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W&T Offshore Announces 2017 Capital Budget And Provides Production And Expense Guidance For 2017

HOUSTON, Jan. 24, 2017 /PRNewswire/ -- W&T Offshore, Inc. (NYSE: WTI), today announced that its Board of Directors has approved a 2017 capital expenditure budget of $125 million, excluding potential acquisitions. The Company has also provided production and expense guidance for 2017 and expects total production in 2017 to be approximately 4% higher than the mid-point of the Company's expected production in 2016.

2017 Capital Program

W&T currently anticipates drilling six to eight wells during 2017 in the Gulf of Mexico in a program that is expected to be generally balanced between exploration and development projects and between wells located on the Shelf and in the Deepwater. The 2017 projects meet the Company's budget criteria of having a very high probability of success, expected high rates of return and short-term payout, and the ability to boost production levels in 2017 or early 2018.

The 2017 capital plan includes completing the Ship Shoal 349 "Mahogany" A-18 well, which was drilled to total depth in late 2016 and put on production in mid-January, and the drilling and completion of three additional wells in the Mahogany field. Each of these projects is expected to achieve a rate of return in excess of 100%, with a relatively quick payback. The plan also includes the drilling and completion of two wells at the Ewing Bank 910 field, which are expected to average a rate of return in excess of 100%, with an average projected payout in approximately one year.

Additionally, the 2017 plan includes performing between 20 and 25 recompletions at a cost of approximately $26 million. These recompletions on average are projected to have very good rates of return and short payback cycles. Approximately two-thirds of the entire capital budget is directed at projects that will come on line and start producing in 2017.

Tracy Krohn, W&T Offshore's Chairman and CEO, stated, "By virtue of our long history of finding and creating successful drilling opportunities in the Gulf of Mexico's prolific stacked reservoirs, we have developed a substantial inventory of low-risk, high-return projects in producing fields.

"Due to the recent improvement in commodity prices, combined with our continued success at reducing costs and optimizing our operations, we expect to realize higher adjusted EBITDA and better adjusted EBITDA margins in 2017 than what we experienced in 2015 and 2016. As a result, we are substantially increasing our capital spending in 2017 over 2016 levels; at the same time we expect to build cash on hand while maintaining the flexibility to adjust our spending plans as market conditions change. We intend to drill within our net cash flow generating capabilities, as well as maintain and build liquidity.

"Our 2017 capital program is focused on projects with an excellent probability of success and rates of return of between 80% to well over 100%. The projects are also located near existing infrastructure and can be brought on production quickly, offering immediate cash generation.

"Our Mahogany field is expected to be an important part of our capital program in 2017, with a substantial inventory of projects to choose from, including low-risk development drilling, exploration that could continue to extend the field's size, and quick payout projects such as recompletions and sidetrack drilling. We have multiple 'P' Sand, 'T' Sand and 'U' Sand targets in our Mahogany field, which will provide drilling opportunities into 2018 and beyond. The thick stacked pay sands that we are de-risking in the field also offer extensive recompletion opportunities as we exploit the proven non-producing zones in the field. To more precisely target the formations, we will be utilizing our recent analysis of our new WAZ seismic data over the field that has produced a much clearer image of the sub-salt formations. The vast majority of the value in the 2017 plan should be generated at Mahogany, so we feel confident that our capital will achieve above-average rates of return.

"The Gulf of Mexico can be a highly profitable basin for operators that know how to exploit its exceptional rock properties and manage offshore operating costs. We are optimistic that we can take advantage of the numerous opportunities we have identified, as well as future opportunities, and we can generate strong margins from the basin," he concluded.

2017 Production and Expense Guidance

Our guidance for the first quarter 2017 and full year 2016 and 2017 is provided in the table below and represents the Company's best estimate of the range of likely future results. Guidance could be affected by the factors described below in "Forward-Looking Statements.

Production	First Quarter 2017	Full Year 2017	Full Year 2016
Oil and NGLs (MMBbls)	2.0 - 2.3	8.3 - 9.2	8.3 - 9.2
Natural gas (Bcf)	10.2 - 11.3	41.4 - 45.7	37.7 - 41.6
Total (Bcf)	22.5 - 24.9	91.1 - 100.6	87.6 - 96.8
Total (MMBoe)	3.7 - 4.1	15.2 - 16.8	14.6 - 16.1

Operating Expenses ($ in million)	First Quarter 2017	Full Year 2017	Full Year 2016
Lease operating expenses	$46 - $51	$167 - $185	$153 - $169
Gathering, transportation & production taxes	$5.6 - $6.2	$23 - $26	$23 - $26
General and administrative	$14 - $15	$53 - $59	$58 - $64
Income tax rate benefit		nm	14.9%

About W&T Offshore

W&T Offshore, Inc. is an independent oil and natural gas producer with operations offshore in the Gulf of Mexico and has grown through acquisitions, exploration and development. The Company currently has working interests in approximately 54 fields in federal and state waters (50 producing and four fields capable of producing) and has under lease approximately 750,000 gross acres, including approximately 450,000 gross acres on the

Gulf of Mexico Shelf and approximately 300,000 gross acres in the deepwater. A majority of the Company's daily production is derived from wells it operates. For more information on W&T Offshore, please visit the Company's 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, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. 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, 2015 and subsequent Form 10-Q reports found at www.sec.gov or at our website atwww.wtoffshore.com under the Investor Relations section. Investors are urged to consider closely the disclosures and risk factors in these reports.

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