

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K/A
(Amendment No. 1)

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): August 30, 2019

W&T Offshore, Inc.
(Exact name of registrant as specified in its charter)

1-32414
(Commission File Number)

Texas
(State or Other Jurisdiction
of Incorporation)

72-1121985
(I.R.S. Employer
Identification No.)

Nine Greenway Plaza, Suite 300
Houston, Texas 77046
(Address of Principal Executive Offices)

713.626.8525
(Registrant's Telephone Number, Including Area Code)

N/A
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$0.00001	WTI	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934

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.

On September 5, 2019, W&T Offshore, Inc. (the “Company”) filed a Current Report on Form 8-K (the “Initial 8-K”) to report its completion of the purchase on August 30, 2019 of the interests of Exxon Mobil Corporation and certain of its subsidiaries in, and operatorship of, certain oil and gas producing properties in the eastern region of the Gulf of Mexico, offshore Alabama, and related onshore facilities and pipelines (“the Mobile Bay Properties”).

The Initial 8-K also stated that the required financial statements and pro forma financial information related to the Mobile Bay Properties would be filed by an amendment to the Initial 8-K. This amendment on Form 8-K/A amends and supplements the Initial 8-K to include financial statements and pro forma financial information as described in Items 9.01(a) and 9.01(b). No other amendments are being made to the Initial 8-K.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired.

The audited statement of revenues and direct operating expenses of the Mobile Bay Properties for the year ended December 31, 2018 and related notes and the related unaudited supplementary disclosures for oil and gas activities; and the unaudited statements of revenues and direct operating expenses of the Mobile Bay Properties for the six months ended June 30, 2019 and 2018 and related notes are attached as Exhibit 99.1 hereto and incorporated herein by reference.

(b) Pro Forma Financial Information.

The unaudited pro forma condensed combined statements of operations for the nine month period ended September 30, 2019 and for the year ended December 31, 2018 and the related notes showing the pro forma effects of acquiring the Mobile Bay Properties; and the related unaudited pro forma supplementary disclosures for oil and gas activities are attached as Exhibit 99.2 hereto and incorporated herein by reference. A pro forma condensed combined balance sheet as of September 30, 2019 is not presented as the completion of the purchase of the Mobile Bay Properties was reflected in the Company's condensed consolidated balance sheet dated September 30, 2019, as reported on Form 10-Q for the quarter ended September 30, 2019.

(d) Exhibits.

Exhibit No.	Description
23.1	Consent of Ernst & Young LLP
99.1	Audited statement of revenues and direct operating expenses of the Mobile Bay Properties for the year ended December 31, 2018 and related notes and the related unaudited supplementary disclosures for oil and gas activities; and the unaudited statements of revenues and direct operating expenses of the Mobile Bay Properties for the six months ended June 30, 2019 and 2018 and related notes.
99.2	Unaudited pro forma condensed combined statements of operations for the nine month period ended September 30, 2019 and for the year ended December 31, 2018, and the related notes and the related unaudited pro forma supplementary disclosures for oil and gas activities showing the pro forma effects of acquiring the Mobile Bay Properties.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

W&T OFFSHORE, INC.
(Registrant)

Dated: November 15, 2019

By: /s/ Shahid A. Ghauri
Name: Shahid A. Ghauri
Title: Vice President, General Counsel and Corporate Secretary

Consent of Independent Auditors

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-3 No. 333-224410) of W&T Offshore, Inc.,
- (2) Registration Statement (Form S-3 No. 333-214168) of W&T Offshore, Inc.,
- (3) Registration Statement (Form S-8 No. 333-126252) pertaining to the W&T Offshore, Inc. 2004 Directors Compensation Plan,
- (4) Registration Statement (Form S-8 No. 333-219747) pertaining to the W&T Offshore, Inc. Amended and Restated Incentive Compensation Plan;

of our report dated November 15, 2019 with respect to the Operating Statement of the Mobile Bay Properties included in this Form 8-K/A.

/s/ Ernst & Young LLP

Houston, Texas
November 15, 2019

Report of Independent Auditors

The Board of Directors and Shareholders of W&T Offshore, Inc. and Subsidiaries

We have audited the accompanying statement of revenues and direct operating expenses associated with certain oil and gas properties and related facilities and pipelines acquired by W&T Offshore, Inc. from Exxon Mobil Corporation and certain of its subsidiaries (the "Mobile Bay Properties" described in Note 1) for the year ended December 31, 2018 and the related notes to the statement (collectively the "Operating Statement").

Management's Responsibility for the Operating Statement

Management is responsible for the preparation and fair presentation of the Operating Statement in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the Operating Statement that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Operating Statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Operating Statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Operating Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Operating Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Operating Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Operating Statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Operating Statement referred to above presents fairly, in all material respects, the revenues and direct operating expenses for the Mobile Bay Properties for the year ended December 31, 2018, in conformity with U.S. generally accepted accounting principles.

