

“A Lone Ranger in an Industry of Mega Companies”  
An Independent’s Perspective

Tracy W. Krohn, CEO and President

Marine Technology Society

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Omni Place, 12121 Westheimer, Houston, TX 77077



# Company Highlights



## Highlights

Ticker	WTI (NYSE)
Initial Public Offering	January 2005
Employees	295
Market Capitalization (\$ in MMs)	\$4,056
Insider Ownership (% of S. O.)	61%

## Key Financials (\$ in MMs)

	2007	2006
Revenue	\$1,114	\$800
Adjusted EBITDA	\$820	\$642
Adjusted EBITDA Margin %	74%	80%
CAPEX	\$362	\$589

## Reserve Data (as of 12/31/07)

Proved Reserves (Bcfe)	639
Proved Developed Reserves (Bcfe)	395
Proved Developed %	62%
Oil and Liquids %	48%

## Field Statistics (as of 12/31/07)

# of Producing Fields w/WI	155
Approx. Acreage (Gross/Net)	1.7 million/1.0 million
% Held-by-Production	73%

## Production (as of 05/06/08)

Average Daily Production (MMcfe)	345 +/-
Natural Gas %	57%
Operated Production % (net)	67%

Market capitalization as of May 16, 2008

# Why W&T is the Lone Ranger?

- ▶ The prevailing belief about the Gulf of Mexico
  - “The Gulf has a short reserve life...”
  - “The conventional shelf has been picked over”
  - “The conventional shelf can’t move the needle”
  - “The Gulf is dead...”
  
- ▶ What the Lone Ranger (aka Tracy Krohn) thinks about the Gulf of Mexico
  - “W&T has maintained a constant R/P over a long period of time”
  - “W&T has a 50 well program in 2008, it’s most ever”
  - “Still plenty of big reserves on Shelf like our recent HI 24 discovery with over 100 Bcfe gross of proved reserves”
  - “We have been hearing that mantra for 25 years. They are right and thanks for leaving, we’ll turn out the lights”

Therefore the conventional wisdom is **WRONG**

# W&T's Business Strategy

- ▶ Cash flow returns and generation is our top priority
- ▶ Increase reserves and revenue through the drill bit and by acquisition
- ▶ Focus on offshore Gulf of Mexico
  - Conventional shelf – primary focus
  - Deep Shelf and Deepwater – secondary focus
- ▶ Numerous acquisition opportunities exist today
  - Competitors continue to divest GOM assets-Majors and large independents leaving
  - Assets are not leaving basin, just changing hands
- ▶ Acreage will be King!
  - Many companies have “left or are leaving” the shelf
  - Held by production acreage is best
- ▶ Maintain financial discipline

# W&T's Business Strategy, Part II

## Deeper and Deeper *and Deeper in Deeper*

- ▶ Continued long-term success for W&T will depend on our success in finding oil and gas reserves as we move further away from the shoreline or drill deeper under the sea floor.

- Numerous Deep Shelf (>15,000') Prospects in Areas of Known Production at Shallow Water Depths
  - Only 2,200 +/- wells have been drilled below 15,000'
- Numerous Deepwater (>500' – 1,000') Prospects in Areas near existing infrastructure
  - Less than 2,600 wells drilled; only 35 active platforms
- Potential for Faster Development from Existing Infrastructure will benefit both Deepwater and Deep Shelf
- Technology will benefit both Deepwater and Deep Shelf

