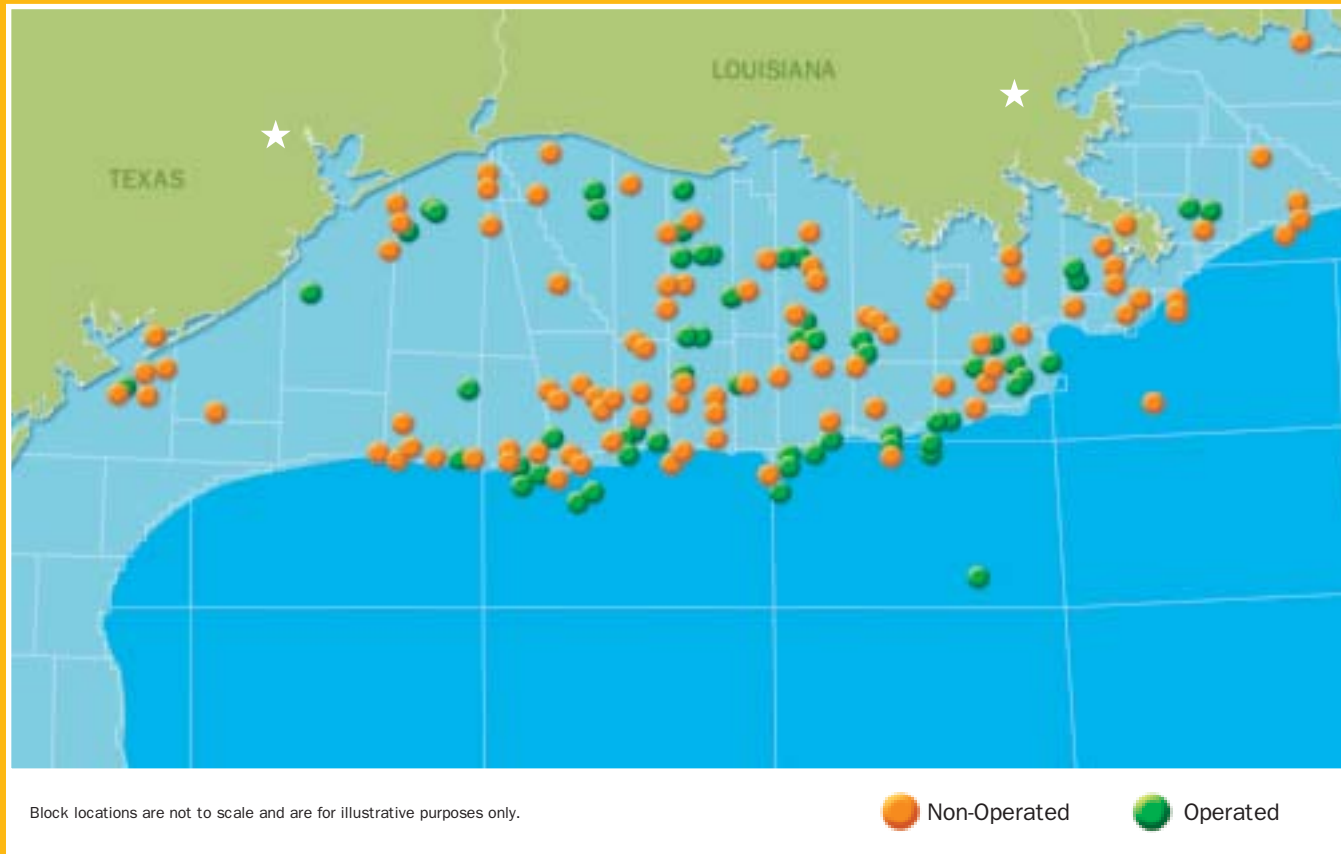




Annual Report 2004

Leveraging our past
to shape the future.

Area of Focus



Company Profile

Founded in 1983, W&T Offshore is an independent oil and natural gas company focused primarily in the Gulf of Mexico area, including the deep water. We have grown through acquisition, exploitation and exploration, and now hold working interests in approximately 110 fields in federal and state waters, and have interests in leases covering approximately 927,000 acres. Our proved reserves at December 31, 2004 were 467.5 Bcfe, of which 62% were proved developed reserves and 49% were natural gas reserves.

