



W&T Offshore Announces Year-End 2013 Reserves And Production, 2014 Capital Budget And Provides An Operations Update

February 14, 2014

HOUSTON, Feb. 14, 2014 /PRNewswire/ -- W&T Offshore, Inc. (NYSE: WTI) reported that the Company replaced in excess of 100% of 2013 production, that year-end 2013 SEC proved reserves⁽¹⁾ were 117.7 million barrels of oil equivalent ("MMBoe"), and the pre-tax present value of these proved reserves discounted at 10%⁽¹⁾ ("PV-10") was \$2.5 billion. In addition, it announced that its Board of Directors has approved a 2014 capital expenditure budget of \$450 million, excluding acquisitions. The Company has also provided production for 2013 and an operational update for the fourth quarter of 2013 and early 2014.

Tracy W. Krohn, W&T Offshore's Chairman and Chief Executive Officer, stated, "As a result of our exploration success in the deepwater Gulf of Mexico and our expansion onshore, many of our projects have become more long-term in nature and provide additional visibility to our future. Our 2013 year-end proved reserves don't fully reflect the success of our 2013 exploration program; for example, we have currently booked less than a quarter of the estimated reserves we believe could ultimately be recovered for our interest in the discovery at Mississippi Canyon ("MC") 698 "Big Bend," since it is not yet completed. Additionally, we have booked no reserves for our interest in the MC 699 "Troubadour" or MC 738 "Dantzer" deepwater discoveries since development has not yet been sanctioned by the operator. In 2014, we intend to build on our success as we advance exploration projects that have been greatly de-risked and are expected to add value to the Company for years to come. Further, we are evaluating our substantial lease position in the Gulf (of which 57% is held by production) utilizing best-in-class techniques including Wide Azimuth (WAZ) 3D seismic to continue generating solid future exploration opportunities such as our Mahogany project. We remain committed to growth, both organically and through acquisitions."

- 1) In accordance with guidelines established by the SEC, our proved reserves as of December 31, 2013 were determined to be economically producible under existing economic conditions, which requires the use of the unweighted arithmetic average of the first-day-of-the-month price for oil and gas for the period January 2013 through December 2013. Also note that the PV-10 value is a non-GAAP financial measure. See "Non-GAAP Financial Measure" below. For 2013, proved reserves and PV-10 were calculated using average prices of \$99.65 per barrel for oil, \$35.21 per barrel for natural gas liquids and \$3.80 per Mcf for natural gas, as adjusted for energy content for natural gas, quality, transportation fees and regional price differentials.

Fourth Quarter and Full Year 2013 Production, Pricing, DD&A, LOE and Renewed Credit Facility

Production for the fourth quarter of 2013 is estimated to have increased 16% to 5.2 MMBoe (or 30.9 Bcfe), compared to the fourth quarter 2012. Fourth quarter 2013 production was comprised of 1.8 million barrels of oil, 0.6 million barrels of natural gas liquids (NGLs) and 16.8 Bcf of natural gas at an average realized sales price of \$47.33 per Boe or \$7.89 per Mcfe. Our realized oil sales price for the fourth quarter of 2013 is expected to have averaged approximately \$94.11 per barrel.

Our focus on oil and NGL weighted projects resulted in a year-over-year increase of 11.6% in total liquids production. Crude oil production in 2013 increased 16.3% to 7.0 million barrels compared to 6.0 million barrels in 2012.

For the year 2013, production is estimated to have increased 5% to 18.0 MMBoe (or 107.9 Bcfe), over 2012 production levels. Total 2013 production was split between 7.0 million barrels of oil, 2.1 million barrels of NGLs and 53.3 Bcf, at an average realized sales price of \$54.58 per Boe or \$9.10 per Mcfe.

In January 2014, the Company identified that it had been receiving an erroneous MMBtu conversion factor from a third party that had the effect of understating natural gas production at our Viosca Knoll 783 field "Tahoe Field". The incorrect conversion factor had been used on all natural gas production from the field since we acquired it in 2011. The effect of using this incorrect conversion factor did not affect revenues, operating cash flows or royalty payments to the federal government but does impact reported natural gas production and the calculation of depletion expense. We have determined that the impact on earnings reported for prior annual periods was not material to 2011 and 2012 results, thus the adjustment was recognized in 2013. As a result, the fourth quarter of 2013 will reflect a one-time increase in production of 2.6 Bcf (with no corresponding increase in revenue) by using the correct conversion factor for the annual periods of 2011, 2012 and the first three quarters of 2013. The volume impact understatement on 2011 was .9 Bcf, on 2012 was 1.0 Bcf and on the first three quarters of 2013 was .7 Bcf.