# “The Dead Sea”

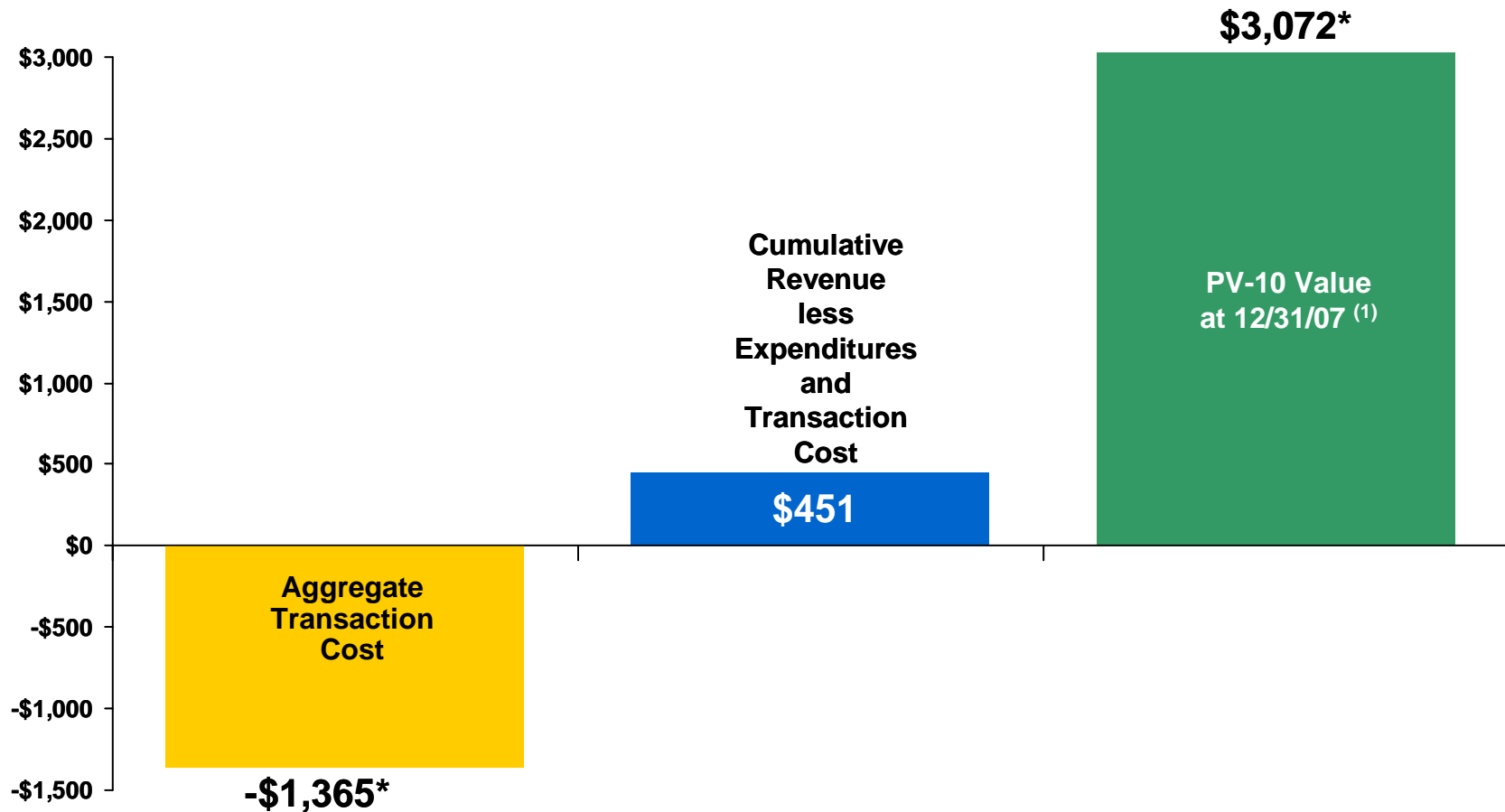
- ▶ Large Independents and Majors have gradually exited the Gulf of Mexico
  - W&T has taken full advantage of asset sales
- ▶ Cumulative production through 2007 was 473 Bcfe

Transaction	Producing Fields Acq'd	Reserves Acq'd	Transaction Price (\$MM)	Acq. Multiple \$/Mcfe	2007 Reserves
Vastar - 1999	7	18 Bcfe	\$9.9	\$0.55	37 Bcfe
Amoco -1999*	5	64 Bcfe	\$26.1	\$0.41	43 Bcfe
EEX - 2000	40	46 Bcfe	\$43.8	\$0.95	15 Bcfe
Burlington - 2002	53	120 Bcfe	\$52.3	\$0.44	104 Bcfe
ConocoPhillips - 2003*	13	95 Bcfe	\$55.8	\$0.59	72 Bcfe
<b>Sub Total</b>	<b>118</b>	<b>343 Bcfe</b>	<b>\$187.9</b>	<b>\$0.55</b>	<b>271 Bcfe</b>
Kerr-McGee - 2006	72	247 Bcfe	\$1,061.0	\$4.30	197 Bcfe
Apache "Mahogany" - 2008 *	1	60 Bcfe	\$116.0	\$1.93	60 Bcfe
<b>Grand Total</b>	<b>191</b>	<b>650 Bcfe</b>	<b>\$1,364.9</b>	<b>\$2.10</b>	<b>528 Bcfe</b>

\* Closed 1/29/08 with effective date of 1/1/08, Purchased partial working interest in Amoco and ConocoPhillips transactions

# Transaction Report Card

Value created from 7 Major Transactions from 1999-2008 (\$ in millions)