Summary Financial Data

Financial Highlights (in thousands)

Income Statement (year ended December 31,)

	2004	2003	2002	2001	2000
Total Revenues	\$ 508,715	\$ 422,587	\$ 191,335	\$ 169,588	\$ 104,047
Operating Income	\$ 231,332	\$ 179,823	\$ 57,458	\$ 67,471	\$ 52,402
Net Income	\$ 149,482	\$ 116,582	\$ 2,049	\$ 63,569	\$ 48,204

Cash Flow Statement (year ended December 31,)

Operating Activities	\$ 377,275	\$ 263,155	\$ 147,809	\$ 123,884	\$ 96,824
Capital Expenditures	\$ 284,847	\$ 203,400	\$ 116,759	\$ 126,399	\$ 129,725

Balance Sheet (as of December 31,)

Total Assets	\$ 760,784	\$ 546,729	\$ 341,194	\$ 282,483	\$ 214,170
Long-Term Debt	\$ 35,000	\$ 67,000	\$ 99,600	\$ 82,400	\$ 67,000
Shareholders' Equity	\$ 359,878	\$ 214,455	\$ 133,330	\$ 164,182	\$ 114,613

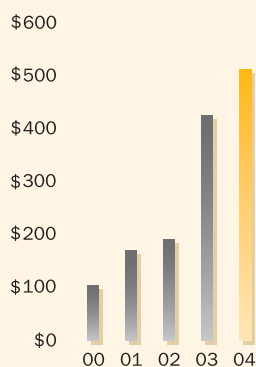
Operating Data

Net Sales:

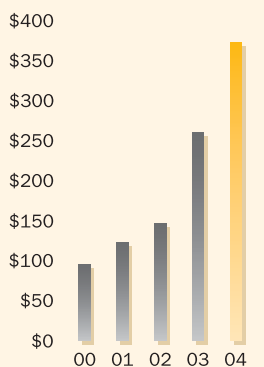
Natural Gas (MMcf)	53,348	52,807	39,368	28,412	12,368
Oil (MBbls)	4,847	4,373	2,465	2,314	1,893
Total Natural Gas and Oil (MMcfe)	82,432	79,045	54,158	42,296	23,726
Average Daily Equivalent Sales (MMcfe)	225.2	216.6	148.5	115.9	64.9
Average Realized Sales Price:					
Natural Gas (\$/Mcf)	\$ 6.18	\$ 5.60	\$ 3.34	\$ 4.11	\$ 4.02
Oil (\$/Bbl)	\$ 36.77	\$ 28.74	\$ 23.57	\$ 22.66	\$ 27.79

Estimated Net Proved Reserves

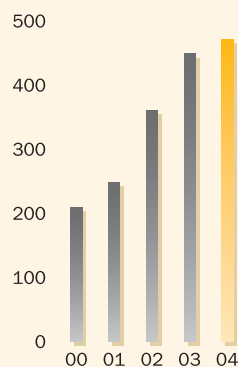
Natural Gas (Bcf)	227.6	231.1	219.0	154.7	103.4
Oil (MMBbls)	40.0	35.6	23.1	15.2	17.3
Total (Bcfe)	467.5	444.7	357.5	245.7	207.4
Proved Developed (Bcfe)	290.1	295.6	229.2	173.0	149.1
Proved Undeveloped (Bcfe)	177.3	149.1	128.3	72.7	58.3



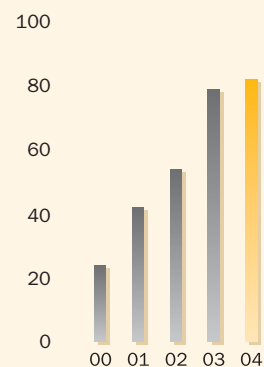
Revenue
(in millions)