Basis of Accounting

As described in Note 1 to the Operating Statement, the Operating Statement has been prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and is not intended to be a complete financial statement presentation. Our opinion is not modified with respect to this matter.

/s/ Ernst and Young LLP

Houston, Texas
November 15, 2019

MOBILE BAY PROPERTIES
STATEMENT OF REVENUES AND DIRECT OPERATING EXPENSES
(in thousands)

	Year Ended December
	31, 2018
Revenues:	
Oil and NGL's	\$ 38,978
Natural gas	110,935
Other	3,635
Total revenues	<u>153,548</u>
Direct operating expenses:	
Lease operating expenses	76,047
Production taxes	4,413
Direct operating expenses	<u>80,460</u>
Revenues less direct operating expenses	<u>\$ 73,088</u>

See accompanying notes

MOBILE BAY PROPERTIES
NOTES TO STATEMENT OF REVENUES AND DIRECT OPERATING EXPENSES

1. Basis of Presentation

On June 26, 2019, W&T Offshore, Inc. (“W&T” or the “Company”) entered into a purchase and sale agreement with Exxon Mobil Corporation and certain of its subsidiaries (collectively, “ExxonMobil”) to acquire their interests in, and operatorship of, certain oil and gas producing properties in the eastern region of the Gulf of Mexico offshore Alabama and related onshore facilities and pipelines (the “Mobile Bay Properties”) for \$200.0 million. The Mobile Bay Properties primarily include mineral interests in nine Gulf of Mexico offshore producing fields and an onshore treatment facility.

On August 30, 2019, W&T closed on the purchase with ExxonMobil, and after taking into account customary closing adjustments and an effective date of January 1, 2019, cash consideration paid by W&T was \$167.6 million and W&T assumed the related asset retirement obligations (“ARO”) and certain other obligations associated with the Mobile Bay Properties.

The Statement of Revenues and Direct Operating Expenses has been derived from the historical financial records of ExxonMobil, which represents their interests in revenues and expenses associated with the Mobile Bay Properties, and were not accounted for as a separate subsidiary or division during the period presented. Accordingly, a complete financial statement prepared under U.S. generally accepted accounting principles is not available or practicable to obtain for the Mobile Bay Properties. The Statement of Revenues and Direct Operating Expenses is not intended to be a complete presentation of the results of operations of the Mobile Bay Properties and will not be representative of future operations as it does not include depreciation, depletion and amortization, accretion of ARO, general and administrative expenses, interest expense and income taxes and other income and expense items not directly associated with the revenues and direct operating expenses related to the Mobile Bay Properties. Furthermore, no balance sheet has been presented for the Mobile Bay Properties because they were not accounted for as a separate subsidiary or division of ExxonMobil and complete financial statements are not available, nor has information about the Mobile Bay Properties operating, investing and financing cash flows been provided for similar reasons. The Statement of Revenues and Direct Operating Expenses of the Mobile Bay Properties is presented in lieu of the full financial statements required under Rule 3-05 of Regulation S-X of the Securities and Exchange Commission (“SEC”).

2. Summary of Significant Accounting Policies

Revenue Recognition

Revenue is recognized from the sale of crude oil and condensate, natural gas liquids (“NGLs”), natural gas and sulfur when performance obligations are satisfied. Contracts with customers are primarily short-term (less than 12 months). The responsibilities to deliver a unit of crude oil and condensate, NGL, natural gas and sulfur under these contracts represent separate, distinct performance obligations. These performance obligations are satisfied at the point in time control of each unit is transferred to the customer. Pricing is primarily determined utilizing a particular pricing or market index, plus or minus adjustments reflecting quality or location differentials.

Direct Operating Expenses

Direct operating expenses are recognized when incurred and consist of direct expenses of the Mobile Bay Properties. The direct operating expenses include lease operating expenses and production taxes. Lease operating expenses include lifting costs, well repair expenses, facility maintenance expenses, well workover costs, gathering and transportation expenses, and other field related expenses. Lease operating expenses also include overhead charged by the operator of the property for non-operated properties and expenses directly associated with support personnel; support services; equipment; and facilities directly related to oil and gas production activities.

Use of Estimates in the Preparation of Operating Revenues less Direct Operating Expenses

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of operating revenues and direct operating expenses during the reporting period. Actual amounts could differ from those estimates.

Contingencies

The activities of the Mobile Bay Properties may become subject to potential claims and litigation in the normal course of operations. W&T's management is not aware of any claims or threatened litigation that management believes will have a material adverse effect on the operations or financial results of the Mobile Bay Properties.

3. Subsequent Events

The Company has evaluated subsequent events through November 15, 2019, the date the Statement of Revenues and Direct Operating Expenses was available to be issued, and has concluded that no events need to be reported.