Production for the fourth quarter of 2013 is estimated to have been 28.3 Bcfe or 307.7 MMcfe per day, excluding the cumulative effect of the volume adjustment, and our realized sales price would have been \$8.62 per Mcfe. Volumes are up 4.4 % over the fourth quarter of 2012 when production was 4.5 million Boe (or 27.1 Bcfe), consisting of 1.7 million barrels of oil, 0.5 million barrels of NGLs and 13.7 Bcf of natural gas. The average realized sales price for the 2012 period was \$52.51 per Boe or \$8.75 per Mcfe. For the full year of 2013, production is estimated to have been 106.0 Bcfe or 290.5 MMcfe per day, excluding the cumulative effect of the volume adjustment, and our realized sales price would have been \$9.26 per Mcfe. This represents a 3.1% increase over the year 2012 when production was 17.1 MMBoe (or 102.8 Bcfe), comprised of 6.0 million barrels of oil, 2.1 million barrels of NGLs, and 53.8 Bcf of natural gas. The average realized sales price for the year 2012 was \$50.93 per Boe or \$8.49 per Mcfe.

DD&A expense for the fourth quarter of 2013 is expected to be higher than the third quarter due to increased production volumes and a higher DD&A rate. We expect the DD&A rate for the fourth quarter of 2013 to be approximately \$4.48 per Mcfe as compared to the third quarter rate of \$4.13 per Mcfe. The DD&A rate has increased with higher future development cost associated with both onshore and offshore operations. DD&A and accretion for the fourth quarter of 2013 is currently expected to be approximately \$139.0 million and for the year 2013 to be \$451.0 million.

During the fourth quarter of 2013, we conducted an unplanned workover on the A-12 well at SS 349 Mahogany that we felt was necessary and prudent

to resolve a casing pressure issue. This workover resulted in additional lease operating expense (LOE) in the fourth quarter of approximately \$13.6 million. As a result, we now expect our LOE for the fourth quarter to be approximately \$76.0 million and for the full year of 2013 to be approximately \$270.8 million.

Also during the fourth quarter of 2013 the Company renewed its revolving bank credit facility with more favorable terms and extended the maturity date to October of 2018. In connection with this renewal, the Company wrote off \$3.7 million of deferred debt issue cost associated with the previous bank credit facility.

The Company had positive earnings of \$0.83 per share through the first three quarters of 2013; however as a result of expensing the deferred debt issue costs, the unplanned workover and the higher DD&A discussed above that impacted the fourth quarter, the Company expects to report a net loss for the fourth quarter of 2013, but positive earnings for the entire year.

Year-End 2013 Proved Reserves

Proved reserves as of December 31, 2013 were 117.7 MMBoe, or 705.9 Bcfe, with 63% comprised of liquids (49% crude oil and 14% NGLs) and 37% natural gas. This represents a 5% increase in liquids content year-over-year. The oil and NGL component as a percentage of total proved reserves increased from 60% at the end of 2012 to 63% at the end of 2013. The PV-10 value of proved reserves at year-end 2013 was \$2.5 billion, excluding the effect of estimated asset retirement obligations.

In 2013, we focused capital allocation towards deepwater exploration to generate long-term organic growth and onshore, towards projects that have a longer-life production profile and the potential for multi-year development programs. We replaced over 100% of our production in 2013, moved substantial oil reserves to PDP status and increased the ratio of oil and NGLs as a percentage of our total proved reserves.

Our proved reserves are summarized below:

Classification of Proved Reserves	As of December 31, 2013						
	Total Equivalent Reserves						
	Oil (MMBbls)	NGLs (MMBbls)	Natural Gas (Bcf)	Oil Equivalent (MMBoe)	Natural Gas Equivalent (Bcfe)	% of total reserves	PV-10 (1) (Millions)
Proved developed producing	27.8	8.1	148.5	60.6	363.8	51%	\$ 1,895.0
Proved developed non-producing	8.4	3.0	84.2	25.5	152.3	22%	482.0
Total proved developed	36.2	11.1	232.7	86.1	516.1	73%	2,377.0
Proved undeveloped	22.3	4.8	27.2	31.6	189.8	27%	151.0
Total proved	58.5	15.9	259.9	117.7	705.9	100%	\$ 2,528.0

