Admission of Liability.** Employee agrees and understands that the execution of this Agreement shall not constitute or be construed as an admission by the Company of any liability to, or of the validity of any Claim whatsoever by Employee. The Company specifically denies any liability to Employee on the part of itself, its directors, officers, agents, employees and representatives.

7. **Protected Disclosures.** Notwithstanding anything to the contrary contained herein, however, no provision of this Release shall be interpreted so as to impede Employee (or any other individual) from reporting possible violations of federal law or regulation to any governmental agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General, or making other disclosures under the whistleblower provisions of federal law or regulation. Employee does not need the prior authorization of the Company or the Company's legal department to make any such reports or disclosures and Employee shall not be not required to notify the Company that such reports or disclosures have been made.

8. **Non-Disparagement.** Employee agrees not to slander or defame and otherwise disparage the Company, the Releasees, or any officer, director, employee, or agent thereof.

9. **References.** Employees agrees to direct all third party inquiries regarding his/her employment at the Company, including but not limited to all inquiries from prospective employers, to the Company, who shall, consistent with Company policy, advise such inquiring parties of the following information: dates of employment with the Company, positions held during Employee's employment with the Company and, where applicable law allows and if requested by the party making the inquiry, Employee's final base salary with the Company.

10. **Confidentiality.** Employee agrees that the terms and conditions of this Agreement shall remain confidential between the parties, and Employee shall not disclose them to any person outside of Employee's immediate family, tax advisor, or attorney after first obtaining that individual's agreement to keep the information confidential and not disclose it to others, unless

pursuant to a valid subpoena. If Employee breaches this confidentiality provision, Employee agrees that the Company shall have the right to seek an injunction and/or damages, and if Employee is found by a court to be in breach or responsible for a breach of this provision, Employee agrees that s/he will be liable to the Company for actual damages and remedies that the Company may recover by law.

11. **Successors and Assigns.** This Release is binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, personal or legal representatives, successors and assigns.

12. **Waiver.** If a party, by its actions or omissions, waives or is adjudged to have waived any breach of this Release, any such waiver shall not operate as a waiver of any other subsequent breach of this Release.

13. **Severability.** If any provision of this Release is or shall be declared invalid or unenforceable by a court of competent jurisdiction, the remaining provisions shall not be affected thereby and shall remain in full force and effect.

14. [ONLY FOR EMPLOYEES IN STATES OTHER THAN CALIFORNIA: **Choice of Law; Arbitration and Class Action Waiver.** Except for the arbitration agreement set forth in this paragraph, which is governed by the Federal Arbitration Act, 9 U.S.C. § 1 *et seq.*, this Agreement and the rights and obligations hereunder shall be governed by, and construed and interpreted in all respects in accordance with, the laws of the State of Texas, without regard to conflict of law principles. Employee and the Company understand and agree that, except as to the matters discussed in Paragraph 4, in the event there is any dispute or claim arising out of or relating to Employee's general release of claims set forth in Paragraph 2, Employee's employment and Employee's separation of employment with the Company, and/or this Agreement, including, without limitation, a dispute about the validity, enforceability or coverage of the Release, the arbitrability of a claim, this paragraph, and the release or the assertion of a claim covered by the release, all such disputes or claims will be resolved exclusively through final and binding arbitration. The parties understand that, by this paragraph, they are waiving any right they have to a jury trial. Employee understands that his/her claim(s) will be heard by an arbitrator, not a judge. Employee also agrees to waive his/her right to asset class or collective action claims in arbitration; that is, Employee must bring any claims in Employee's individual capacity, and not as a plaintiff or class member in any purported class or representative proceeding. This binding arbitration provision is governed by the Federal Arbitration Act (9 U.S.C. §§ 1-16) and not intended to cover claims that cannot by federal law be required to be arbitrated. The American Arbitration Association's Employment Arbitration Rules ("AAA Employment Rules") will govern any arbitration proceeding initiated under this paragraph. The AAA Employment Rules, which include an explanation of the process for commencing an arbitration and other rules governing an arbitration, may be found at the AAA's web site: [www.adr.org](http://www.adr.org). The Company agrees to pay the AAA administrative fees, as well as the Arbitrator's fees and expenses. Employee understands and agrees that he or she is responsible to pay his/her own legal fees and expenses associated with any arbitration proceeding, subject to the Arbitrator's authority to award attorney fees, costs or other remedies in accordance with applicable law. A party may apply to a court of competent jurisdiction

for temporary or preliminary injunctive relief in connection with an arbitrable controversy, but only upon the ground that the award to which that party may be entitled may be rendered ineffectual without such provisional relief. Notwithstanding any other clause contained in this paragraph or the AAA Employment Rules, any claim that all or part of any "Class Action Waiver" is invalid, unenforceable, unconscionable, void or voidable may be determined only by a court of competent jurisdiction and not by an arbitrator. Subject to this paragraph, any action arising out of this Release which requires a decision from a court of competent jurisdiction will be brought in the federal or state courts of Dallas County, and Employee consents to the exclusive jurisdiction of such courts for these purposes. By initialing, Employee acknowledges that Employee has read and understands this paragraph. Employee Initials: \_\_\_\_\_.]

[ONLY FOR EMPLOYEES IN CALIFORNIA: **Arbitration.** Employee and the Company understand and agree that, except as to the matters discussed in Paragraph 4, in the event there is any dispute or claim arising out of or relating to Employee's general release of claims set forth in Paragraph 2, Employee's employment and Employee's separation of employment with the Company, and/or this Agreement, including, without limitation, a dispute about the validity, enforceability or coverage of the Agreement, the arbitrability of a claim, this paragraph, and the release or the assertion of a claim covered by the release, all such disputes or claims will be resolved exclusively through final and binding arbitration. The parties understand that, by this paragraph, they are waiving any right they may have to a jury trial. Employee understands that his/her claim(s) will be heard by an arbitrator, not a judge. This binding arbitration provision is governed by the Federal Arbitration Act (9 U.S.C. §§ 1-16) and not intended to cover claims that cannot by federal law be required to be arbitrated. The American Arbitration Association's Employment Arbitration Rules ("AAA Employment Rules") will govern any arbitration proceeding initiated under this paragraph. The AAA Employment Rules, which include an explanation of the process for commencing an arbitration and other rules governing an arbitration, may be found at the AAA's web site: [www.adr.org](http://www.adr.org). The Company agrees to pay the AAA administrative fees, as well as the Arbitrator's fees and expenses. Employee understands and agrees that he or she is responsible to pay his/her own legal fees and expenses associated with any arbitration proceeding, subject to the Arbitrator's authority to award attorney fees, costs or other remedies in accordance with applicable law. A party may apply to a court of competent jurisdiction for temporary or preliminary injunctive relief in connection with an arbitrable controversy, but only upon the ground that the award to which that party may be entitled may be rendered ineffectual without such provisional relief. By initialing, Employee acknowledges that Employee has read and understands this paragraph. Employee Initials: \_\_\_\_\_.]

15. **Time to Consider.** Employee acknowledges that Employee has been provided with [a reasonable period of time][at least twenty-one (21) calendar days][at least forty-five (45) calendar days]<sup>1</sup> (the "Review Period") to consider the offer of this Release prior to entering into it. Any modifications made to this Release, whether material or not, shall not extend or re-start the

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<sup>1</sup> **Note to Draft:** If under 40 (whether single termination or RIF/layoff): only required to give "a reasonable period of time." If single termination and over 40: must give 21 days + 7 day revocation period. If multiple terminations (RIF/layoff) and over 40: must give 45 days + 7 day revocation period.

Review Period. Employee agrees to notify the Company of acceptance of this Release by delivering a signed copy of the Release to the Company, via DocuSign, or to [INSERT NAME], [INSERT TITLE], at [INSERT EMAIL], within the Review Period. Employee understands that the entire Review Period may be taken to consider this Agreement. Employee may return this Release in less than the full Review Period[, but not before Employee's Separation Date]<sup>2</sup>. By signing and returning this Release, Employee acknowledges that the Review Period afforded Employee was a reasonable period of time to consider fully each and every term of this Release, including the general release set forth in Paragraph 2.

16. [IF OVER 40: **Revocation.** Employee acknowledges, if Employee chooses to do so, that Employee shall have seven (7) calendar days after signing this Release to revoke this Release only as it pertains to Employee's federal age discrimination claim(s). If Employee elects to revoke this Release only as it pertains to any federal age discrimination claim(s), written notice of such revocation must be delivered to [INSERT NAME] at the Company at the addresses above in such a manner that it is actually received by him/her within the seven (7) calendar-day period.]

17. **Advice of Counsel.** Employee is advised to consult with legal counsel of Employee's choosing, at Employee's own expense, regarding the meaning and binding effect of this Release prior to executing it.

18. **Counterparts.** This Release may be signed in counterparts and each signed counterpart shall have the same full force and effect as if it were fully executed by all parties.

EMPLOYEE EXPRESSLY ACKNOWLEDGES THAT EMPLOYEE HAS READ THE FOREGOING, THAT EMPLOYEE HAS HAD SUFFICIENT TIME TO REVIEW IT WITH AN ATTORNEY OF EMPLOYEE'S CHOOSING, THAT EMPLOYEE UNDERSTANDS THE RELEASES TERMS AND CONDITIONS AND THAT EMPLOYEE INTENDS TO BE LEGALLY BOUND BY IT.