(1) PV-10 value does not include P&A expense

\*Proforma Mahogany purchase 12-31-07

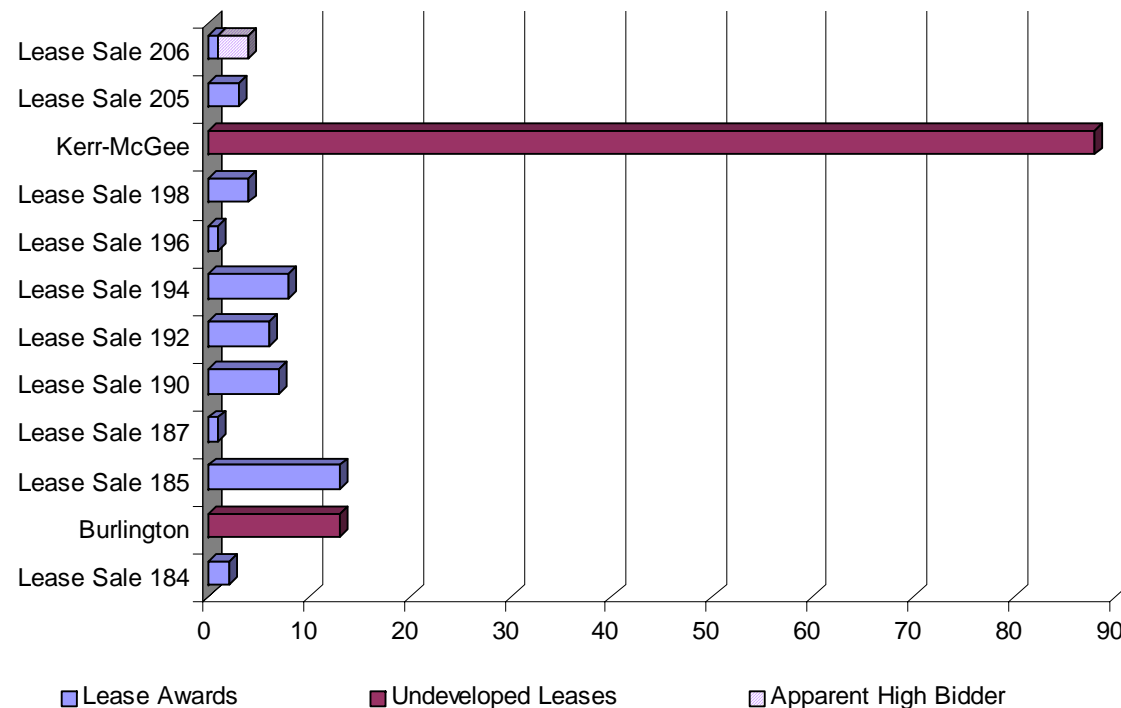
# Enormous Exploitation Potential Left Behind

- ▶ W&T has exploited each transaction post closing
- ▶ 105 wells drilled on 190 fields acquired is just over 1/2 a well per field to date
- ▶ Still finding prospects nine years later

Transaction	Year Acq'd	Producing Fields Acq'd	Development Wells Drilled	Exploration Wells Drilled	Well(s) in 2008 Program
Vastar	1999	7	2	7	1
Amoco	1999	5	11	5	1
EEX	2000	40	4	15	1
Burlington	2002	53	12	33	7
ConocoPhillips	2003	13	0	4	4
Kerr-McGee	2006	72	2	10	27
<b>Total Results</b>		<b>190</b>	<b>31</b>	<b>74</b>	<b>41</b>

# Building on Prospects Left Behind by Majors

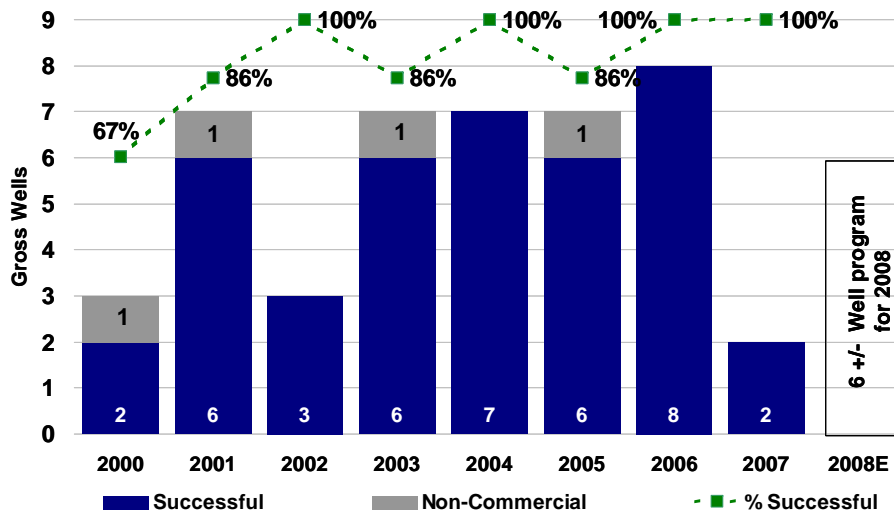
- ▶ We believe that the combination of successful lease sales and acquisitions provide W&T more than adequate opportunities to explore and develop years worth of drilling prospects
- ▶ W&T has accumulated 1 million net acres of which 73% is Held By Production
- ▶ W&T is the third largest conventional shelf acreage holder after Chevron and Apache



# Exploit, Exploit, Exploit

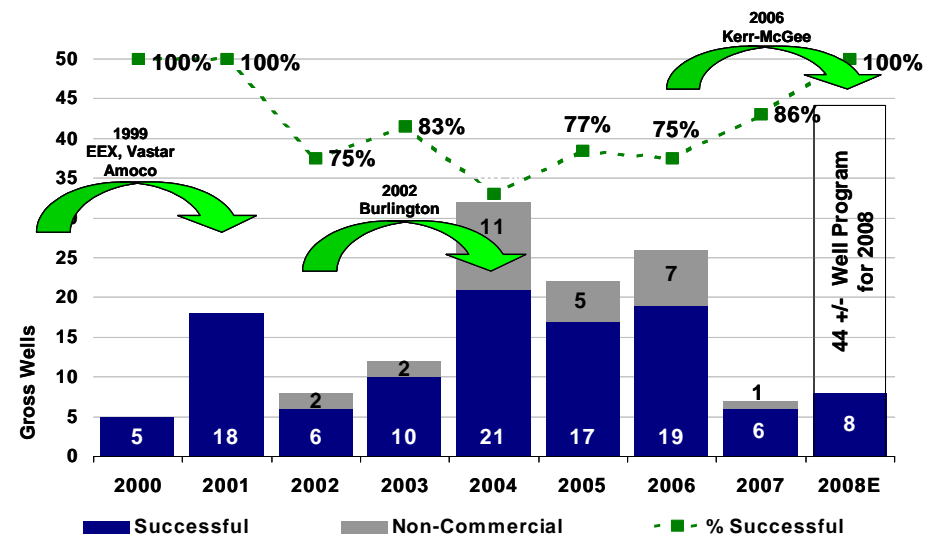
- ▶ Previous large transactions have taken approximately two years to fully evaluate