MOBILE BAY PROPERTIES
SUPPLEMENTARY FINANCIAL INFORMATION
SUPPLEMENTARY OIL AND GAS INFORMATION
(unaudited)

4. Supplementary Oil and Gas Information (unaudited)

Oil and Gas Proved Reserves and Standardized Measure Estimation Process

The reserve estimates as of December 31, 2018 and 2017 were derived using reserve estimates as of September 30, 2019 and adding back production (rolled back) to estimate the reserve quantities, as this method was deemed to provide better estimates based on information currently available. No adjustments were made for revisions, extensions, discoveries as such information was not available. The reserve estimates as of September 30, 2019 were determined by internal reserve engineers and prices were determined by authoritative SEC guidance methodology. The average price was adjusted by property for quality, energy content, transportation fees and regional price differences. No adjustments were made in the reserve amounts for the Mobile Bay Properties for changes in price, as changes in price utilizing SEC pricing methodology would not have materially impact reserve quantities for the periods presented. The standardized measure of discounted future net cash flows ("standardized measure") computed using the roll back methodology was adjusted for changes in price. The adjusted weighted-average commodity price used in the economic assessment for the reserve estimates as of September 30, 2019 was \$2.94 per thousand cubic feet for natural gas. The average price for NGL's was \$17.03 per barrel as of September 30, 2019 and was derived from historical ratios of the average price of NGLs to the adjusted weighted-average price of natural gas combined with estimated production quantities of NGLs from processing natural gas. Utilizing the SEC pricing methodology, the average prices used in computing the standardized measure was \$3.17 per thousand cubic feet for natural gas and \$18.37 per barrel for NGLs as of December 31, 2018; and \$3.05 per thousand cubic feet for natural gas and \$17.65 per barrel for NGLs as of December 31, 2017.

Supplemental Oil and Gas Disclosures

The following tables summarize the net ownership interest in the estimated proved reserves and the standardized measure related to the proved reserves for the Mobile Bay Properties.

There are numerous uncertainties in estimating quantities of proved reserves and in providing the future rates of production and timing of development expenditures. The following reserve information represents estimates only and is inherently imprecise and may be subject to substantial revisions as additional information such as reservoir performance, additional drilling, technological advancements and other factors become available. Decreases in the prices of oil, NGLs and natural gas could have an adverse effect on the carrying value of our proved reserves, reserve volumes and our revenues, profitability and cash flow. Similarly, the standardized measure incorporates various assumptions such as prices, costs, production rates and discount rates that are inherently imprecise. Actual results could be materially different and the results may not be comparable to estimates disclosed by other oil and gas companies.

All prices are held constant through the forecasted production period. The standardized measure as of December 31, 2017 and 2018 and the changes between periods were derived from these estimated proved reserve amounts and data from ExxonMobil's and W&T's records. Changes in the standardized measure were computed using data that could be reasonably obtained or estimated.

Proved Reserves

Proved reserves are estimated quantities of oil and natural gas which geological and engineering data demonstrate, with reasonable certainty, to be recoverable in future years from known reservoirs under existing economic and operating conditions (i.e., prices and costs) existing at the time the estimate was made. Reserves for NGLs were estimated using historical information of the NGLs produced when the natural gas is processed. All of the reserves are located offshore in state or federal waters in the Gulf of Mexico of the United States.

The following table sets forth estimated net quantities of the proved oil and natural gas reserves.

	Oil (MMBls)	NGLs (MMBls)	Natural Gas (Bcf)	Total Energy Equivalent Reserves	
				Oil Equivalent (MMBoe) (1)	Natural Gas Equivalent (Bcfe) (1)
Proved reserves as of December 31, 2017 (2)	0.2	27.5	436.6	100.5	603.4
Production	—	(1.9)	(34.0)	(7.6)	(45.8)
Revision of previous estimated and other	—	—	—	—	—
Proved reserves as of December 31, 2018 (2)	0.2	25.6	402.6	92.9	557.6

1. The conversion to cubic feet equivalent and barrels of equivalent measures was determined using the ratio of six Mcf of natural gas to one Bbl of crude oil or NGLs. The conversion ratio does not assume price equivalency, and the price on an equivalent basis for oil, NGLs and natural gas may differ significantly.
2. All of the proved reserves for the periods presented were classified as proved developed reserves.

Volume measurements:
MMBls - million barrels
MMBoe - million barrels of oil equivalent

Bcf - billion cubic feet
Bcfe - billions cubic feet of natural gas equivalent

MOBILE BAY PROPERTIES
SUPPLEMENTARY FINANCIAL INFORMATION
SUPPLEMENTARY OIL AND GAS INFORMATION
(unaudited)

Standardized Measure

The following tables presents the standardized measure related to Mobile Bay Properties' proved reserves together with changes therein and were estimated using the roll back process noted above. Future cash inflows represent expected revenues from production of period-end quantities of proved reserves based on the unweighted average of first-day-of-the-month commodity prices for the periods presented. All prices are adjusted by field for quality, transportation fees, energy content and regional price differentials. The prices used for NGLs and natural gas are noted above.

Future production, development costs and ARO are based on costs in effect at the end of each of the respective years with no escalations. Estimated future net cash flows, net of future income taxes, have been discounted to their present values based on a 10% annual discount rate.