IN WITNESS THEREOF, the parties have executed this Release.

DO NOT SIGN THIS RELEASE BEFORE THE CLOSE OF BUSINESS ON THE SEPARATION DATE SET FORTH ABOVE.

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<sup>2</sup> **Note to Draft:** Delete in non-RIF/layoff where employee does not receive separation agreement before the Separation Date.

EMPLOYEE

W&T OFFSHORE, INC.

Signed: \_\_\_\_\_

Signed: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

D-7

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**W&T OFFSHORE, INC.**  
**AMENDED AND RESTATED INCENTIVE COMPENSATION PLAN**  
**RESTRICTED STOCK UNIT GRANT NOTICE**  
**(Service-based Vesting)**

Pursuant to the terms and conditions of the W&T Offshore, Inc. Amended and Restated Incentive Compensation Plan, as amended from time to time (the "**Plan**"), W&T Offshore, Inc., a Texas Corporation (the "**Company**"), hereby grants to the individual listed below ("**you**" or the "**Participant**") the number of Restricted Stock Units (the "**RSUs**"). This award of RSUs (this "**Award**") is subject to the terms and conditions set forth herein and in the Restricted Stock Unit Agreement attached hereto as Exhibit A (the "**Agreement**") and the Plan, each of which is incorporated herein by reference. Capitalized terms used but not defined herein shall have the meanings set forth in the Plan.

**Participant:**

**Date of Grant:**

**Total Number of Restricted  
Stock Units:**

\_\_\_\_\_

**Vesting Commencement Date:**

\_\_\_\_\_

**Vesting Schedule:**

Subject to Section 3(b) of the Agreement, the Plan and the other terms and conditions set forth herein, the Award shall vest and become exercisable according to the following schedule: [vesting schedule to be inserted].

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By your signature below, you agree to be bound by the terms and conditions of the Plan, the Agreement and this Restricted Stock Unit Grant Notice (this "**Grant Notice**"). You acknowledge that you have reviewed the Agreement, the Plan and this Grant Notice in their entirety and fully understand all provisions of the Agreement, the Plan and this Grant Notice. You hereby agree to accept as binding, conclusive and final all decisions or interpretations of the Committee regarding any questions or determinations that arise under the Agreement, the Plan or this Grant Notice. This Grant Notice may be executed in one or more counterparts (including portable document format (.pdf) and facsimile counterparts), each of which shall be deemed to be an original, but all of which together shall constitute one and the same agreement.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, the Company has caused this Grant Notice to be executed by an officer thereunto duly authorized, and the Participant has executed this Grant Notice, effective for all purposes as provided above.

**W&T OFFSHORE, INC.**

By: \_\_\_\_\_  
Name:  
Title:

**PARTICIPANT**

\_\_\_\_\_  
Name:

**EXHIBIT A****RESTRICTED STOCK UNIT AGREEMENT**

This Restricted Stock Unit Agreement (together with the Grant Notice to which this Agreement is attached, this “*Agreement*”) is made as of the Date of Grant set forth in the Grant Notice to which this Agreement is attached by and between W&T Offshore, Inc., a Texas corporation (the “*Company*”), and (“*you*” or the “*Participant*”). Capitalized terms used but not specifically defined herein shall have the meanings specified in the Plan or the Grant Notice.

1. **Definitions.** For purposes of this Agreement, the following terms shall have the meanings specified below.

(a) “**Cause**” means “cause” (or a term of like import) as defined under an Individual Agreement or, in the absence of such an Individual Agreement that defines “cause” (or a term of like import), Cause shall mean a Cause for termination by the Company of the Participant’s employment, this will include, but not be limited to, (i) the Participant’s unauthorized use or disclosure of confidential information or trade secrets of the Company or an affiliate or any material breach of a written agreement between the Participant and the Company, including without limitation a material breach of any employment, confidentiality, non-compete, non-solicit or similar agreement, (ii) the Participant’s commission of, indictment for or the entry of a plea of guilty or nolo contendere by the Participant to, a felony under the laws of the United States or any state thereof or any crime involving dishonesty or moral turpitude (or any similar crime in any jurisdiction outside of the United States), (iii) the Participant’s gross negligence or willful misconduct, (iv) the Participant’s willful or repeated failure or refusal to substantially perform assigned duties, (v) any act of fraud, embezzlement, material misappropriation or dishonesty committed by the Participant against the Company or any affiliate, (vi) any acts, omissions or statements by the Participant which the Company reasonably determines to be materially detrimental or damaging to the reputation, operations, prospects or business relations of the Company, or (vii) a material violation of the Company’s written policies or codes of conduct, including written policies related to discrimination, harassment, performance of illegal or unethical activities, and ethical misconduct.

(b) “**Disability**” means “disability” (or a term of like import) as defined under an Individual Agreement or, in the absence of such an Individual Agreement that defines “**disability**” (or a term of like import), Disability shall mean (i) a physical or mental impairment of sufficient severity that, in the sole discretion of the Company, (A) you are unable to continue performing the duties assigned to you prior to such impairment or (B) your condition entitles you to disability benefits under any insurance or employee benefit plan of the Company or its Subsidiaries, and (ii) the impairment or condition is cited by the Company as the reason for your termination; provided, however, that in all cases, the term Disability shall be applied and interpreted in compliance with the Nonqualified Deferred Compensation Rules.

(c) “**Individual Agreement**” means an employment, severance, change in control or other agreement governing your service relationship with the Company or any affiliate.

2. **Award.** In consideration of the Participant’s past and/or continued employment with, or service to, the Company or its affiliates and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, effective as of the Date of Grant set forth in the Grant Notice (the “**Date of Grant**”), the Company hereby grants to the Participant the number of RSUs set forth in the Grant Notice, this Agreement and the Plan, which is incorporated herein by reference as a part of this Agreement. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control. Each RSU represents the right to receive one share of Stock, or the cash equivalent thereof, or any combination of both at the Company’s sole discretion, subject to the terms and conditions set forth in the Grant Notice, this Agreement and the Plan at the time the RSU have vested. Unless and until the Award has become vested in the manner set forth in the Grant Notice, the Participant will have no right to receive any Stock or other payments in respect of the Award. Prior to settlement of the Award, the Award represents an unsecured obligation of the Company, payable only from the general assets of the Company.

3. **Vesting of Award.**

(a) Except as otherwise set forth in the remainder of this Section 3, the Award shall vest in accordance with the vesting schedule set forth in the Grant Notice. Unless and until the RSUs have vested in accordance with such vesting schedule, the Participant will have no right to receive any dividends or other distribution with respect to the RSUs. In the event of the termination of the Participant’s employment or other service relationship prior to the vesting of all of the Award (but after giving effect to any accelerated vesting pursuant to this Section 3), any unvested Award (and all rights arising from such Award and from being a holder thereof) will terminate automatically without any further action by the Company and will be forfeited and cancelled without further notice and at no cost to the Company.

(b) Notwithstanding anything in the Grant Notice, this Agreement or the Plan to the contrary, subject to Section 11, the Award shall immediately become fully vested upon (i) the termination of the Participant’s employment or other service relationship with the Company or an affiliate due to the Participant’s Disability or death, or (ii) upon a termination of the Participant’s employment or other service relationship with the Company or an affiliate, by the Company without Cause[ or by the Participant for Good Reason (as defined in the W&T Offshore, Inc. Change in Control Severance Plan)]<sup>1</sup> within one year following the consummation of a Change in Control.

4. **Dividend Equivalents.** In the event that the Company declares and pays a dividend in respect of its outstanding shares of Stock and, on the record date for such

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<sup>1</sup> Note to Draft: For Executive Vice President Participants only.

dividend, the Participant holds RSUs granted pursuant to this Agreement that have not yet been settled, the Company shall record the amount of such dividend in a bookkeeping account and pay to the Participant an amount in cash equal to the cash dividends the Participant would have received if the Participant was the holder of record, as of such record date, of a number of shares of Stock equal to the number of RSUs held by the Participant that have not yet been settled as of such record date and such payment will be made on or within 60 days following the date on which such RSUs vest in accordance with Section 3. For purposes of clarity, if the RSUs (or any portion thereof) are forfeited by the Participant pursuant to the terms of this Agreement, then the Participant shall also forfeit the Dividend Equivalents, if any, accrued with respect to such forfeited RSUs. No interest will accrue on the Dividend Equivalents between the declaration and payment of the applicable dividends and the settlement of the Dividend Equivalents.