## Development Drilling



Overall Development Drilling success:  
40 of 44, 91% success rate

## Exploration Drilling



Overall Exploration Drilling success:  
110 of 138, 80% success rate

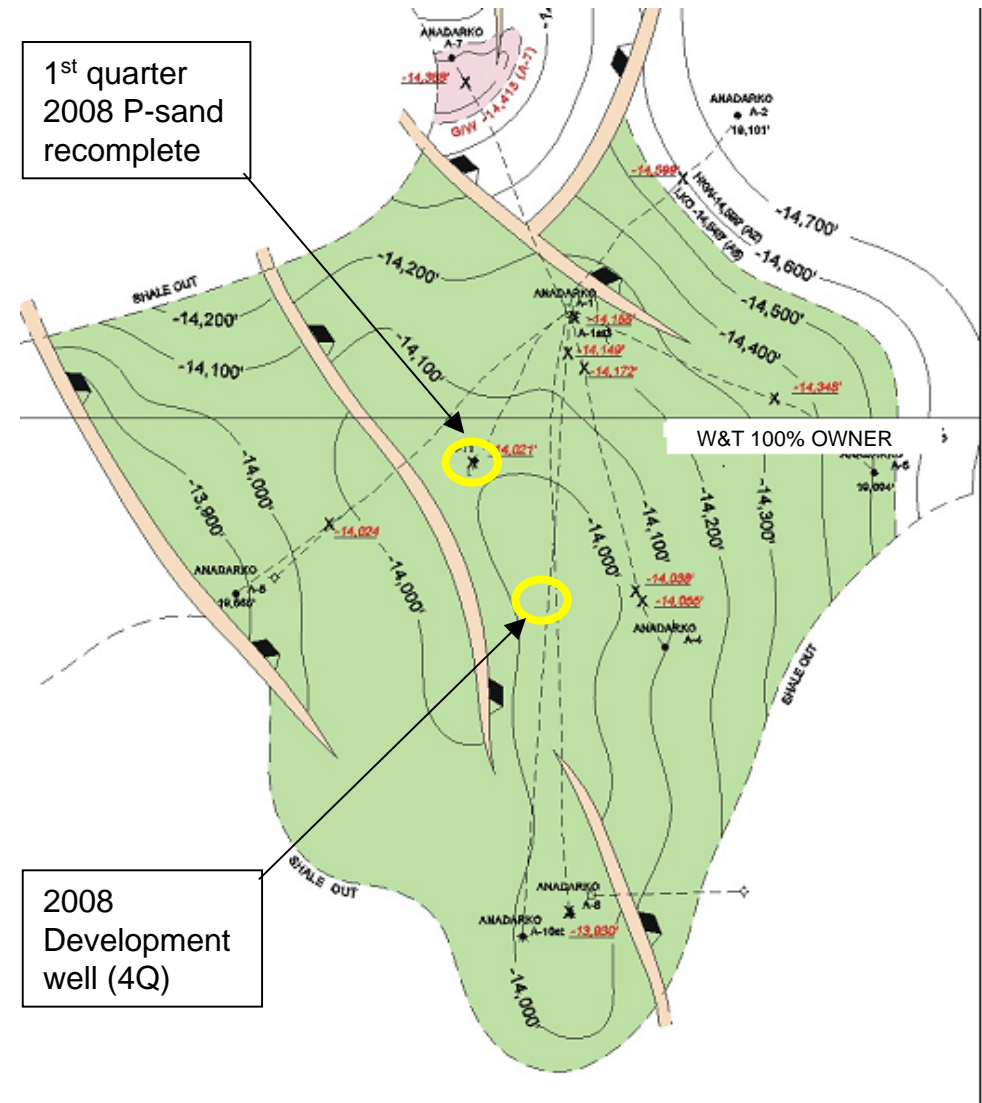
# Deep Shelf – Plenty of meat still on the bone

- ▶ Majors leaving the conventional shelf for Deepwater or other basins, i.e U.S. Onshore and Internationally
- ▶ During the Major's exodus from the Gulf of Mexico, W&T has acquired approximately 1.7 million gross acres
  - Conventional shelf acreage is approximately 1.4 million gross acres
- ▶ Fewer than 2,300 wells drilled below 15,000 feet
- ▶ W&T large acreage holdings is a unique advantage as the Deep Shelf frontier opens
- ▶ MMS estimates 55 Tcf of natural gas in zones below 15,000 feet drilling depth in the Gulf
- ▶ Advances in drilling technology, improved seismic, metallurgy and completion processes make Deep Shelf very attractive
- ▶ *“shhh...majors returning to conventional shelf for the Deep Shelf potential”*