The standardized measure does not purport, nor should it be interpreted, to present the fair market value of our oil and natural gas reserves. These estimates reflect proved reserves only and ignore, among other things, future changes in prices and costs, revenues that could result from probable reserves which could become proved reserves in later years and the risks inherent in reserve estimates. In addition, the standard measure incorporates estimates using a combination of data from ExxonMobil's and W&T's records which could be reasonably obtained, but this computation process may contain inconsistencies.

MOBILE BAY PROPERTIES
SUPPLEMENTARY FINANCIAL INFORMATION
SUPPLEMENTARY OIL AND GAS INFORMATION
(unaudited)

The standardized measure relating to estimated proved oil and natural gas reserves is as follows (in millions):

	Year Ended December 31, 2018
Standardized Measure	
Future cash inflows	\$ 1,744.9
Future costs:	
Production	(1,096.0)
Dismantlement, abandonment and other expenditures	(102.7)
Income taxes	(88.7)
Future net cash inflows before 10% discount	457.5
10% annual discount factor	(136.9)
Standardized measure	<u>\$ 320.6</u>

The changes to the standardized measure relating to proved oil and natural gas reserves are as follows (in millions):

	Year Ended December 31, 2018
Standardized Measure	
Standardized measure, beginning of year	\$ 330.8
Increases (decreases):	
Sales and transfers of oil and gas produced, net of production costs	(69.5)
Net change in price, net of future production costs	43.0
Accretion of discount	31.1
Income taxes	(14.8)
Net decrease in standardized measure	(10.2)
Standardized measure, end of year	<u>\$ 320.6</u>

MOBILE BAY PROPERTIES
UNAUDITED INTERIM STATEMENTS OF REVENUES AND DIRECT OPERATING EXPENSES
(in thousands)

	Six Months Ended June 30,	
	2019	2018
Revenues:		
Oil and NGL's	\$ 15,011	\$ 18,726
Natural gas	46,821	54,426
Other	1,357	1,808
Total revenues	<u>63,189</u>	<u>74,960</u>
Direct operating expenses:		
Lease operating expenses	39,730	37,427
Production taxes	2,117	2,256
Direct operating expenses	<u>41,847</u>	<u>39,683</u>
Revenues less direct operating expenses	<u>\$ 21,342</u>	<u>\$ 35,277</u>

See accompanying notes

MOBILE BAY PROPERTIES
NOTES TO UNAUDITED INTERIM STATEMENTS OF REVENUES AND DIRECT OPERATING EXPENSES

1. Basis of Presentation

On June 26, 2019, W&T Offshore, Inc. (“W&T” or the “Company”) entered into a purchase and sale agreement with Exxon Mobil Corporation and certain of its subsidiaries (collectively, “ExxonMobil”) to acquire their interests in, and operatorship of, certain oil and gas producing properties in the eastern region of the Gulf of Mexico offshore Alabama and related onshore facilities and pipelines (the “Mobile Bay Properties”) for \$200.0 million. The Mobile Bay Properties primarily include mineral interests in nine Gulf of Mexico offshore producing fields and an onshore treatment facility.

On August 30, 2019, W&T closed on the purchase with ExxonMobil, and after taking into account customary closing adjustments and an effective date of January 1, 2019, cash consideration paid by W&T was \$167.6 million and W&T assumed the related asset retirement obligations (“ARO”) and certain other obligations associated with the Mobile Bay Properties.

The Statements of Revenues and Direct Operating Expenses have been derived from the historical financial records of ExxonMobil, which represents their interests in revenues and expenses associated with the Mobile Bay Properties, and were not accounted for as a separate subsidiary or division during the periods presented. Accordingly, complete financial statements prepared under U.S. generally accepted accounting principles are not available or practicable to obtain for the Mobile Bay Properties. The Statements of Revenues and Direct Operating Expenses are not intended to be a complete presentation of the results of operations of the Mobile Bay Properties and will not be representative of future operations as the statements do not include depreciation, depletion and amortization, accretion of ARO, general and administrative expenses, interest expense and income taxes and other income and expense items not directly associated with the revenues and direct operating expenses related to the Mobile Bay Properties. Furthermore, no balance sheets have been presented for the Mobile Bay Properties because they were not accounted for as a separate subsidiary or division of ExxonMobil and complete financial statements are not available, nor has information about the Mobile Bay Properties operating, investing and financing cash flows been provided for similar reasons. The Statements of Revenues and Direct Operating Expenses of the Mobile Bay Properties are presented in lieu of the full financial statements required under Rule 3-05 of Regulation S-X of the Securities and Exchange Commission (“SEC”).

2. Summary of Significant Accounting Policies

Revenue Recognition

Revenue is recognized from the sale of crude oil and condensate, natural gas liquids (“NGLs”), natural gas and sulfur when performance obligations are satisfied. Contracts with customers are primarily short-term (less than 12 months). The responsibilities to deliver a unit of crude oil and condensate, NGLs, natural gas and sulfur under these contracts represent separate, distinct performance obligations. These performance obligations are satisfied at the point in time control of each unit is transferred to the customer. Pricing is primarily determined utilizing a particular pricing or market index, plus or minus adjustments reflecting quality or location differentials.