5. **Settlement of Award.** If the Participant is subject to Section 16(b) of the Exchange Act, the vested RSUs will be settled in the form of shares of Stock; provided, however, that the Committee shall retain the authority to modify the settlement form of the vested RSUs at any time prior to the applicable vesting date. If the Participant is not subject to Section 16(b) of the Exchange Act, the Committee, in its sole discretion, shall determine at the time of settlement whether the vested RSUs will be settled: (a) in a single lump sum cash payment in an amount equal to the Fair Market Value of Stock as of the date of settlement multiplied by the number of vested RSUs to be settled, (b) in shares of such Stock, or (c) in a combination of cash and shares of Stock. Notwithstanding anything to the contrary within this Agreement or the Plan, the Committee retains the sole discretion to modify the form or amount of settlement of the Award at any time in order to maintain compliance with internal policies regarding the dilution of Stock, [insert the following clause if the Award is subject to a Committee policy limiting the number of shares of Stock for settlement in any award year: including the Committee's policy in effect on the Date of Grant that no more than [insert annual aggregate annual limit of shares] shares of Stock shall be used for settlement of all equity-based compensation awards granted during the [insert award year] calendar year]. The applicable settlement of the vested Award will occur as soon as administratively practicable following the vesting of the Award pursuant to Section 3, but in no event later than 30 days after such vesting date. No fractional shares of Stock, nor the cash value of any fractional shares of Stock, shall be issuable or payable to the Participant pursuant to this Agreement. All shares of Stock, if any, issued hereunder shall be delivered either by delivering one or more certificates for such shares to the Participant or by entering such shares in book-entry form, as determined by the Committee in its sole discretion. The value of shares of Stock shall not bear any interest owing to the passage of time. Neither this Section 5 nor any action taken pursuant to or in accordance with this Agreement shall be construed to create a trust or a funded or secured obligation of any kind.

6. **Tax Withholding.** To the extent that the receipt, vesting or settlement of the Award results in compensation income or wages to the Participant for federal, state, local and/or foreign tax purposes, then (a) for any Participant that is subject to Section 16(b) of the Exchange Act, with respect to any portion of the Award that is required to be settled in the form of Stock pursuant to Section 5 above, the Company shall withhold from the Stock to be issued the number of shares of Stock necessary to satisfy the applicable

7. tax obligation for that portion of the Award, unless the Committee takes action to provide for a different withholding method prior to the date of the event giving rise to the tax withholding obligation, and (b) for any Participant that is not subject to Section 16(b) of the Exchange Act, or with respect to any portion of the Award that is settled in the form of a cash payment, the Participant shall make arrangements satisfactory to the Company for the satisfaction of obligations for the payment of withholding taxes and other tax obligations relating to the Award, which arrangements include the delivery of cash or cash equivalents, Stock (including previously owned Stock, net settlement, a broker-assisted sale, or other cashless withholding or reduction of the amount of shares otherwise issuable or delivered pursuant to the Award), other property, or any other legal consideration the Committee deems appropriate. If such tax obligations are satisfied through net settlement or the surrender of previously owned Stock, the maximum number of shares of Stock that may be so withheld (or surrendered) shall be the number of shares of Stock that have an aggregate Fair Market Value on the date of withholding or surrender equal to the aggregate amount of such tax liabilities determined based on the greatest withholding rates for federal, state, local and/or foreign tax purposes, including payroll taxes, that may be utilized without creating adverse accounting treatment for the Company with respect to the Award, as determined by the Committee. The Participant acknowledges that there may be adverse tax consequences upon the receipt, vesting or settlement of the Award or disposition of the underlying shares and that the Participant has been advised, and hereby is advised, to consult a tax advisor. The Participant represents that the Participant is in no manner relying on the Board, the Committee, the Company or an affiliate or any of their respective managers, directors, officers, employees or authorized representatives (including, without limitation, attorneys, accountants, consultants, bankers, lenders, prospective lenders and financial representatives) for tax advice or an assessment of such tax consequences.

8. **Non-Transferability.** During the lifetime of the Participant, the RSUs may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution, unless and until the shares of Stock underlying the RSUs have been issued, and all restrictions applicable to such shares have lapsed. Neither the Award nor any interest or right therein shall be liable for the debts, contracts or engagements of the Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means, whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence.

9. **Compliance with Applicable Law.** Notwithstanding any provision of this Agreement to the contrary, the issuance of shares of Stock hereunder will be subject to compliance with all applicable requirements of applicable law with respect to such securities and with the requirements of any stock exchange or market system upon which the Stock may then be listed. No shares of Stock will be issued hereunder if such issuance would constitute a violation of any applicable law or regulation or the requirements of any stock exchange or market system upon which the Stock may then be listed. In addition, shares of Stock will not be issued hereunder unless (a) a registration statement under the

Securities Act is in effect at the time of such issuance with respect to the shares to be issued or (b) in the opinion of legal counsel to the Company, the shares to be issued are permitted to be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary for the lawful issuance and sale of any shares of Stock hereunder will relieve the Company of any liability in respect of the failure to issue such shares as to which such requisite authority has not been obtained. As a condition to any issuance of Stock hereunder, the Company may require the Participant to satisfy any requirements that may be necessary or appropriate to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect to such compliance as may be requested by the Company. The Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all applicable laws and, to the extent applicable laws permit, will be deemed amended as necessary to conform to applicable laws.

10. **Legends.** If a stock certificate is issued with respect to shares of Stock issued hereunder, such certificate shall bear such legend or legends as the Committee deems appropriate in order to reflect the restrictions set forth in this Agreement and to ensure compliance with the terms and provisions of this Agreement, the rules, regulations and other requirements of the SEC, any applicable laws or the requirements of any stock exchange on which the Stock is then listed. If the shares of Stock issued hereunder are held in book-entry form, then such entry will reflect that the shares are subject to the restrictions set forth in this Agreement.

11. **Rights as a Stockholder.** The Participant shall have no rights as a stockholder of the Company with respect to any shares of Stock that may become deliverable hereunder unless and until the Participant has become the holder of record of such shares of Stock, and no adjustments shall be made for dividends in cash or other property, distributions or other rights in respect of any such shares of Stock, except as otherwise specifically provided for in the Plan or this Agreement.

12. **Execution of Receipts and Releases.** Any issuance or transfer of shares of Stock or other property to the Participant or the Participant's legal representative, heir, legatee or distributee, in accordance with this Agreement shall be in full satisfaction of all claims of such Person hereunder. As a condition precedent to such payment or issuance, the Company may require the Participant or the Participant's legal representative, heir, legatee or distributee to execute (and not revoke within any time provided to do so) a release and receipt therefor in such form as it shall determine appropriate; provided, however, that any review period under such release will not modify the date of settlement with respect to vested Award.

13. **No Right to Continued Employment, Service or Awards.** Nothing in the adoption of the Plan, nor the award of the Award thereunder pursuant to the Grant Notice and this Agreement, shall confer upon the Participant the right to continued employment by, or a continued service relationship with, the Company or any affiliate, or any other entity, or affect in any way the right of the Company or any such affiliate, or any other



entity to terminate such employment or other service relationship at any time. The grant of the Award is a one-time benefit and does not create any contractual or other right to receive a grant of Awards or benefits in lieu of Awards in the future. Any future Awards will be granted at the sole discretion of the Company.

14. **Legal and Equitable Remedies.** The Participant acknowledges that a violation or attempted breach of any of the Participant's covenants and agreements in this Agreement will cause such damage as will be irreparable, the exact amount of which would be difficult to ascertain and for which there will be no adequate remedy at law, and accordingly, the parties hereto agree that the Company and its affiliates shall be entitled as a matter of right to an injunction issued by any court of competent jurisdiction, restraining the Participant or the affiliates, partners or agents of the Participant from such breach or attempted violation of such covenants and agreements, as well as to recover from the Participant any and all costs and expenses sustained or incurred by the Company or any affiliate in obtaining such an injunction, including, without limitation, reasonable attorneys' fees. The parties to this Agreement agree that no bond or other security shall be required in connection with such injunction. Any exercise by either of the parties to this Agreement of its rights pursuant to this Section 13 shall be cumulative and in addition to any other remedies to which such party may be entitled.

15. **Notices.** All notices and other communications under this Agreement shall be in writing and shall be delivered to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

If to the Company, unless otherwise designated by the Company in a written notice to the Participant (or other holder):

W&T Offshore, Inc.  
Attn: Vice President and General Counsel  
5718 Westheimer Rd., Suite 700  
Houston, Texas 77057

If to the Participant, at the Participant's last known address on filed with the Company.

Any notice that is delivered personally or by overnight courier or telecopier in the manner provided herein shall be deemed to have been duly given to the Participant when it is mailed by the Company or, if such notice is not mailed to the Participant, upon receipt by the Participant. Any notice that is addressed and mailed in the manner herein provided shall be conclusively presumed to have been given to the party to whom it is addressed at the close of business, local time of the recipient, on the fourth day after the day it is so placed in the mail.

16. **Consent to Electronic Delivery; Electronic Signature.** In lieu of receiving documents in paper format, the Participant agrees, to the fullest extent permitted by law, to accept electronic delivery of any documents that the Company may be required to deliver (including, but not limited to, prospectuses, prospectus supplements, grant or

award notifications and agreements, account statements, annual and quarterly reports and all other forms of communications) in connection with this and any other Award made or offered by the Company. Electronic delivery may be via a Company electronic mail system or by reference to a location on a Company intranet to which the Participant has access. The Participant hereby consents to any and all procedures the Company has established or may establish for an electronic signature system for delivery and acceptance of any such documents that the Company may be required to deliver, and agrees that his or her electronic signature is the same as, and shall have the same force and effect as, his or her manual signature.

17. **Agreement to Furnish Information.** The Participant agrees to furnish to the Company all information requested by the Company to enable it to comply with any reporting or other requirement imposed upon the Company by or under any applicable statute or regulation.