# SS349 “Mahogany”

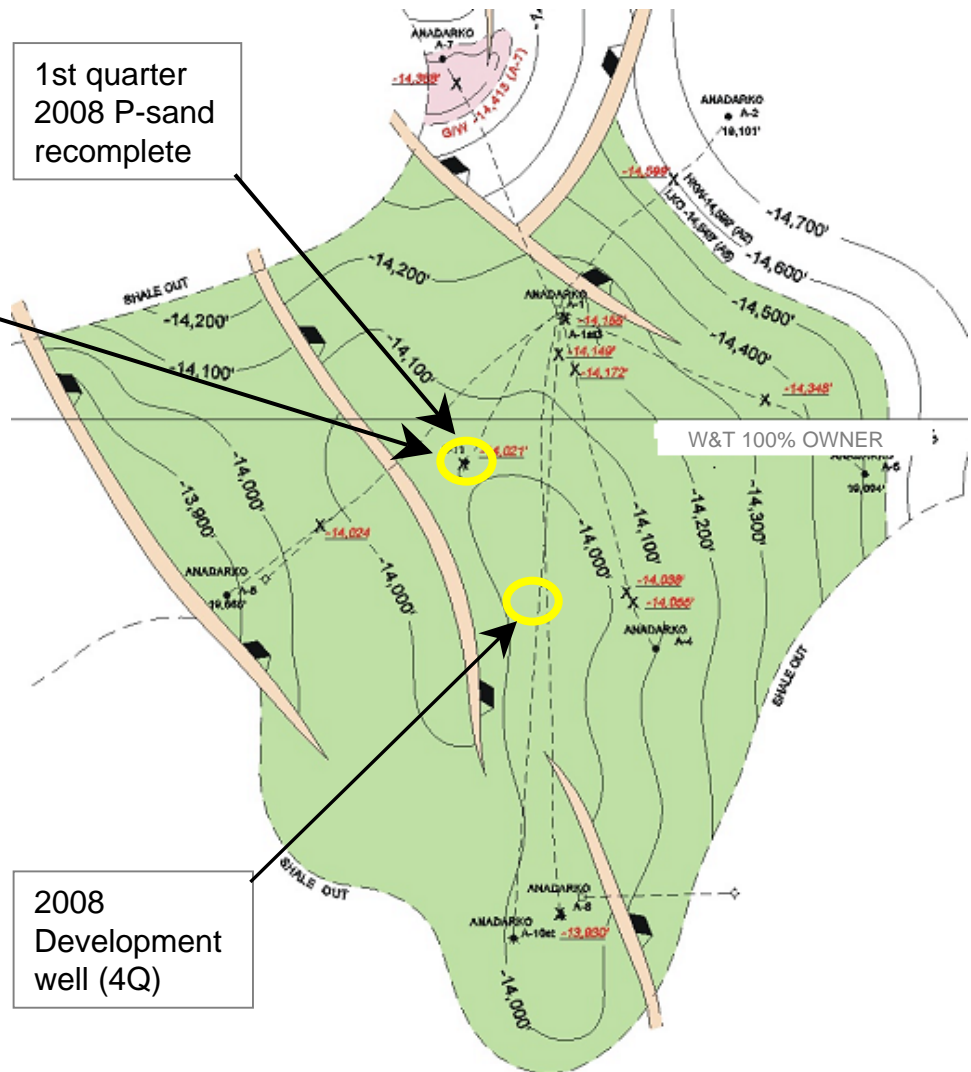
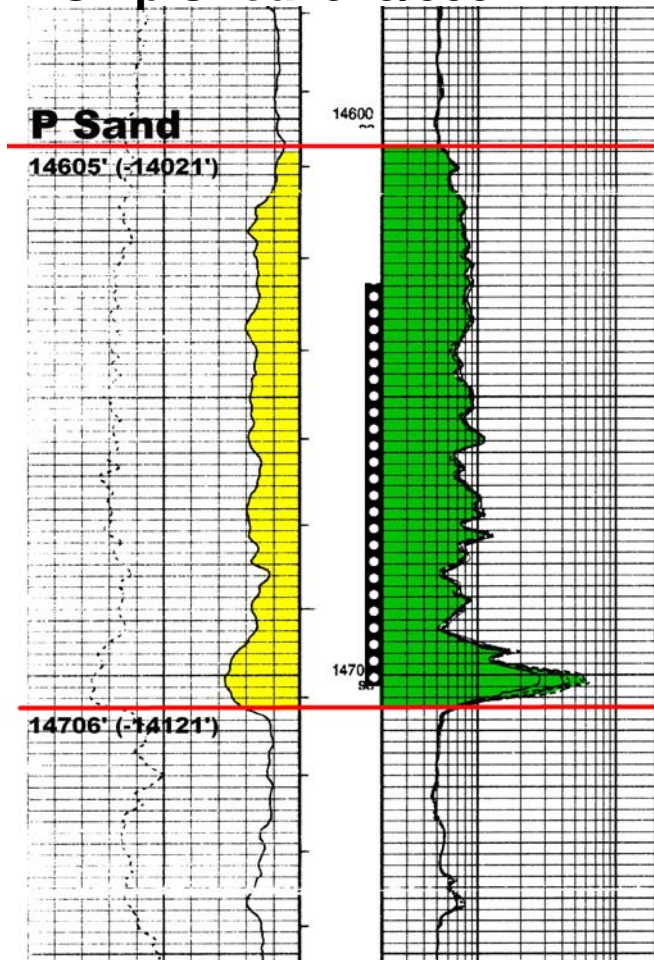
- ▶ First commercial field in the subsalt play in the GOM
  - 5 productive horizons below salt at depths as deep as 17,000 feet
  - Miocene section is undrilled
- ▶ 83% oil reserves on 12/31/07
- ▶ Newly reprocessed pre-stack depth seismic
- ▶ Maximizing production
  - Acid Stimulation Program (A-4, A-5)
  - Recomplete to P-sand (A-11)