Direct Operating Expenses

Direct operating expenses are recognized when incurred and consist of direct expenses of the Mobile Bay Properties. The direct operating expenses include lease operating expenses and production taxes. Lease operating expenses include lifting costs, well repair expenses, facility maintenance expenses, well workover costs, gathering and transportation expenses, and other field related expenses. Lease operating expenses also include overhead charged by the operator of the property for non-operated properties and expenses directly associated with support personnel; support services; equipment; and facilities directly related to oil and gas production activities.

Use of Estimates in the Preparation of Operating Revenues less Direct Operating Expenses

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of operating revenues and direct operating expenses during the reporting period. Actual amounts could differ from those estimates.

Contingencies

The activities of the Mobile Bay Properties may become subject to potential claims and litigation in the normal course of operations. W&T's management is not aware of any claims or threatened litigation that management believes will have a material adverse effect on the operations or financial results of the Mobile Bay Properties.

3. Subsequent Events

The Company has evaluated subsequent events through November 15, 2019, the date the Statement of Revenues and Direct Operating Expenses was available to be issued, and has concluded that no events need to be reported.

W&T OFFSHORE, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

Introduction

On June 26, 2019, W&T Offshore, Inc. (“W&T” or the “Company”) entered into a purchase and sale agreement with Exxon Mobil Corporation and certain of its subsidiaries (collectively “ExxonMobil”) to acquire their interests in, and operatorship of, certain oil and gas producing properties in the eastern region of the Gulf of Mexico offshore Alabama and related onshore facilities and pipelines (the “Mobile Bay Properties”) for \$200.0 million with an effective date of January 1, 2019. The Mobile Bay Properties primarily include mineral interests in nine Gulf of Mexico offshore producing fields and an onshore treatment facility. These unaudited pro forma financial statements of operations are prepared due to the acquisition being significant to the Company on a combined basis.

The accompanying unaudited pro forma condensed combined financial statements of operations and accompanying notes of W&T for the nine months ended September 30, 2019 and the year ended December 31, 2018 (the “Pro Forma Statements of Operations”), which have been prepared by W&T management, are derived from (a) the unaudited condensed consolidated financial statements of W&T as of and for the nine months ended September 30, 2019 included in its Quarterly Report on Form 10-Q for the quarter ended September 30, 2019; (b) the audited consolidated financial statements of W&T as of and for the year ended December 31, 2018 included in its Annual Report on Form 10-K for the year ended December 31, 2018; (c) the unaudited statement of revenues and direct operating expenses of the Mobile Bay Properties for the eight months ended August 31, 2019 as provided by ExxonMobil, of which certain adjustments made by W&T management to conform to W&T’s presentation; and (d) the audited Statement of Revenues and Direct Operating Expenses of the Mobile Bay Properties for the year ended December 31, 2018 as reported in this Form 8-K/A in Exhibit 99.1.

The related unaudited pro forma supplementary disclosures for oil and gas activities are derived from (a) the unaudited supplementary disclosures for oil and gas activities of W&T as of and for the years ended December 31, 2018 and 2017 included in its Annual Report on Form 10-K for the year ended December 31, 2018 and (b) the supplementary disclosures for oil and gas activities as reported in this Form 8-K/A in Exhibit 99.1.

The Pro Forma Statements of Operations are provided for illustrative purposes only and are not necessarily indicative of the results that actually would have occurred had the transaction been in effect on the periods indicated, or of the results that may occur in the future. The Pro Forma Statements of Operations are not necessarily indicative of W&T’s operations going forward because the presentation of the operations of the Mobile Bay Properties is limited to only revenues and direct operating expenses related thereto, while other indirect operating expenses related to these properties have been excluded. The Pro Forma Statements of Operations for the nine month period ended on September 30, 2019 and for the year ended December 31, 2018 were prepared assuming the purchase of the Mobile Bay Properties occurred on January 1, 2018. The Pro Forma Statements of Operations should be read in conjunction with W&T’s annual consolidated financial statements of W&T as of and for the year ended December 31, 2018 included in its Annual Report on Form 10-K for the year ended December 31, 2018; W&T’s unaudited condensed consolidated financial statements of operations included in its Quarterly Report on Form 10-Q for the quarter ended September 30, 2019; the audited Statement of Revenues and Direct Operating Expenses for the Mobile Bay Properties for the year ended December 31, 2018 as reported in this Form 8-K/A in Exhibit 99.1; and the Unaudited Interim Statements of Revenues and Direct Operating Expenses for the Mobile Bay Properties for the six months ended June 30, 2019 and 2018 as reported in this Form -8K/A in Exhibit 99.1

A pro forma condensed combined balance sheet was not prepared as the purchase of the Mobile Bay Properties, including closing adjustments and related financing transactions, occurred on August 30, 2019 and was included in W&T’s condensed consolidated balance sheet as of September 30, 2019, as reported on W&T’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2019.