18. **Entire Agreement; Amendment.** This Agreement constitutes the entire agreement of the parties with regard to the subject matter hereof, and contains all the covenants, promises, representations, warranties and agreements between the parties with respect to the Award granted hereby; provided, however, that the terms of this Agreement shall not modify and shall be subject to the terms and conditions of any Individual Agreement in effect as of the date a determination is to be made under this Agreement. Without limiting the scope of the preceding sentence, except as provided therein, all prior understandings and agreements, if any, among the parties hereto relating to the subject matter hereof are hereby null and void and of no further force and effect. The Committee may, in its sole discretion, amend, adjust, modify or terminate this Agreement from time to time in any manner that is not inconsistent with the Plan; provided, however, that except as otherwise provided in the Plan or this Agreement, any such amendment that materially reduces the rights of the Participant shall be effective only if it is in writing and signed by both the Participant and an authorized officer of the Company.

19. **Severability and Waiver.** If a court of competent jurisdiction determines that any provision of this Agreement is invalid or unenforceable, then the invalidity or unenforceability of such provision shall not affect the validity or enforceability of any other provision of this Agreement, and all other provisions shall remain in full force and effect. Waiver by any party of any breach of this Agreement or failure to exercise any right hereunder shall not be deemed to be a waiver of any other breach or right. The failure of any party to take action by reason of such breach or to exercise any such right shall not deprive the party of the right to take action at any time while or after such breach or condition giving rise to such rights continues.

20. **Clawback.** Notwithstanding any provision in the Grant Notice, this Agreement or the Plan to the contrary, to the extent required by (a) any applicable law, including, without limitation, the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, any SEC rule or any applicable securities exchange listing standards and/or (b) any policy that may be adopted or amended by the Board from time to time, all shares of Stock issued or any benefits received hereunder shall be subject to clawback, rescission, payback, reduction, forfeiture, repurchase, recoupment,

cancellation and/or other similar action to the extent necessary to comply with any such law(s) and/or Company policy. The Participant's acceptance of an Award will constitute the Participant's acknowledgment of and consent to the Company's application, implementation and enforcement of any applicable Company clawback or similar policy that may apply to the Participant, whether adopted before or after the Date of Grant and any applicable law relating to clawback, rescission, payback, reduction, forfeiture, repurchase, recoupment, cancellation and/or other similar action of compensation and the Participant agrees that the Company may take any actions that may be necessary to effectuate any such policy or applicable law without further consideration or action.

21. **Governing Law.** THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED THEREIN, EXCLUSIVE OF THE CONFLICT OF LAWS PROVISIONS OF TEXAS LAW.

22. **Successors and Assigns.** The Company may assign any of its rights under this Agreement without the Participant's consent. This Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein and in the Plan, this Agreement will be binding upon the Participant and the Participant's beneficiaries, executors, administrators and the Person(s) to whom the Award may be transferred by will or the laws of descent or distribution.

23. **Headings.** Headings are for convenience only and are not deemed to be part of this Agreement.

24. **Counterparts.** The Grant Notice may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument. Delivery of an executed counterpart of the Grant Notice by facsimile or portable document format (.pdf) attachment to electronic mail shall be effective as delivery of a manually executed counterpart of the Grant Notice.

25. **Section 409A.** Notwithstanding anything herein or in the Plan to the contrary, the Award granted pursuant to this Agreement is intended to be exempt from the applicable requirements of the Nonqualified Deferred Compensation Rules and shall be limited, construed and interpreted in accordance with such intent. Nevertheless, to the extent that the Committee determines that the Award may not be exempt from the Nonqualified Deferred Compensation Rules, then, if the Participant is deemed to be a "specified employee" within the meaning of the Nonqualified Deferred Compensation Rules, as determined by the Committee, at a time when the Participant becomes eligible for settlement of the Award upon his "separation from service" within the meaning of the Nonqualified Deferred Compensation Rules, then to the extent necessary to prevent any accelerated or additional tax under the Nonqualified Deferred Compensation Rules, any shares of Stock subject to the Award that are subject to the Nonqualified Deferred Compensation Rules that otherwise would have been settled during the first six months following the Participant's separation from service, such settlement will be delayed until

the earlier of, (a) the date that is seven months following the Participant's separation from service or (b) the Participant's death. Notwithstanding the foregoing, the Company and its affiliates make no representations that the Award provided under this Agreement is exempt from or compliant with the Nonqualified Deferred Compensation Rules and in no event shall the Company or any affiliate be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Participant on account of non-compliance with the Nonqualified Deferred Compensation Rules.

W&T OFFSHORE, INC.

AMENDED AND RESTATED INCENTIVE COMPENSATION PLAN

RESTRICTED STOCK UNIT GRANT NOTICE  
(Performance Vesting)

Pursuant to the terms and conditions of the W&T Offshore, Inc. Amended and Restated Incentive Compensation Plan, as amended from time to time (the “*Plan*”), W&T Offshore, Inc., a Texas Corporation (the “*Company*”), hereby grants to the individual listed below (“*you*” or the “*Participant*”) the number of performance-based restricted stock units (the “*PSUs*”). This award of PSUs (this “*Award*”) is subject to the terms and conditions set forth herein and in the Restricted Stock Unit Agreement attached hereto as Exhibit A (the “*Agreement*”) and the Plan, each of which is incorporated herein by reference. Capitalized terms used but not defined herein shall have the meanings set forth in the Plan.

**Participant:** \_\_\_\_\_

**Date of Grant:** \_\_\_\_\_

**Award Type and Description:** The PSU is a Restricted Stock Unit Award granted as a Performance Award pursuant to Sections 6(e) and 8 of the Plan. This Award represents the right to receive shares of Stock in an amount up to 200% of the Target PSUs (defined below), subject to the terms and conditions set forth herein and in the Agreement.

Your right to receive settlement of this Award in an amount ranging from 0% to 200% of the Target PSUs shall vest and become earned and nonforfeitable upon (i) your satisfaction of the continued employment or service requirements described below under “*Service Requirement*” and (ii) the Committee’s certification of the level of achievement of the Performance Goal (defined below) (“*Earned PSUs*” or the “*Earned Award*”). The portion of the Target PSUs actually earned upon satisfaction of both of the foregoing requirements is referred to herein as the “*Vested PSUs*” or the “*Vested Award*.”

**Target Number of PSUs:** \_\_\_\_\_ (the “*Target PSUs*”).

**Performance Period:** [Insert period beginning on the Performance Period commencement date and ending on the Performance Period end date].

**Service Requirement:** Except as expressly provided in Sections 4 and 5 of the Agreement, you must remain continuously employed by, or continuously provide services to, the Company or an affiliate,



as applicable, from the Date of Grant through [insert Service Vesting Date] (the “*Service Vesting Date*”) to be eligible to receive payment of this Award, which is also based on the level of achievement with respect to the Performance Goal (as defined below).

**Performance Goal:**

Subject to the terms and conditions set forth in the Plan, the Agreement and herein, the number of Target PSUs, if any, that become Earned PSUs during the Performance Period will be determined in accordance with the following table:

<b>Level of Achievement</b>
<b>Percentage of Target PSUs Earned*</b>
< Threshold
0%
Threshold
[insert %]
Target
[insert %]
Maximum
[insert %]

\*The percentage of Target PSUs that become Earned PSUs for performance between the threshold, target and maximum achievement levels shall be calculated using linear interpolation.

The “*Performance Goal*” for the Performance Period is based on the [insert performance goal description], as described in Exhibit B attached hereto.

**Settlement:**

Settlement of the Vested PSUs shall be made in shares of Stock, cash, or a combination of Stock and cash, in accordance with Section 6 of the Agreement.

By your signature below, you agree to be bound by the terms and conditions of the Plan, the Agreement and this Restricted Stock Unit Grant Notice (this “*Grant Notice*”). You acknowledge that you have reviewed the Agreement, the Plan and this Grant Notice in their entirety and fully understand all provisions of the Agreement, the Plan and this Grant Notice. You hereby agree to accept as binding, conclusive and final all decisions or interpretations of the Committee regarding any questions or determinations that arise under the Agreement, the Plan or this Grant Notice. This Grant Notice may be executed in one or more counterparts (including portable document format (.pdf) and facsimile counterparts),

each of which shall be deemed to be an original, but all of which together shall constitute one and the same agreement.

*[Signature Page Follows]*

3

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**IN WITNESS WHEREOF**, the Company has caused this Grant Notice to be executed by an officer thereunto duly authorized, and the Participant has executed this Grant Notice, effective for all purposes as provided above.

**W&T OFFSHORE, INC.**

By: \_\_\_\_\_

Name:

Title:

**PARTICIPANT**

\_\_\_\_\_  
Name:

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## EXHIBIT A

### RESTRICTED STOCK UNIT AGREEMENT

This Restricted Stock Unit Agreement (together with the Grant Notice to which this Agreement is attached, this “*Agreement*”) is made as of the Date of Grant set forth in the Grant Notice to which this Agreement is attached by and between W&T Offshore, Inc., a Texas corporation (the “*Company*”), and \_\_\_\_\_ (the “*Participant*”). Capitalized terms used but not specifically defined herein shall have the meanings specified in the Plan or the Grant Notice.

1. **Definitions.** For purposes of this Agreement, the following terms shall have the meanings specified below.