	Dec-07	Apr-08
Oil ( MBopd)	1.5	4.0
Gas (MMcf/d)	1.4	6.9
Total (MMcfe/d)	10.4	30.9



# SS349 "Mahogany" recomplete

## Ship Shoal 349/359 A-11



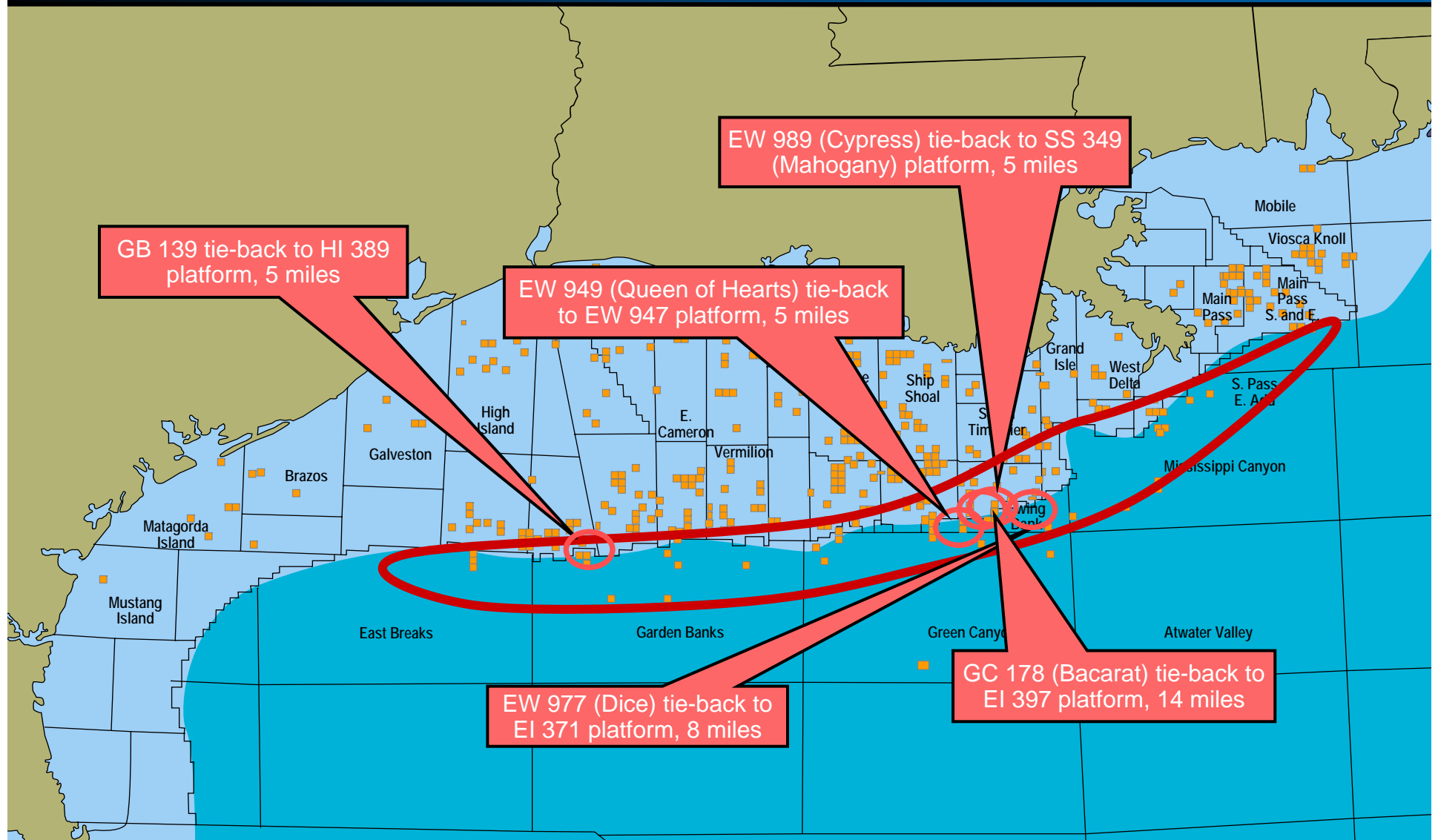
# SS349 “Mahogany”