W&T OFFSHORE, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
(In thousands)

	Nine Months Ended September 30, 2019			
	Historical	Mobile Bay Properties	Pro Forma Adjustments	Pro Forma
Revenues:				
Oil	\$ 298,684	\$ —	\$ —	\$ 298,684
NGLs	15,461	16,748	—	32,209
Natural gas	65,091	61,533	—	126,624
Other	3,766	1,606	—	5,372
Total revenues	383,002	79,887	—	462,889
Operating costs and expenses:				
Lease operating expenses	130,982	48,741	(3,982) (a)	175,741
Production taxes	1,321	2,875	—	4,196
Gathering and transportation	19,446	—	3,982 (a)	23,428
Depreciation, depletion, amortization and accretion	110,680	—	5,593 (b)	116,273
General and administrative expenses	37,543	—	—	37,543
Derivative loss	41,228	—	—	41,228
Total costs and expenses	341,200	51,616	5,593	398,409
Operating income	41,802	28,271	(5,593)	64,480
Interest expense, net	42,934	—	10,294 (c)	53,228
Other expense, net	1,364	—	—	1,364
(Loss) income before income tax benefit	(2,496)	28,271	(15,887)	9,888
Income tax benefit	(67,023)	—	— (d)	(67,023)
Net income	\$ 64,527	\$ 28,271	\$ (15,887)	\$ 76,911
Basic and diluted earnings per common share	\$ 0.45	\$ —	\$ —	\$ 0.54

See accompanying notes

W&T OFFSHORE, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
(In thousands)

	Twelve Months Ended December 31, 2108			
	Historical	Mobile Bay Properties	Pro Forma Adjustments	Pro Forma
Revenues:				
Oil	\$ 438,798	\$ —	\$ —	\$ 438,798
NGLs	37,127	38,978	—	76,105
Natural gas	99,629	110,935	—	210,564
Other	5,152	3,635	—	8,787
Total revenues	<u>580,706</u>	<u>153,548</u>	<u>—</u>	<u>734,254</u>
Operating costs and expenses:				
Lease operating expenses	153,262	76,047	(6,419) (a)	222,890
Production taxes	1,832	4,413	—	6,245
Gathering and transportation	22,382	—	6,419 (a)	28,801
Depreciation, depletion, amortization and accretion	149,854	—	275 (b)	150,129
General and administrative expenses	60,147	—	—	60,147
Derivative gain	(53,798)	—	—	(53,798)
Total costs and expenses	<u>333,679</u>	<u>80,460</u>	<u>275</u>	<u>414,414</u>
Operating income	247,027	73,088	(275)	319,840
Interest expense, net	48,645	—	10,300 (c)	58,945
Gain on debt transactions	47,109	—	—	47,109
Other income, net	(3,871)	—	—	(3,871)
Income before income tax expense	249,362	73,088	(10,575)	311,875
Income tax expense	535	—	— (d)	535
Net income	<u>\$ 248,827</u>	<u>\$ 73,088</u>	<u>\$ (10,575)</u>	<u>\$ 311,340</u>
Basic and diluted earnings per common share	\$ 1.72	\$ —	\$ —	\$ 2.15

See accompanying notes

W&T OFFSHORE, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

1. Basis of Presentation

On June 26, 2019, W&T Offshore, Inc. (“W&T” or the “Company”) entered into a purchase and sale agreement with Exxon Mobil Corporation and certain of its subsidiaries (collectively “ExxonMobil”) to acquire their interests in, and operatorship of, certain oil and gas producing properties in the eastern region of the Gulf of Mexico offshore Alabama and related onshore facilities and pipelines (the “Mobile Bay Properties”) for \$200.0 million with an effective date of January 1, 2019. The Mobile Bay Properties primarily include mineral interests in nine Gulf of Mexico offshore producing fields and an onshore treatment facility.

On August 30, 2019, W&T closed on the purchase with ExxonMobil, and after taking into account customary closing adjustments and an effective date of January 1, 2019, cash consideration paid by W&T was \$167.6 million and W&T assumed the related asset retirement obligations (“ARO”) and certain other obligations associated with the Mobile Bay Properties.

The historical financial information was derived from the historical consolidated financial statements of W&T and the historical statements of revenues and direct operating expenses of the Mobile Bay Properties (which were based on information provided by ExxonMobil). The Pro Forma Statements of Operations for the nine month period ended on September 30, 2019 and for the year ended December 31, 2018 were prepared assuming the purchase of the Mobile Bay Properties occurred on January 1, 2018.

The following assumptions were used in preparing the Pro Forma Statements:

- An assumed purchase price cash consideration of \$273.1 million on January 1, 2018 was used reflecting estimated closing adjustments for an effective date of January 1, 2019.
- ARO and related accretion were adjusted for an assumed purchase date of January 1, 2018.
- The cash consideration was assumed to be funded partially with cash on hand and the balance drawn from borrowings under our Credit Agreement (as defined in Form 10-Q for the quarter ended September 30, 2019).
- Revenues and direct operating expenses for the Mobile Bay Properties were derived from the historical records of ExxonMobil.