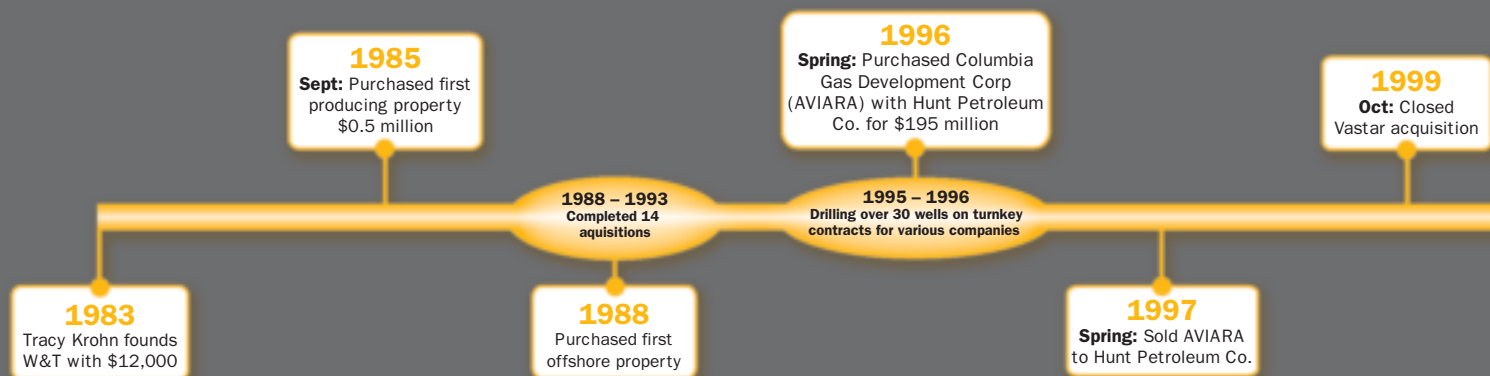
Cash flow from operating activities
(in millions)



Proved reserves
(Bcfe)



Net sales
(Bcfe)



Dear fellow shareholders,

With the completion of W&T Offshore's IPO on January 28, 2005, we have transitioned into becoming a public company with new responsibilities, opportunities and challenges, such as providing regular reports to our shareholders. We welcome this opportunity to present our story and share our history with you.