- ▶ A-11 deepest well in Field @ 18,380' TVD
- ▶ Deepest pay zone – X-Sand @ 17,150'
- ▶ A-11 TD in lower most Pliocene, essentially all of Miocene & deeper section not penetrated
- ▶ P-Sand most prolific of productive zones beneath salt
  - Production through 12/2007
    - 15 MMBO & 25 BCFG
  - Total subsalt production – 12/2007
    - 6 sands
    - 18.4 MMBO & 35 BCFG

# Deep Water

- ▶ Many Majors and large independents moving out from transition zone (500-1000 ft water depth) into ultra Deepwater (3000-5000+ ft water depth)
- ▶ W&T focused it's Deepwater efforts around it's existing infrastructure
- ▶ Due to W&T's vast existing infrastructure, it is possible to sub sea tie-back Deepwater projects to conventional shelf infrastructure
  - EW 989 (Cypress) in 523 feet of water tie-back to SS 349 (Mahogany) platform in 372 feet of water, 7 miles in length
  - GB 139 in 550 feet of water tie-back to HI 389 in 410 feet of water, 5 miles in length
  - EW 977 (Dice) in 550 feet of water tie-back to EI 371B in 415 feet of water, 8 miles in length
  - EW 949 (Queen of Hearts) in 865 feet of water tie-back to EW 947 in 477 feet of water, 5 miles in length
  - GC 178 (Bacarat) in 1,404 feet of water tie-back to EI 397 in 472 feet of water, 14 miles in length

# Reducing Deep Water costs by tying back to the Shelf

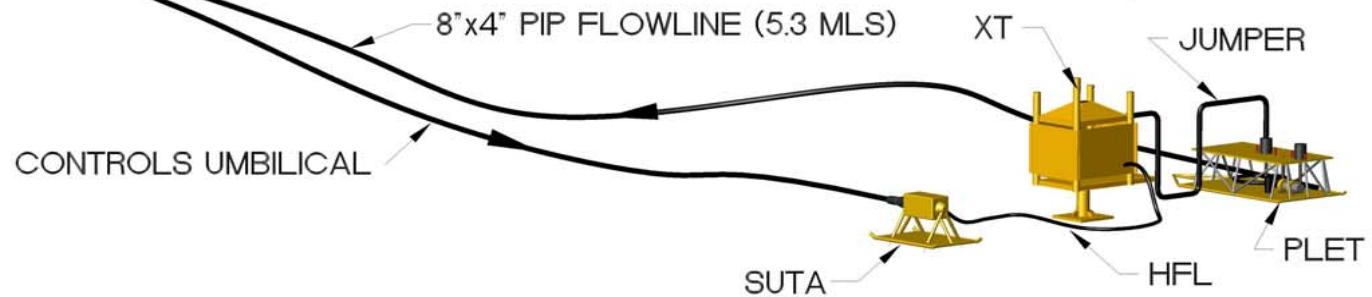
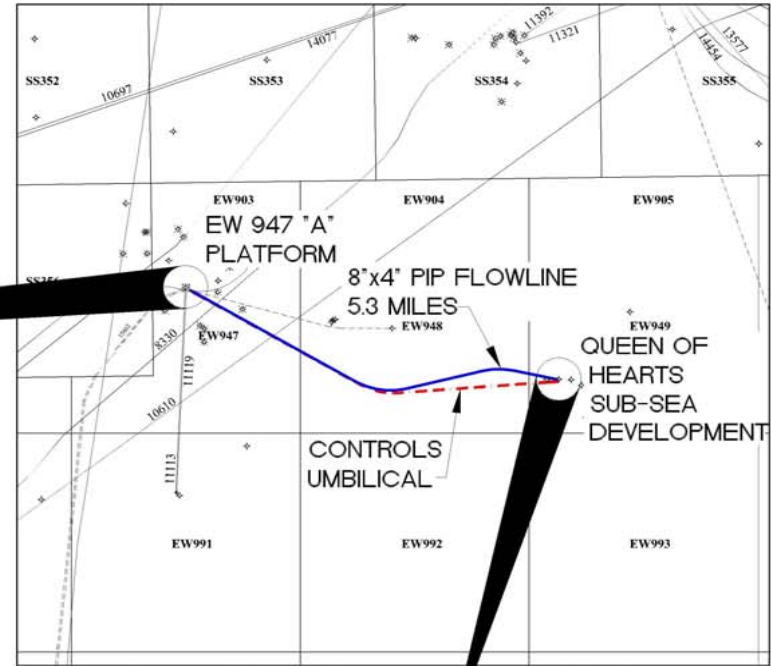
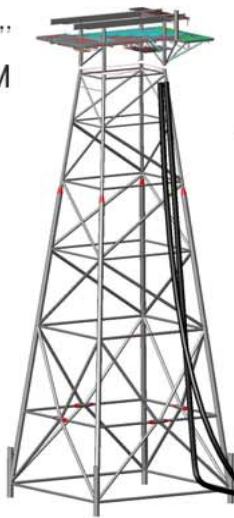