(a) “*Cause*” means “cause” (or a term of like import) as defined under an Individual Agreement or, in the absence of such an Individual Agreement that defines “cause” (or a term of like import), Cause shall mean a Cause for termination by the Company of the Participant’s employment, this will include, but not be limited to, (i) the Participant’s unauthorized use or disclosure of confidential information or trade secrets of the Company or an affiliate or any material breach of a written agreement between the Participant and the Company, including without limitation a material breach of any employment, confidentiality, non-compete, non-solicit or similar agreement, (ii) the Participant’s commission of, indictment for or the entry of a plea of guilty or nolo contendere by the Participant to, a felony under the laws of the United States or any state thereof or any crime involving dishonesty or moral turpitude (or any similar crime in any jurisdiction outside of the United States), (iii) the Participant’s gross negligence or willful misconduct, (iv) the Participant’s willful or repeated failure or refusal to substantially perform assigned duties, (v) any act of fraud, embezzlement, material misappropriation or dishonesty committed by the Participant against the Company or any affiliate, (vi) any acts, omissions or statements by the Participant which the Company reasonably determines to be materially detrimental or damaging to the reputation, operations, prospects or business relations of the Company, or (vii) a material violation of the Company’s written policies or codes of conduct, including written policies related to discrimination, harassment, performance of illegal or unethical activities, and ethical misconduct.

(b) “*Disability*” means “disability” (or a term of like import) as defined under an Individual Agreement or, in the absence of such an Individual Agreement that defines “disability” (or a term of like import), Disability shall mean (i) a physical or mental impairment of sufficient severity that, in the sole discretion of the Company, (A) you are unable to continue performing the duties assigned to you prior to such impairment or (B) your condition entitles you to disability benefits under any insurance or employee benefit plan of the Company or its Subsidiaries, and (ii) the impairment or condition is cited by the Company as the reason for your termination; provided, however, that in all cases, the term Disability shall be applied and interpreted in compliance with the Nonqualified Deferred Compensation Rules.

(c) **“Individual Agreement”** means an employment, severance, change in control or other agreement governing the Participant’s service relationship with the Company or any affiliate.

2. **Award.** In consideration of the Participant’s past and/or continued employment with, or service to, the Company or its affiliates and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, effective as of the Date of Grant set forth in the Grant Notice (the **“Date of Grant”**), the Company hereby grants to the Participant the target number of PSUs set forth in the Grant Notice on the terms and conditions set forth in the Grant Notice, this Agreement and the Plan, which is incorporated herein by reference as a part of this Agreement. In the event of any inconsistency between the Plan and this Agreement (including, for the avoidance of doubt, with respect of the subject matter covered in Section 5), the terms of the Plan shall control. Each PSU represents the right to receive one share of Stock, or the cash equivalent thereof, subject to the terms and conditions set forth in the Grant Notice, this Agreement and the Plan at the time (if ever) the PSU has vested; provided, however, that, depending on the level of performance determined to be attained with respect to the Performance Goal, the number of shares of Stock that may be earned hereunder in respect of the PSUs may range from 0% to [insert maximum goal%] of the Target PSUs. Unless and until the Award has become vested in the manner set forth in the Grant Notice, the Participant will have no right to receive any Stock or other payments in respect of the Award. Prior to settlement of the Award, the Award represents an unsecured obligation of the Company, payable only from the general assets of the Company.

3. **Vesting of Award.** Except as otherwise set forth in Section 4 and 5, the Award shall vest and become a Vested Award in accordance with the Participant’s satisfaction of the service-based vesting schedule set forth in the Grant Notice (the **“Service Requirement”**), and based on the extent to which the Company has satisfied the Performance Goal set forth in the Grant Notice, which shall be determined by the Committee in its sole discretion following the end of the Performance Period (and any portion of the Award that does not become earned following the Performance Period shall be automatically forfeited and cancelled following certification of the Performance Goals). Unless and until the PSUs have vested and become Vested PSUs as described in the preceding sentence, the Participant will have no right to receive any dividends or other distribution with respect to the PSUs.

4. **Effect of Termination of Employment or Service.**

(a) *Termination of Employment or Service due to Disability or Death.* Notwithstanding anything in the Grant Notice, this Agreement or the Plan to the contrary, subject to Section 12, following the end of the Performance Period, if your employment or service relationship with the Company and any of its Subsidiaries is terminated as a result of your death or Disability prior to the Service Vesting Date, then the forfeiture restrictions on your Earned Award shall automatically lapse and such Earned Award shall be deemed a Vested Award. If your employment or service relationship with the Company and any of its Subsidiaries is terminated as a result of your death or Disability prior to the end of the

Performance Period, all restrictions shall lapse with respect to the Award, and the Award shall be deemed a Vested Award based on the Target PSUs.

(b) *Other Termination of Employment or Service.* Except as otherwise provided in Section 4(a), if the Participant has not satisfied the Service Requirement, then upon the termination of the Participant's employment or other service relationship with the Company or an affiliate for any reason, any unearned Award (and all rights arising from such Award and from being a holder thereof) will terminate automatically without any further action by the Company and will be forfeited and cancelled without further notice and at no cost to the Company.

(c) *Change in Control.*

(i) Prior to the end of the Performance Period. Notwithstanding anything in the Grant Notice, this Agreement or the Plan to the contrary, subject to Section 12, upon a termination of the Participant's employment or other service relationship with the Company or an affiliate due to death or Disability or by the Company or an affiliate without Cause[ or by the Participant for Good Reason (as defined in the W&T Offshore, Inc. Change in Control Severance Plan)]<sup>1</sup> within one year following the consummation of a Change in Control during the Performance Period, all restrictions shall lapse with respect to the Award, and the Award shall be deemed a Vested Award based on the Target PSUs.

(ii) Following the Performance Period. Notwithstanding anything in the Grant Notice, this Agreement or the Plan to the contrary, subject to Section 12, upon a termination of the Participant's employment or other service relationship with the Company or an affiliate due to death or Disability or by the Company or an affiliate without Cause[ or by the Participant for Good Reason (as defined in the W&T Offshore, Inc. Change in Control Severance Plan)]<sup>2</sup> within one year following the consummation of a Change in Control following the Performance Period, all restrictions shall lapse with respect to the Award, and the Award shall be deemed a Vested Award in an amount equal to the Earned Award.

5. **Dividend Equivalents.** In the event that the Company declares and pays a dividend in respect of its outstanding shares of Stock and, on the record date for such dividend, the Participant holds PSUs granted pursuant to this Agreement that have not yet been settled, the Company shall record the amount of such dividend in a bookkeeping account and pay to the Participant an amount in cash equal to the cash dividends the Participant would have received if the Participant was the holder of record, as of such record date, of a number of shares of Stock equal to the number of PSUs held by the Participant that have not yet been settled as of such record date and such payment will be made on the date on which any Vested PSUs are settled in accordance with Section 6.

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<sup>1</sup> Note to Draft: For Executive Vice President Participants only.

<sup>2</sup> Note to Draft: For Executive Vice President Participants only.

For purposes of clarity, if the PSUs (or any portion thereof) are forfeited by the Participant pursuant to the terms of this Agreement, then the Participant shall also forfeit the Dividend Equivalents, if any, accrued with respect to such forfeited PSUs. No interest will accrue on the Dividend Equivalents between the declaration and payment of the applicable dividends and the settlement of the Dividend Equivalents.

6. **Settlement of Award.** If the Participant is subject to Section 16(b) of the Exchange Act, the vested PSUs will be settled in the form of shares of Stock as soon as administratively practicable (and in no event later than 30 days); provided, however, that the Committee shall retain the authority to modify the settlement form of the vested PSUs at any time prior to the applicable vesting date. If the Participant is not subject to Section 16(b) of the Exchange Act, the Committee, in its sole discretion, shall determine at the time of settlement whether the Vested PSUs will be settled: (a) in a single lump sum cash payment in an amount equal to the Fair Market Value of Stock as of the date of settlement multiplied by the number of Vested PSUs to be settled, (b) in shares of such Stock, or (c) in a combination of cash and shares of Stock. Notwithstanding anything to the contrary within this Agreement or the Plan, the Committee retains the sole discretion to modify the form or amount of settlement of the Award at any time in order to maintain compliance with internal policies regarding the dilution of Stock, [insert the following clause if the Award is subject to a Committee policy limiting the number of shares of Stock for settlement in any award year: including the Committee's policy in effect on the Date of Grant that no more than [insert annual aggregate limit of shares] shares of Stock shall be used for settlement of all equity-based compensation awards granted during the [insert award year] calendar year]. The applicable settlement shall occur as soon as administratively practicable, but in no event later than March 15 of the calendar year following the year in which all vesting restrictions lapse. In the event that any fractional PSU becomes earned hereunder, that PSU shall be rounded down at the time of settlement of such PSU. No fractional shares of Stock, nor the cash value of any fractional shares of Stock, shall be issuable or payable to the Participant pursuant to this Agreement. All shares of Stock, if any, issued hereunder shall be delivered either by delivering one or more certificates for such shares to the Participant or by entering such shares in book-entry form, as determined by the Committee in its sole discretion. The value of shares of Stock shall not bear any interest owing to the passage of time. Neither this Section 6 nor any action taken pursuant to or in accordance with this Agreement shall be construed to create a trust or a funded or secured obligation of any kind.