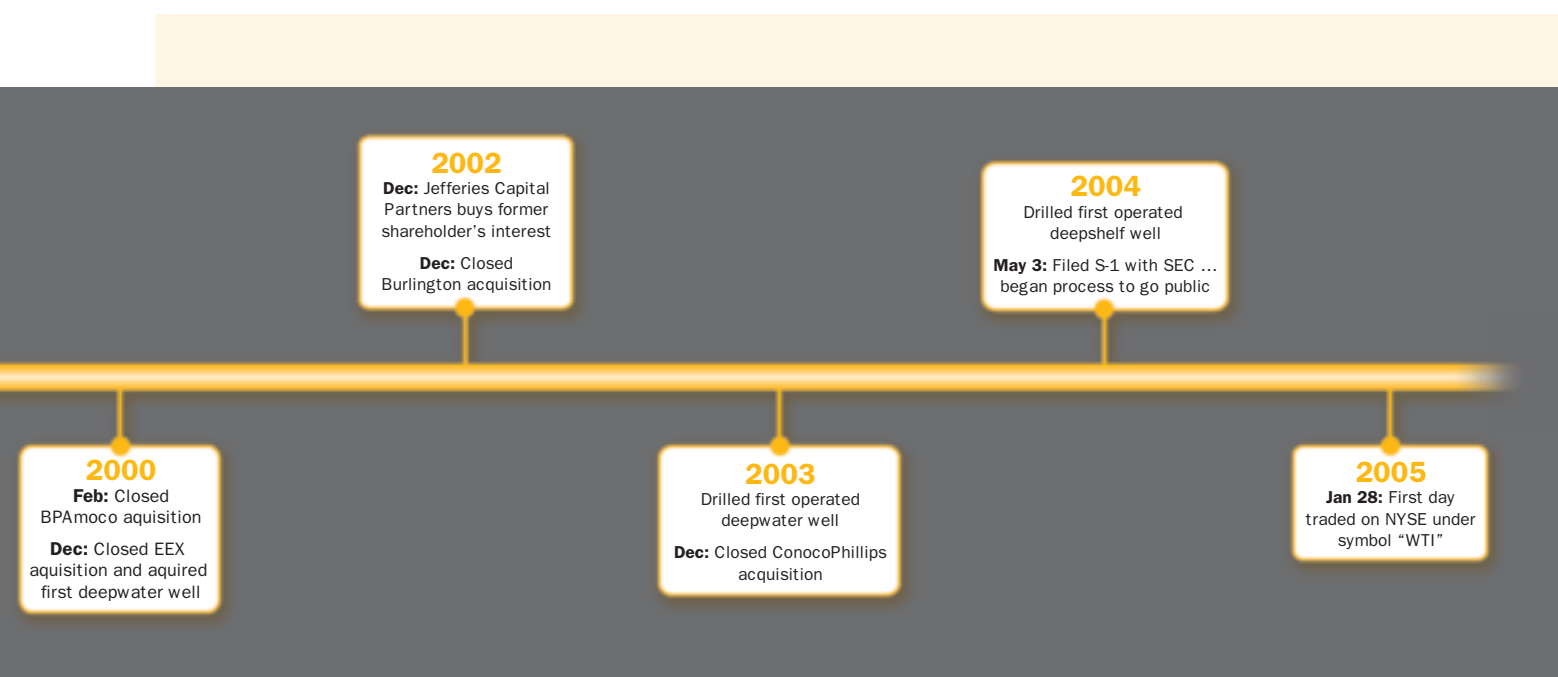
At W&T Offshore, we believe that our record of consistent growth in shareholder value demonstrates that we are capable of substantial growth in the future. As the founder of the Company, I have fostered throughout our organization a focus on increasing shareholder value. My family and I beneficially own about 72.5% of the shares of our common stock, while management and employees hold approximately 2.5%, or a total of approximately 75% of the shares. All of our employees own shares in the company. We are confident that this common ownership puts us all in the same boat, rowing in the same direction.

Financially, W&T Offshore had its best year ever in 2004, following banner years in both 2002 and 2003. I believe that this is a pattern we will continue, and monetarily, I am fully exposed and committed to this belief. The major catalyst

toward our success over the last few years has been our continued growth in reserves and production. We ended 2004 with 467 Bcfe of reserves and 82.4 Bcfe in production. These numbers are a long way from 207 Bcfe of reserves and 24 Bcfe in production in 2000. During 2004, we achieved a 128% reserve replacement rate, or a 5% reserve growth rate. We replaced almost 80% of our production, or about 65 Bcfe from discoveries, extensions and other additions. As the price of buying reserves continues to hit new highs, we did not close a significant acquisition in 2004, but nonetheless a significant amount of the growth in our company was organic. We expect to get our fair share of acquisitions, but we don't intend to deviate from the recipe for our past success: seeking acquisition opportunities at reasonable prices and then exploiting them to achieve high cash flow.



During our public offering, we were often asked where our growth would come from in 2005 and beyond. We believe that the exploitation of our significant acreage position will be the basis for growth in the future. For example, in 2004, we spent over \$240 million on development and exploration. 2004's drilling program included 32 exploration wells and



7 development wells. All seven of the development wells were successful, while 21 of 32 exploration wells were successful. Our drilling inventory for our 2005 drilling program includes 18 conventional shelf wells, 6 deepwater wells, 4 deep shelf wells and 2 land wells. We continue to create future opportunities by being active in the Outer Continental Shelf (OCS) lease sales. In 2004, we were awarded 13 blocks, 7 of which are in the deepwater, and in 2005, we intend to be just as active at the OCS lease sales.

Our stock became publicly traded on January 28, 2005, under the symbol WTI. Currently, we have no bank debt on the balance sheet and a \$230 million undrawn revolving line of credit. Financial discipline is a core element of our corporate culture. Now, as a public company, we may be more able to be aggressive about our growth, as we can use equity to grow.