The pro forma adjustments were based on information and estimates by management to be directly related to the purchase of the Mobile Bay Properties. If the transaction had been in effect for the periods indicated, the results may have been substantially different. For example, W&T may have operated the assets differently than ExxonMobil, realized sales prices may have been different and costs of operating the properties may have been different. These unaudited pro forma condensed combined financial statements are provided for illustrative purposes only and may or may not provide an indication of results in the future.

2. Pro Forma Adjustments

The following additional assumptions were made in the preparation of the unaudited pro forma condensed combined financial statements:

- a Gathering and transportation expenses were estimated using current transportation rates.
 - b Depreciation, depletion, amortization and accretion were estimated using the full-cost method and recalculated by including the costs, reserves and production of the Mobile Bay Properties into the computation. Asset retirement obligations, related accretion and future development costs were estimated using similar methodologies as applied by W&T.
 - c Incremental interest expense was computed using an effective annual interest rate of 5.7% and 4.8 % for the nine month period ended September 30, 2019 and year ended December 31, 2018, respectively. The effective interest rate was applied against assumed incremental borrowings under our Credit Agreement. Interest income reductions were estimated for the assumed payments from cash on hand.
 - d No income tax was assumed as W&T had net operating loss carryforwards available during the periods presented, which would have offset any additional taxable income.
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W&T OFFSHORE, INC. AND SUBSIDIARIES
SUPPLEMENTARY FINANCIAL INFORMATION
UNAUDITED PRO FORMA SUPPLEMENTARY OIL AND GAS INFORMATION

3. Pro Forma Supplementary Oil and Gas Information (unaudited)

Oil and Gas Reserve and Standardized Measure Estimation Process

The reserve estimates and the standardized measure of discounted future net cash flows (“standardized measure”) for the “As Reported” amounts were derived from W&T’s Annual Report as reported on Form 10-K for the period ended December 31, 2018.

The reserve estimates and standardized measure for the Mobile Bay Properties as of December 31, 2018 and 2017 were derived using reserve estimates as of September 30, 2019 and adding back production (rolled back) to estimate the reserve quantities, as this method was deemed to provide better estimates based on information currently available. No adjustments were made for revisions, extensions, discoveries as such information was not available. The reserve estimates as of September 30, 2019 were determined by internal reserve engineers and prices were determined using authoritative SEC guidance methodology. The average price was adjusted by property for quality, energy content, transportation fees and regional price differences. No adjustments were made in the reserve amounts for the Mobile Bay Properties for changes in price, as changes in price utilizing SEC pricing methodology would not have materially impact reserve quantities for the periods presented. The standardized measure computed using the roll back methodology for the Mobile Bay Properties was adjusted for changes in price utilizing SEC pricing methodology for the periods presented. See Exhibit 99.1 in this Form 8-K/A for additional information on the Mobile Bay Properties’ reserves and standardized measure.

Supplemental Oil and Gas Disclosures

The following tables summarize the net ownership interest in the estimated proved reserves and the standardized measure related to the proved reserves for W&T, the Mobile Bay Properties and the consolidated pro forma.

There are numerous uncertainties in estimating quantities of proved reserves and in providing the future rates of production and timing of development expenditures. The following reserve information represents estimates only and is inherently imprecise and may be subject to substantial revisions as additional information such as reservoir performance, additional drilling, technological advancements and other factors become available. Decreases in the prices of oil, NGLs and natural gas could have an adverse effect on the future carrying value of our proved reserves, reserve volumes, revenues, profitability and cash flow. Similarly, the standardized measure incorporates various assumptions such as prices, costs, production rates and discount rates that are inherently imprecise. Actual results could be materially different and the results may not be comparable to estimates disclosed by other oil and gas companies.

All prices were held constant through the forecasted production period. The standardized measure as of December 31, 2017 and 2018 and the changes between periods were derived from these estimated reserve amounts and data from ExxonMobil’s and W&T’s records. Changes in the standardized measure were computed using data that could be reasonably obtained or estimated.

Proved Reserves

Proved reserves are estimated quantities of oil and natural gas which geological and engineering data demonstrate, with reasonable certainty, to be recoverable in future years from known reservoirs under existing economic and operating conditions (i.e., prices and costs) existing at the time the estimates were made. All of the reserves are located offshore in state or federal waters in the Gulf of Mexico of the United States.