7. **Tax Withholding.** To the extent that the receipt, vesting or settlement of the Award results in compensation income or wages to the Participant for federal, state, local and/or foreign tax purposes, then (a) for any Participant that is subject to Section 16(b) of the Exchange Act, with respect to any portion of the Award that is required to be settled in the form of Stock pursuant to Section 6 above, the Company shall withhold from the Stock to be issued the number of shares of Stock necessary to satisfy the applicable tax obligation for that portion of the Award, unless the Committee takes action to provide for a different withholding method prior to the date of the event giving rise to the tax withholding obligation, and (b) for any Participant that is not subject to Section 16(b) of the Exchange Act, or with respect to any portion of the Award that is settled in the form of a cash payment, the Participant shall make arrangements satisfactory to the Company for

the satisfaction of obligations for the payment of withholding taxes and other tax obligations relating to the Award, which arrangements include the delivery of cash or cash equivalents, Stock (including previously owned Stock, net settlement, a broker-assisted sale, or other cashless withholding or reduction of the amount of shares otherwise issuable or delivered pursuant to the Award), other property, or any other legal consideration the Committee deems appropriate. If such tax obligations are satisfied through net settlement or the surrender of previously owned Stock, the maximum number of shares of Stock that may be so withheld (or surrendered) shall be the number of shares of Stock that have an aggregate Fair Market Value on the date of withholding or surrender equal to the aggregate amount of such tax liabilities determined based on the greatest withholding rates for federal, state, local and/or foreign tax purposes, including payroll taxes, that may be utilized without creating adverse accounting treatment for the Company with respect to the Award, as determined by the Committee. The Participant acknowledges that there may be adverse tax consequences upon the receipt, vesting or settlement of the Award or disposition of the underlying shares and that the Participant has been advised, and hereby is advised, to consult a tax advisor. The Participant represents that the Participant is in no manner relying on the Board, the Committee, the Company or an affiliate or any of their respective managers, directors, officers, employees or authorized representatives (including, without limitation, attorneys, accountants, consultants, bankers, lenders, prospective lenders and financial representatives) for tax advice or an assessment of such tax consequences.

8. **Non-Transferability.** During the lifetime of the Participant, the PSUs may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution, unless and until the shares of Stock underlying the PSUs have been issued, and all restrictions applicable to such shares have lapsed. Neither the Award nor any interest or right therein shall be liable for the debts, contracts or engagements of the Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means, whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence.

9. **Compliance with Applicable Law.** Notwithstanding any provision of this Agreement to the contrary, the issuance of shares of Stock hereunder will be subject to compliance with all applicable requirements of applicable law with respect to such securities and with the requirements of any stock exchange or market system upon which the Stock may then be listed. No shares of Stock will be issued hereunder if such issuance would constitute a violation of any applicable law or regulation or the requirements of any stock exchange or market system upon which the Stock may then be listed. In addition, shares of Stock will not be issued hereunder unless (a) a registration statement under the Securities Act is in effect at the time of such issuance with respect to the shares to be issued or (b) in the opinion of legal counsel to the Company, the shares to be issued are permitted to be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal

counsel to be necessary for the lawful issuance and sale of any shares of Stock hereunder will relieve the Company of any liability in respect of the failure to issue such shares as to which such requisite authority has not been obtained. As a condition to any issuance of Stock hereunder, the Company may require the Participant to satisfy any requirements that may be necessary or appropriate to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect to such compliance as may be requested by the Company. The Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all applicable laws and, to the extent applicable laws permit, will be deemed amended as necessary to conform to applicable laws.

10. **Legends.** If a stock certificate is issued with respect to shares of Stock issued hereunder, such certificate shall bear such legend or legends as the Committee deems appropriate in order to reflect the restrictions set forth in this Agreement and to ensure compliance with the terms and provisions of this Agreement, the rules, regulations and other requirements of the SEC, any applicable laws or the requirements of any stock exchange on which the Stock is then listed. If the shares of Stock issued hereunder are held in book-entry form, then such entry will reflect that the shares are subject to the restrictions set forth in this Agreement.

11. **Rights as a Stockholder.** The Participant shall have no rights as a stockholder of the Company with respect to any shares of Stock that may become deliverable hereunder unless and until the Participant has become the holder of record of such shares of Stock, and no adjustments shall be made for dividends in cash or other property, distributions or other rights in respect of any such shares of Stock, except as otherwise specifically provided for in the Plan or this Agreement.

12. **Execution of Receipts and Releases.** Any issuance or transfer of shares of Stock or other property to the Participant or the Participant's legal representative, heir, legatee or distributee, in accordance with this Agreement shall be in full satisfaction of all claims of such Person hereunder. As a condition precedent to such payment or issuance, the Company may require the Participant or the Participant's legal representative, heir, legatee or distributee to execute (and not revoke within any time provided to do so) a release and receipt therefor in such form as it shall determine appropriate; provided, however, that any review period under such release will not modify the date of settlement with respect to Vested Award.

13. **No Right to Continued Employment, Service or Awards.** Nothing in the adoption of the Plan, nor the award of the Award thereunder pursuant to the Grant Notice and this Agreement, shall confer upon the Participant the right to continued employment by, or a continued service relationship with, the Company or any affiliate, or any other entity, or affect in any way the right of the Company or any such affiliate, or any other entity to terminate such employment or other service relationship at any time. The grant of the Award is a one-time benefit and does not create any contractual or other right to receive a grant of Awards or benefits in lieu of Awards in the future. Any future Awards will be granted at the sole discretion of the Company.

14. **Legal and Equitable Remedies.** The Participant acknowledges that a violation or attempted breach of any of the Participant's covenants and agreements in this Agreement will cause such damage as will be irreparable, the exact amount of which would be difficult to ascertain and for which there will be no adequate remedy at law, and accordingly, the parties hereto agree that the Company and its affiliates shall be entitled as a matter of right to an injunction issued by any court of competent jurisdiction, restraining the Participant or the affiliates, partners or agents of the Participant from such breach or attempted violation of such covenants and agreements, as well as to recover from the Participant any and all costs and expenses sustained or incurred by the Company or any affiliate in obtaining such an injunction, including, without limitation, reasonable attorneys' fees. The parties to this Agreement agree that no bond or other security shall be required in connection with such injunction. Any exercise by either of the parties to this Agreement of its rights pursuant to this **Section 14** shall be cumulative and in addition to any other remedies to which such party may be entitled.

15. **Notices.** All notices and other communications under this Agreement shall be in writing and shall be delivered to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

If to the Company, unless otherwise designated by the Company in a written notice to the Participant (or other holder):

W&T Offshore, Inc.  
Attn: Vice President and General Counsel  
5718 Westheimer, Suite 700  
Houston, Texas 77057

If to the Participant, at the Participant's last known address on filed with the Company.

Any notice that is delivered personally or by overnight courier or telecopier in the manner provided herein shall be deemed to have been duly given to the Participant when it is mailed by the Company or, if such notice is not mailed to the Participant, upon receipt by the Participant. Any notice that is addressed and mailed in the manner herein provided shall be conclusively presumed to have been given to the party to whom it is addressed at the close of business, local time of the recipient, on the fourth day after the day it is so placed in the mail.

16. **Consent to Electronic Delivery; Electronic Signature.** In lieu of receiving documents in paper format, the Participant agrees, to the fullest extent permitted by law, to accept electronic delivery of any documents that the Company may be required to deliver (including, but not limited to, prospectuses, prospectus supplements, grant or award notifications and agreements, account statements, annual and quarterly reports and all other forms of communications) in connection with this and any other Award made or offered by the Company. Electronic delivery may be via a Company electronic mail system

or by reference to a location on a Company intranet to which the Participant has access. The Participant hereby consents to any and all procedures the Company has established or may establish for an electronic signature system for delivery and acceptance of any such documents that the Company may be required to deliver, and agrees that his or her electronic signature is the same as, and shall have the same force and effect as, his or her manual signature.

17. **Agreement to Furnish Information.** The Participant agrees to furnish to the Company all information requested by the Company to enable it to comply with any reporting or other requirement imposed upon the Company by or under any applicable statute or regulation.

18. **Entire Agreement; Amendment.** This Agreement constitutes the entire agreement of the parties with regard to the subject matter hereof, and contains all the covenants, promises, representations, warranties and agreements between the parties with respect to the Award granted hereby; provided, however, that the terms of this Agreement shall not modify and shall be subject to the terms and conditions of any Individual Agreement in effect as of the date a determination is to be made under this Agreement. Without limiting the scope of the preceding sentence, except as provided therein, all prior understandings and agreements, if any, among the parties hereto relating to the subject matter hereof are hereby null and void and of no further force and effect. The Committee may, in its sole discretion, amend, adjust, modify or terminate this Agreement from time to time in any manner that is not inconsistent with the Plan; provided, however, that except as otherwise provided in the Plan or this Agreement, any such amendment that materially reduces the rights of the Participant shall be effective only if it is in writing and signed by both the Participant and an authorized officer of the Company.