We intend to focus on the things that are important to the continued excellent profitability that we have achieved in the past with the idea that we can continue to make this Company grow and be profitable in the future. It has always been our intent to instill our "low cost, high value, high cash flow" philosophy throughout our entire organization, always focusing on the things that are important to the profitability of the Company. This focus is apparent in every contract we sign. Our corporate culture is the reason that our historic general and administrative

expense ratio is one of the lowest among exploration and production companies in the Gulf of Mexico.

At W&T, we concentrate on the full cycle economics of each project we take on, which serves to help us be certain that we generate an acceptable rate of return on each project, whether it is an acquisition of properties, an acquisition of a company, or an exploration and production opportunity.

Now that we are a public company, the culture and vision remain the same: We remain focused on high returns for our shareholders.

Very truly yours,

Tracy W. Krohn

Founder and Chief Executive Officer

Board of Directors



Tracy W. Krohn³
Chairman of the
Board of Directors



Jerome F. Freel³
Founder, Secretary,
Director and
Chairman Emeritus



Stuart B. Katz^{1, 2, 3}
Managing Director
Jefferies Capital Partners



James L. Luikart^{1, 2}
Executive Vice President
Jefferies Capital Partners



Virginia Boulet^{1, 3}
Special Counsel
Adams and Reese LLP

Executive Officers



Tracy W. Krohn
Founder, Chairman, Chief
Executive Officer, President
and Treasurer



Jerome F. Freel
Founder, Secretary,
Director and Chairman
Emeritus



W. Reid Lea
Vice President of Finance,
Chief Financial Officer
and Assistant Secretary



Jeffrey M. Durrant
Vice President of
Exploration/Geoscience



Joseph P. Slattery
Vice President
of Operations

¹ Audit Committee Member
² Compensation Committee Member
³ Nominating and Corporate Governance

Corporate Information

Corporate Office

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Eight Greenway Plaza, Suite 1330
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www.wtoffshore.com

Registrar and Transfer Agent

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2 North La Salle Street
Chicago, IL 60602

Independent Auditors

Ernst & Young LLP
New Orleans, Louisiana

Legal Counsel

Adam and Reese LLP
Houston, Texas

Independent Petroleum Consultants

Netherland, Sewell & Associates, Inc.
1601 Elm Street, Suite 4500
Dallas, Texas 75201-4754

Form 10-K and Quarterly Reports/Investor Contact

A copy of the W&T Offshore, Inc. Form 10-K for fiscal 2004, filed with the Securities and Exchange Commission is available from the Company. Requests for investor related information should be directed to Manuel Mondragon, Assistant Treasurer, at the Company's corporate office or on the Internet at www.wtoffshore.com
E-mail Address: investorrelations@wtoffshore.com

Annual Meeting

The Annual Meeting of Shareholders will be held at the St. Regis Hotel, 1919 Briar Oaks Lane, Houston, Texas 77027 on May 26, 2005 at 9 a.m. Central Daylight Time.

Common Stock Information

The common stock of W&T Offshore, Inc. is traded on the New York Stock Exchange under the symbol WTI. As of March 14, 2005, there were 56 registered holders of our common stock and approximately 3,400 beneficial shareholders.

Dividend Information

On March 28, 2005, the Company's board of directors declared a cash dividend of \$0.02 per share of common stock, payable on May 2, 2005 to shareholders of record on April 15, 2005. The Board of Directors' intent is to continue declaring a cash dividend each quarter depending on the Company's profitability and capital necessary to finance operations and expansion.

Forward Looking Statements

This Annual Report (including the letter from Tracy W. Krohn, our President and Chief Executive Officer) contains forward-looking statements within the meaning of the Private Litigation Securities Reform Act of 1995 that involve risks, uncertainties and assumptions. 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. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, such as those statements that address activities, events or developments that we expect, believe or anticipate will or may occur in the future. These 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 in the circumstances. Certain factors that may affect our financial condition and results of operations are discussed in "Factors That Could Affect Future Results" in Item 7A of the Form 10K included as part of and attached to this Annual Report and may be discussed from time to time in our reports filed with the Securities and Exchange Commission subsequent to this report. We assume no obligation, nor do we intend, to update these forward-looking statements.

Corporate Office

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