2) In accordance with guidelines established by the SEC, our proved reserves as of December 31, 2013 were determined to be economically producible under existing economic conditions, which requires the use of the unweighted arithmetic average of the first-day-of-the-month price for oil and gas for the period January 2013 through December 2013. Also note that the PV-10 value is a non-GAAP financial measure. See "Non-GAAP Financial Measure" below. For 2013, proved reserves and PV-10 were calculated using average prices of \$99.65 per barrel for oil, \$35.21 per barrel for natural gas liquids and \$3.80 per Mcf for natural gas, as adjusted for energy content for natural gas, quality, transportation fees and regional price differentials. The proved reserves and PV-10 for the 2012 period were calculated using average prices of \$98.13 per barrel for oil, \$47.46 per barrel for natural gas liquids and \$2.77 per Mcf for natural gas, as adjusted for energy content for natural gas, quality, transportation fees and regional price differentials.

3) One Bcfe and one MMBoe are determined using the ratio of six Mcf of natural gas to one Bbl of crude oil, condensate or NGLs (totals may not compute due to rounding). NGLs are converted to barrels using a ratio of 42 gallons to one barrel.

2014 Capital Budget and Operations Update

The 2014 capital budget is \$450 million, not including any potential acquisitions, and is in line with the 2013 capital budget we announced at the beginning of that year. Due to our successful exploration programs in 2012 and 2013, we anticipate allocating more capital to deepwater development programs in 2014 and beyond. Additionally, we expect to direct a higher percentage of our capital program to our larger oil dominated projects such as Ship Shoal 349 "Mahogany" development and field expansion and onshore oil development at our Yellow Rose Field in West Texas. In 2014, we anticipate approximately 52% of the budget will be allocated towards development, 42% to exploration and 6% for seismic, leasehold, and other costs. We are allocating approximately 68% of the 2014 budget to projects in the Gulf of Mexico, mostly in the deepwater but also on the shelf and 32% of the budget will be allocated to projects onshore in West Texas.

Offshore Operations Update:

Offshore Well Activity in the Fourth Quarter 2013

Block/Well	WI%	Type	Location	Target	Comments
MC 782 #1 (Dantzier)	20	EXPL	Deepwater	Reservoir in Lower Miocene against salt at ~19,000'	Discovery logged roughly 120' of net pay in two high quality reservoirs which are primarily crude oil. Project moving towards development approval.

Current Offshore Well Activity in the First Quarter 2014

Block/Well	WI%	Type	Location	Target	Comments
SS 349 A-15 (Mahogany)	100	EXPL	Shelf	Multiple exploratory oil targets (N, O, P, Q, Q5 sands) at 13,000' to 15,500' TVD	Well is currently drilling through salt layer with TD targeting measured depth of nearly 20,000'.
MC 243 A-5 (Matterhorn)	100	EXPL	Deepwater	Target in "A" sand (producing reservoir) at ~6,800' TVD	Well completed and brought online during early January. Initial production rate of ~1,200 Bopd and 1.5 MMcf per day net.
EC 321 A-2 ST	100	EXPL	Shelf	Targeting new oil reserves in the Lentic 1 sand at ~8,500' TVD	Well is drilling and is expected to reach TD during the first quarter of 2014.
MC 698 #1 (Big Bend)	20	EXPL	Deepwater	150 ft. of high quality oil pay discovered at ~ 15,300 TVD	Recently commenced completion operations.

During December, the exploration well at Mississippi Canyon (MC) 782, Dantzler reached total depth ("TD") and logged roughly 120 feet of high quality pay in two lower Miocene sands which are primarily crude oil. At our 2012 discovery MC 698, Big Bend, completion operations commenced during the first quarter as a rig was brought on location. We continue to estimate first production to be in late 2015. The operator of Dantzler and Big Bend, Noble Energy, has recently presented point forward economics on both discoveries and based upon their net estimates, the future value that W&T could potentially derive from these two projects would be a combined PV-10 value of over \$450 million.

At our Ship Shoal 349 Mahogany field, the A-12 was brought back on production in December after the unplanned workover discussed above. The well came back on at a rate of approximately 250 barrels of oil equivalent per day, net to W&T, and has continued to hold that rate into February. The rig has since resumed drilling the A-15 exploratory sub-salt oil well which is expected to reach TD near the end of the first quarter of 2014. The lowest targeted sand in this stacked pay exploration well is around 20,000 feet measured depth. After drilling the A-15 well, the rig is scheduled to proceed with the drilling of the A-16 well, which targets reserves in the M, N, O, and P sands identified during the logging of the A-14 exploration well last year. An additional exploration well, the A-17, is currently in the early planning stages and is expected to spud near the end of the year.