W&T OFFSHORE, INC. AND SUBSIDIARIES
SUPPLEMENTARY FINANCIAL INFORMATION
UNAUDITED PRO FORMA SUPPLEMENTARY OIL AND GAS INFORMATION

	Total Energy Equivalent Reserves				
	Oil (MMBbls)	NGLs (MMBbls)	Natural Gas (Bcf)	Oil Equivalent (MMBoe) (1)	Natural Gas Equivalent (Bcfe) (1)
As Reported:					
Proved reserves as of Dec. 31, 2017	34.4	7.8	192.2	74.2	445.3
Revisions of previous estimates	11.6	2.8	40.4	21.1	126.7
Extensions and discoveries	0.5	0.3	7.7	2.1	12.6
Purchase of minerals in place	1.5	0.4	9.4	3.4	20.7
Sales of minerals in place	(2.2)	(0.2)	(7.2)	(3.5)	(21.2)
Production	(6.7)	(1.3)	(32.0)	(13.3)	(80.0)
Proved reserves as of Dec. 31, 2018	<u>39.1</u>	<u>9.8</u>	<u>210.5</u>	<u>84.0</u>	<u>504.1</u>
Mobile Bay Properties:					
Proved reserves as of Dec. 31, 2017	0.2	27.5	436.6	100.5	603.4
Production	—	(1.9)	(34.0)	(7.6)	(45.8)
Proved reserves as of Dec. 31, 2018	<u>0.2</u>	<u>25.6</u>	<u>402.6</u>	<u>92.9</u>	<u>557.6</u>
Pro Forma:					
Proved reserves as of Dec. 31, 2017	34.6	35.3	628.8	174.7	1,048.7
Revisions of previous estimates	11.6	2.8	40.4	21.1	126.7
Extensions and discoveries	0.5	0.3	7.7	2.1	12.6
Purchase of minerals in place	1.5	0.4	9.4	3.4	20.7
Sales of minerals in place	(2.2)	(0.2)	(7.2)	(3.5)	(21.2)
Production	(6.7)	(3.2)	(66.0)	(20.9)	(125.8)
Proved reserves as of Dec. 31, 2018	<u>39.3</u>	<u>35.4</u>	<u>613.1</u>	<u>176.9</u>	<u>1,061.7</u>
Year-end pro forma proved developed reserves:					
2018	31.7	33.4	569.4	159.9	959.8
2017	26.3	34.7	610.1	162.7	976.7
Year-end pro forma proved undeveloped reserves:					
2018	7.6	2.0	43.7	17.0	101.9
2017	8.3	0.6	18.7	12.0	72.0

- The conversion to cubic feet equivalent and barrels of equivalent measures was determined using the ratio of six Mcf of natural gas to one Bbl of crude oil or NGLs. The conversion ratio does not assume price equivalency, and the price on an equivalent basis for oil, NGLs and natural gas may differ significantly.

Volume Measurements:
MMBbls - million barrels
MMBoe - million of barrel equivalent

Bcf - billion cubic feet
Bcfe - billion of cubic feet equivalent

W&T OFFSHORE, INC. AND SUBSIDIARIES
SUPPLEMENTARY FINANCIAL INFORMATION
UNAUDITED PRO FORMA SUPPLEMENTARY OIL AND GAS INFORMATION
(in millions)

	Year Ended December 31, 2018		
	As Reported	Mobile Bay Properties	Pro Forma
	As Reported	Mobile Bay Properties	Pro Forma
Standardized Measure of Discounted Future Net Cash Flows			
Future cash inflows	\$ 3,500.9	\$ 1,744.9	\$ 5,245.8
Future costs:			
Production	(958.5)	(1,096.0)	(2,054.5)
Development	(272.4)	—	(272.4)
Dismantlement and abandonment	(355.9)	(102.7)	(458.6)
Income taxes	(293.9)	(88.7)	(382.6)
Future net cash inflows before 10% discount	1,620.2	457.5	2,077.7
10% annual discount factor	(553.2)	(136.9)	(690.1)
Total	<u>\$ 1,067.0</u>	<u>\$ 320.6</u>	<u>\$ 1,387.6</u>

	Year Ended December 31, 2018		
	As Reported	Mobile Bay Properties	Pro Forma
	As Reported	Mobile Bay Properties	Pro Forma
Changes in Standardized Measure			
Standardized measure, beginning of year	\$ 740.6	\$ 330.8	\$ 1,071.4
Increases (decreases):			
Sales and transfers of oil and gas produced, net of production costs	(398.1)	(69.5)	(467.6)
Net changes in price, net of future production costs	571.5	43.0	614.5
Extensions and discoveries, net of future production and development costs	53.6	—	53.6
Changes in estimated future development costs	(114.7)	—	(114.7)
Previously estimated development costs incurred	48.4	—	48.4
Revisions of quantity estimates	307.6	—	307.6
Accretion of discount	50.5	31.1	81.6
Net change in income taxes	(133.4)	(14.8)	(148.2)
Purchases of reserves in-place	27.8	—	27.8
Sales of reserves in-place	(54.1)	—	(54.1)
Changes in production rates due to timing and other	(32.7)	—	(32.7)
Net increase (decrease) in standardized measure	326.4	(10.2)	316.2
Standardized measure, end of year	<u>\$ 1,067.0</u>	<u>\$ 320.6</u>	<u>\$ 1,387.6</u>