19. **Severability and Waiver.** If a court of competent jurisdiction determines that any provision of this Agreement is invalid or unenforceable, then the invalidity or unenforceability of such provision shall not affect the validity or enforceability of any other provision of this Agreement, and all other provisions shall remain in full force and effect. Waiver by any party of any breach of this Agreement or failure to exercise any right hereunder shall not be deemed to be a waiver of any other breach or right. The failure of any party to take action by reason of such breach or to exercise any such right shall not deprive the party of the right to take action at any time while or after such breach or condition giving rise to such rights continues.

20. **Clawback.** Notwithstanding any provision in the Grant Notice, this Agreement or the Plan to the contrary, to the extent required by (a) any applicable law, including, without limitation, the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, any SEC rule or any applicable securities exchange listing standards and/or (b) any policy that may be adopted or amended by the Board from time to time, all shares of Stock issued or any benefits received hereunder shall be subject to clawback, rescission, payback, reduction, forfeiture, repurchase, recoupment, cancellation and/or other similar action to the extent necessary to comply with any such law(s) and/or Company policy. The Participant's acceptance of an Award will constitute the Participant's acknowledgment of and consent to the Company's application,



implementation and enforcement of any applicable Company clawback or similar policy that may apply to the Participant, whether adopted before or after the Date of Grant and any applicable law relating to clawback, rescission, payback, reduction, forfeiture, repurchase, recoupment, cancellation and/or other similar action of compensation and the Participant agrees that the Company may take any actions that may be necessary to effectuate any such policy or applicable law without further consideration or action.

21. **Governing Law.** THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED THEREIN, EXCLUSIVE OF THE CONFLICT OF LAWS PROVISIONS OF TEXAS LAW.

22. **Successors and Assigns.** The Company may assign any of its rights under this Agreement without the Participant's consent. This Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein and in the Plan, this Agreement will be binding upon the Participant and the Participant's beneficiaries, executors, administrators and the Person(s) to whom the Award may be transferred by will or the laws of descent or distribution.

23. **Headings.** Headings are for convenience only and are not deemed to be part of this Agreement.

24. **Counterparts.** The Grant Notice may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument. Delivery of an executed counterpart of the Grant Notice by facsimile or portable document format (.pdf) attachment to electronic mail shall be effective as delivery of a manually executed counterpart of the Grant Notice.

25. **Section 409A.** Notwithstanding anything herein or in the Plan to the contrary, the Award granted pursuant to this Agreement is intended to be exempt from the applicable requirements of the Nonqualified Deferred Compensation Rules and shall be limited, construed and interpreted in accordance with such intent. Nevertheless, to the extent that the Committee determines that the Award may not be exempt from the Nonqualified Deferred Compensation Rules, then, if the Participant is deemed to be a "specified employee" within the meaning of the Nonqualified Deferred Compensation Rules, as determined by the Committee, at a time when the Participant becomes eligible for settlement of the Award upon his "separation from service" within the meaning of the Nonqualified Deferred Compensation Rules, then to the extent necessary to prevent any accelerated or additional tax under the Nonqualified Deferred Compensation Rules, any shares of Stock subject to the Award that are subject to the Nonqualified Deferred Compensation Rules that otherwise would have been settled during the first six months following the Participant's separation from service, such settlement will be delayed until the earlier of: (a) the date that is seven months following the Participant's separation from service or (b) the Participant's death. Notwithstanding the foregoing, the Company and its affiliates make no representations that the Award provided under this Agreement is exempt

from or compliant with the Nonqualified Deferred Compensation Rules and in no event shall the Company or any affiliate be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Participant on account of non-compliance with the Nonqualified Deferred Compensation Rules.

**EXHIBIT B**

**PERFORMANCE GOAL FOR AWARD**

[Insert description or formula for performance goal applicable to Award]

B-1

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**W&T OFFSHORE, INC.  
AMENDED AND RESTATED INCENTIVE COMPENSATION PLAN**

**Executive Annual Incentive Award Agreement  
For Fiscal Year 2023**

This potential Annual Incentive Award (the “*Award*”) is granted on \_\_\_\_\_ (the “*Award Date*”), by W&T Offshore, Inc., a Texas corporation (the “*Company*”) to \_\_\_\_\_ (“*you*”).

**WHEREAS**, in recognition for your continued dedicated service to the success of the Company the Company agrees to grant you this Award; and

**WHEREAS**, this Award is granted to you pursuant to the W&T Offshore, Inc. Amended and Restated Incentive Compensation Plan, as may be amended from time to time (the “*Plan*”), and the following terms and conditions of this agreement (this “*Agreement*”) for the Company’s 2023 fiscal year.

**NOW, THEREFORE**, in consideration of and mutual covenants set forth herein and for other valuable consideration hereinafter set forth, the Award is hereby granted on the following terms and conditions:

1. Terms and Conditions. The Award is subject to all the terms and conditions of the Plan. All capitalized terms not defined in this Agreement shall have the meaning stated in the Plan. If there is any inconsistency between the terms of this Agreement and the terms of the Plan, the terms of the Plan shall control unless this Agreement expressly states that an exception to the Plan is being made.

2. Definitions. For purposes of this Agreement, the following terms shall have the meanings stated below.

(a) “*Base Salary*” means the total base salary you received as an employee during the Performance Period, (i) including any amounts deferred pursuant to an election under any 401(k) plan, pre-tax premium plan, deferred compensation plan, or flexible spending account sponsored by the Company or any Subsidiary, and any overtime paid to you as an offshore employee required by your standard work schedule, but (ii) *excluding* any incentive compensation, employee benefit, or other benefit paid or provided under any incentive, bonus or employee benefit plan sponsored by the Company or any Subsidiary, all overtime paid other than as specified in (i) above and/or any excellence award, gains upon stock option exercises, restricted stock or restricted stock unit grants or vesting, moving or travel expense reimbursement, sign on bonus, imputed income, or tax gross-ups, without regard to whether the payment or gain is taxable income to you.

(b) “*Disability*” means your permanent disability as defined in your Individual Agreement. In the event that there is no existing written Individual Agreement between you and the Company or if any such agreement does not define Disability, the term “*Disability*” shall mean: (i) a physical or mental impairment of sufficient severity that, in the sole opinion of the Company, (A) you are unable to continue performing the duties assigned to you prior to such impairment or

(B) your condition entitles you to disability benefits under any insurance or employee benefit plan of the Company or its Subsidiaries, and (ii) the impairment or condition is cited by the Company as the reason for your termination; *provided, however*, that in all cases, the term Disability shall be applied and interpreted in compliance with section 409A of the Code and the regulations thereunder.

(c) “**Individual Agreement**” means any written employment or severance agreement signed by and between you and/or the Company or any Subsidiary.

(d) “**Performance Goals**” means the performance criteria established by the Committee pursuant to Section 8 of the Plan and set forth in Appendix A attached hereto.

(e) “**Performance Period**” means the Company’s complete fiscal year ending December 31, 2023.

(f) “**Total Performance Score**” means the aggregate number of points, expressed as a percentage, you are assigned as a result of the Committee’s review, analysis and certification of the achievement of the applicable Performance Goals set forth in Appendix A attached hereto for the Performance Period. Your Total Performance Score, shall be expressed as a percentage set forth using the chart below:

<b>Total Performance Score in Points</b>	<b>Total Performance Score Expressed as a Percentage</b>
200	200%
100	100%
50	50%
0	0%

(g) “**Annual Incentive Award Pool**” means the total dollar amount approved by the Committee to fund the annual incentive awards provided under this Agreement.

(h) “**Annual Incentive Award Pool Adjustment Factor**” means the amount (expressed as a percentage) obtained by dividing (i) the Annual Incentive Award Pool by (ii) the amount equal to the sum of the product for each individual employee that received an Award for the 2023 fiscal year obtained by multiplying the following three numbers for such individual employee: Base Salary, Target Award Percentage and Total Performance Score (expressed as a percentage). In no event will the Annual Incentive Award Pool Adjustment Factor ever exceed 100%.

3. Effect of Award Agreement. This Award is subject to all of the terms and conditions of this Agreement and the Plan; all decisions or interpretations of this Agreement and the Plan by the Committee are binding, conclusive and final.

4. Target Award Percentage. Your award percentage is \_\_\_% (“**Target Award Percentage**”).

5. Maximum Performance Levels. The maximum Total Performance Score you may be assigned shall not exceed 200.

6. Award Calculation.

(a) Subject to the terms and conditions set forth in the Plan and this Agreement, including, without limitation, Sections 5 and 8, your Award is equal to the dollar amount obtained by multiplying the following five numbers: your Base Salary, Target Award Percentage, Total Performance Score (expressed as a percentage) and Annual Incentive Award Pool Adjustment Factor.

(i) The Total Performance Score will be calculated using straight-line interpolation.

(ii) Any Award that is earned will be paid in cash as soon as practicable after the Committee has certified the applicable Performance Goals were achieved for the Performance Period, but in no event later than the 75th day following the date the Performance Period ends.

(iii) You must be employed prior to October 1, 2023 within the Performance Period in order to be eligible to participate in the Plan for the Performance Period.