The Mississippi Canyon 243 A-5 well at our Matterhorn field was brought on production during early January producing over 1,200 barrels of oil and 1.5 MMcf of natural gas per day net to W&T. Consistent with our reservoir management plans, the A-5 will be produced for a short time period and then be converted to water injection status to initiate our secondary recovery operations and pressure maintenance program. Pending attractive results, we will be looking to expand this oil project to the western portion of the Matterhorn field in future years.

Drilling operations continue at our East Cameron 321 field, with the well expected to reach TD during the first quarter. Initial production estimates for the A-2 side track are approximately 850 barrels of oil equivalent per day, net to W&T. EC 321 has historically been a significant crude oil producing field for the company.

Onshore Operations Update:

Onshore Wells Completed in Fourth Quarter 2013

Project & Area	WI%	Type	# of Wells	Target	Comments
Permian Basin					
Yellow Rose Horizontal	100	DEV	1	Horizontal Wolfcamp "B"	1 well on flowback
Yellow Rose 80 Acre Verticals	100	DEV	5	4,500' vertical section in the Wolfberry	5 wells completed and producing
Yellow Rose 40 Acre Verticals	100	EXP	1	4,500' vertical section in the Wolfberry	1 well completed and producing

Current Onshore Well Activity in the First Quarter 2014

Project & Area	WI%	Type	# of Wells	Target	Comments
Permian Basin					
Yellow Rose 80 Acre Verticals	100	EXP & DEV	6	4,500' vertical section in the Wolfberry	2 wells completed and on flowback, 2 wells awaiting completion, 2 wells drilling
Yellow Rose 40 Acre Verticals	100	EXP & DEV	2	4,500' vertical section in the Wolfberry	2 wells awaiting completion

Yellow Rose Horizontal	33	EXP	1	Wolfcamp "B"	1 non-operated joint venture well which is currently drilling
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Star Prospect

East Texas Horizontal	97	EXP	1	Oil window of James Lime	1 well undergoing completion
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Our first Wolfcamp B horizontal well was completed in early December 2013 with an effective lateral length for the well of 5,905', in 22 stages using a hybrid frac treatment. We are still in the early stages of flowback and the well has exhibited good productivity with flow back rates in excess of 1,000 barrels of fluid per day. We are in the process of installing a larger capacity lift system to capitalize on the well's relatively high bottom hole flowing pressures.

Consistent with our longer term development plans and drive to optimize our acreage position and horizontal production, we have recently entered into a joint operating agreement and well participation arrangement with an offset partner to drill another horizontal Wolfcamp B well. Drilling commenced on this well in early February and is expected to reach TD during the first quarter. Joint ventures like this one allow us to more efficiently develop and commercialize reserves on our acreage with longer horizontal lateral wells in our Yellow Rose field.

We continue to run a two to three rig program in the Yellow Rose field and are currently planning a second operated Wolfcamp B well on our acreage, which should commence drilling near the end of the first quarter of 2014.

Mr. Krohn added, "We look forward to providing an additional operations update and more details of our 2014 capital plan during our fourth quarter conference call scheduled for March 7, 2014."

W&T Offshore

W&T Offshore, Inc. is an independent oil and natural gas producer with operations offshore in the Gulf of Mexico and onshore in both the Permian Basin of West Texas and in East Texas. We have grown through acquisitions, exploration and development and currently hold working interests in approximately 67 offshore fields in federal and state waters (60 producing and seven fields capable of producing). W&T currently has under lease approximately 1.3 million gross acres, including approximately 0.6 million gross acres on the Gulf of Mexico Shelf, approximately 0.5 million gross acres in the deepwater and approximately 0.2 million gross acres onshore in Texas. A substantial majority of our daily production is derived from wells we operate offshore. For more information on W&T Offshore, please visit our website at www.wtoffshore.com.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements reflect our current views with respect to future events, based on what we believe are reasonable assumptions. No assurance can be given, however, that these events will occur. These statements are subject to risks and uncertainties that could cause actual results to differ materially including, among other things, market conditions, oil and gas price volatility, uncertainties inherent in oil and gas production operations and estimating reserves, unexpected future capital expenditures, competition, the success of our risk management activities, governmental regulations, uncertainties and other factors discussed in W&T Offshore's Annual Report on Form 10-K for the year ended December 31, 2012 and on Form 10-Q for the quarter ended September 30, 2013 found at www.sec.gov or at our website at www.wtoffshore.com under the Investor Relations section.

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