# Queen of Hearts



## QUEEN OF HEARTS SUB-SEA FIELD DEVELOPMENT

EW 947 "A"  
PLATFORM





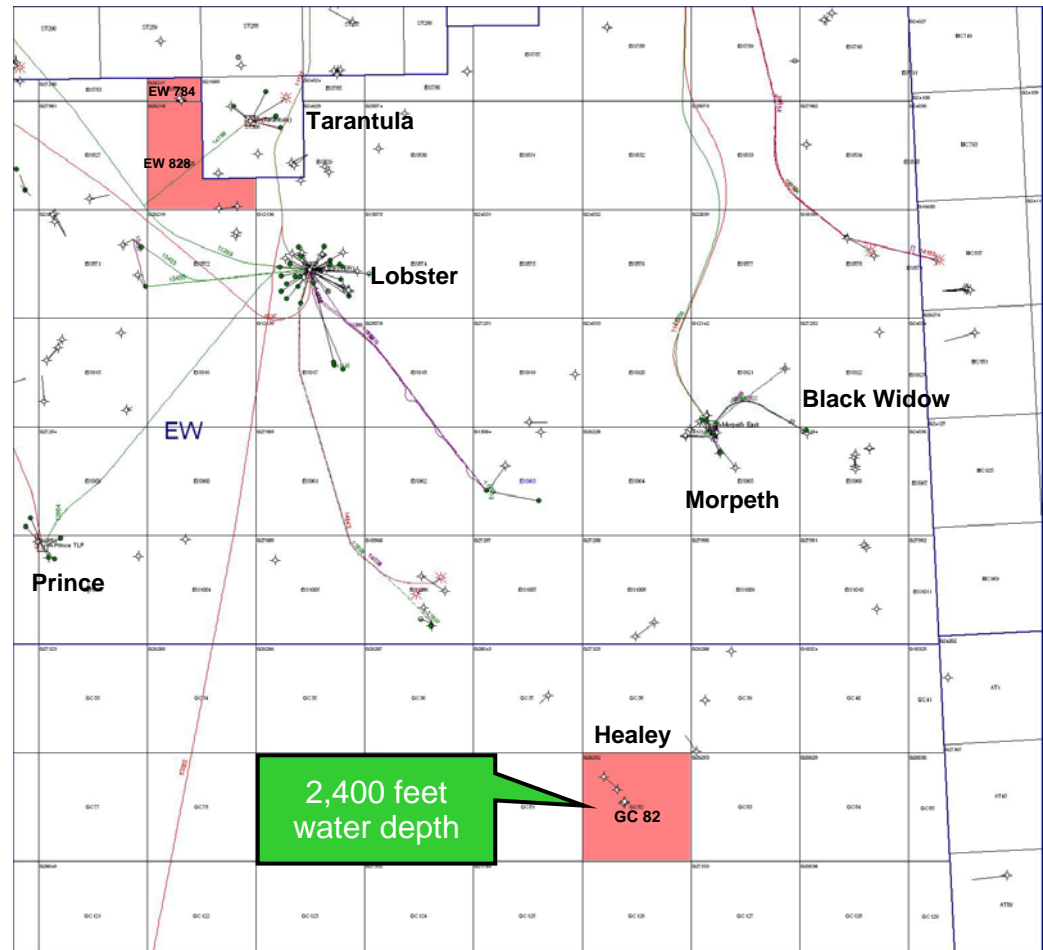
# Green Canyon 82 - Healey

- ▶ Lease purchased in 2004
- ▶ Original well drilled in 1996 by Kerr-McGee, eventually let lease expire
- ▶ 100% W&T Working Interest
- ▶ Development options under review
  - FPS
  - Subsea tieback
    - Lobster platform
    - Morpeth TLP
    - Prince TLP

## Reserves (Bcfe)

Proved =	60
Probable =	60
Possible =	150
<b>3P Total =</b>	<b>270</b>

- ▶ 4 Additional prospects identified with Healey #4
  - 7 total prospects



# Conclusions

- ▶ Why W&T likes being the Lone Ranger

“Short reserve life...”

W&T has maintained constant R/P over a long period of time, must work harder but reserve life can be maintained

“The shelf has been picked over...”

You have to work harder everyday but W&T knows there are plenty of opportunities left on the Shelf, especially below 15,000 feet

“The shelf can’t move the needle...”

Plenty of potential for large reserves in the Deep Shelf, MMS estimates 55 Tcf of Natural gas below 15,000 feet

“The Gulf is dead...”

Far from it, W&T has been operating in the Gulf for 25 years and believe it offers the best returns

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

Nine Greenway Plaza  
Suite 300

Houston, TX 77046

Main line - 713-626-8525

Fax - 713-626-8527

Investor Relations - 713-297-8024

[www.wtoffshore.com](http://www.wtoffshore.com)

[www.investorrelations@wtoffshore.com](mailto:www.investorrelations@wtoffshore.com)

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