(b) Subject to (i) and (ii) above, as an example calculation, an individual with a Base Salary of \$100,000, a Target Award Percentage of 30%, a Total Performance Score of 90, and Annual Incentive Award Pool Adjustment Factor of 100% shall receive the following award:

$$\$27,000 = (\$100,000) \times (0.3) \times (0.9) \times (1.0)$$

7. Effect of Termination of Employment. Notwithstanding any provisions to the contrary below in the remainder of this Section 7, in the event of any inconsistency between this Section 7 and any written Individual Agreement you may have, the terms of such an Individual Agreement will control. In the event you do not have an Individual Agreement or your Individual Agreement does not address the treatment of Annual Incentive Awards under the Plan, and your employment is terminated at any time on or after the Award Date and before the Award is paid, your Award will be treated as follows:

Death or Disability. If your termination of employment is a result of your death or Disability, as determined by the Company in its sole and complete discretion, you will receive a pro-rata Award, if an Award is payable for the Performance Period, based on your Base Salary and Target Award Percentage as well as the Total Performance Score and Annual Incentive Award Pool Adjustment Factor applicable to the Performance Period (the "**Pro-Rata Award**"). Subject to Section 6(a)(ii), you, your beneficiaries, or your estate, as applicable, will be paid in cash as soon as practicable after the Committee has certified the applicable Performance Goals were achieved for the Performance Period as provided in Section 6(a)(ii), but in no event later than March 15<sup>th</sup> in the subsequent year of the termination of employment due to death or Disability; *provided, however*, that you must have been employed with the Company for a minimum of 90 days during the Performance Period in order to be eligible for a Pro-Rata Award described in this Section 7(a).

(a) Terminations other than Death or Disability. Unless your termination of employment is a result of your death or Disability, you must be employed by the Company or a Subsidiary on the date Awards are paid in order to be eligible to receive payment of an Award. You have no vested interest in the Award prior to the Award actually being paid to you by the Company. For the avoidance of doubt, if your employment with the Company or a Subsidiary terminates for any reason other than your death or Disability, whether your termination is voluntary or involuntary, with or without cause, you will not be eligible to receive payment of any Award for the Performance Period.

8. Right of the Committee. The Committee has the right to increase, reduce or eliminate your Award for any reason regardless of the amount of your Total Performance Score.

9. Right of the Company and Subsidiaries to Terminate Services. Nothing in this Agreement confers upon you the right to continue in the employ of the Company or any Subsidiary, or interfere in any way with the rights of the Company or any Subsidiary to terminate your employment at any time, with or without cause.

10. Effect of Transfer to New Position during the Performance Period. In the event that you are transferred to a new position with the Company or a Subsidiary during the Performance Period that confers upon you a new employment status in all or any significant aspect of your employment with the Company or a Subsidiary (including, but not limited to, a new title, rank, Base Salary, authority, duties, or other similar employment element) that is dissimilar from the position you hold upon the Award Date, the Committee has the sole discretion to determine whether or not such new position shall necessitate one or more of the following actions: (a) amending this Agreement, including, but not limited to, an amendment to the Performance Goals or the Target Award Percentage, (b) terminating this Agreement and any potential Award for the applicable Performance Period, (c) pro-rating your Award to reflect the number of days you actually spent in active service in your previous position, or (d) making such other adjustments as the Committee deems appropriate to reflect your transfer to a new position; *provided, however*, that the Committee may determine in its sole discretion that no adjustment is necessary to this Agreement or Award.

11. Withholding Taxes. The Company may require you to pay to the Company (or the Company's Subsidiary if you are an employee of a Subsidiary of the Company), an amount the Company deems necessary to satisfy its (or its Subsidiary's) current or future obligation to withhold federal, state or local income or other taxes that you incur as a result of the Award. With respect to any such required tax withholding, the Company shall withhold from the payment to be issued to you under this Agreement the amount necessary to satisfy the Company's obligation to withhold taxes.

12. Furnish Information. You agree to furnish to the Company all information requested by the Company to enable it to comply with any reporting or other requirements imposed upon the Company by or under any applicable statute or regulation.

13. No Liability for Good Faith Determinations. The Company, the Committee and the members of the Board shall not be liable for any act, omission or determination taken or made in good faith with respect to this Agreement or the Award granted hereunder.

**14. Execution of Receipts and Releases.** Any payment of cash to you, or to your legal representative, heir, legatee or distributee, in accordance with the provisions hereof, shall, to the extent thereof, be in full satisfaction of all claims of such Persons hereunder. The Company may require you or your legal representative, heir, legatee or distributee, as a condition precedent to such payment, to execute a release and receipt therefor in such form as the Company shall determine.

**15. Notice.** All notices required or permitted under this Agreement must be in writing and personally delivered or sent by mail and shall be deemed to be delivered on the date on which it is actually received by the person to whom it is properly addressed or if earlier the date it is sent via certified United States mail.

**16. Waiver of Notice.** Any person entitled to notice hereunder may waive such notice in writing.

**17. Information Confidential.** As partial consideration for the granting of the Award hereunder, you hereby agree to keep confidential all information and knowledge, except that which has been disclosed in any public filings required by law, that you have relating to the terms and conditions of this Agreement; *provided, however,* that such information may be disclosed as required by law and may be given in confidence to your spouse and tax and financial advisors. In the event any breach of this promise comes to the attention of the Company, it shall take into consideration that breach in determining whether to recommend the grant of any future similar award to you, as a factor weighing against the advisability of granting any such future award to you.

**18. Nontransferability.** Neither this Agreement nor this Award subject to this Agreement shall be subject in any manner to anticipation, alienation, sale, exchange, transfer, assignment, pledge, encumbrance or garnishment by your creditors or your beneficiary, except transfer by will or by the laws of descent and distribution. All rights with respect to this Agreement shall be exercisable during your lifetime only by yourself or, if necessary, your guardian or legal representative.

**19. Successors.** This Agreement shall be binding upon you, your legal representatives, heirs, legatees and distributees, and upon the Company, its successors and assigns.

**20. Severability.** If any provision of this Agreement is held to be illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining provisions hereof, but such provision shall be fully severable and this Agreement shall be construed and enforced as if the illegal or invalid provision had never been included herein.

**21. Amendment.** No such amendment may adversely affect your rights under this Agreement without your consent, except to the extent such amendment is reasonably determined by the Committee, in its sole discretion (a) to be necessary to comply with applicable law or to



prevent a detrimental accounting impact or (b) Section 8 of this Agreement. No amendment or addition to this Agreement shall be effective unless in writing.

22. Headings. The titles and headings of Sections are included for convenience of reference only and are not to be considered in construction of the provisions hereof.

23. Governing Law. All questions arising with respect to the provisions of this Agreement shall be determined by application of the laws of Texas, without giving any effect to any conflict of law provisions thereof, except to the extent Texas state law is preempted by federal law.

24. Consent to Texas Jurisdiction and Venue. You hereby consent and agree that state courts located in Harris County, Texas and the United States District Court for the Southern District of Texas each shall have personal jurisdiction and proper venue with respect to any dispute between you and the Company arising in connection with the Award or this Agreement. In any dispute with the Company, you will not raise, and you hereby expressly waive, any objection or defense to any such jurisdiction as an inconvenient forum.

25. The Plan. This Agreement is subject to all the terms, conditions, limitations and restrictions contained in the Plan.

26. Clawback. To the extent required by applicable law or any applicable securities exchange listing standards, or as otherwise determined by the Committee, this Award and any amounts paid or payable pursuant to or with respect to this Award shall be subject to the provisions of any applicable clawback policies or procedures adopted by the Company or its affiliates, which clawback policies or procedures may provide for forfeiture, repurchase and/or recoupment of this Award and amounts paid or payable pursuant to or with respect to such Award. Notwithstanding any provision of this Agreement to the contrary, the Company reserves the right, without your consent or the consent of any beneficiary of this Award, to adopt any such clawback policies and procedures, including such policies and procedures applicable to this Agreement with retroactive effect. By your acceptance of a cash payment pursuant to this Agreement, you are bound by such clawback policies or procedures and you may not seek indemnification or contribution from the Company for any amounts clawed back.

Executed by the Company as of the Award Date.

W&T Offshore, Inc.

By: \_\_\_\_\_  
Tracy W. Krohn, Chief Executive Officer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO RULE 13a – 14(a) AND 15d – 14(a)  
OF §302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Tracy W. Krohn, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of W&T Offshore, Inc. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting.
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 2, 2023

/s/ Tracy W. Krohn

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Tracy W. Krohn  
Chairman, Chief Executive Officer, President and Director  
(Principal Executive Officer)

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**CERTIFICATION OF CHIEF FINANCIAL OFFICER  
PURSUANT TO RULE 13a – 14(a) AND 15d – 14(a)  
OF §302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Sameer Parasnis, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of W&T Offshore, Inc. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting.
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 2, 2023

/s/ Sameer Parasnis

Sameer Parasnis

Executive Vice President and Chief Financial Officer  
(Principal Financial Officer), duly authorized to sign on behalf of the  
registrant

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**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER  
PURSUANT TO 18 U.S.C. § 1350, AS ADOPTED  
PURSUANT TO §906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned officers of W&T Offshore, Inc. (the "Company"), hereby certifies, to the best of his or her knowledge, that the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2023 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in such Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 2, 2023

/s/ Tracy Krohn

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Tracy W. Krohn

Chairman, Chief Executive Officer, President and Director  
(Principal Executive Officer)

Date: August 2, 2023

/s/ Sameer Parasnis

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Sameer Parasnis

Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)

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