

Clayton Williams Energy Inc. (NYSE: CWEI) (the "Company") today announced that it has commenced a modified "Dutch Auction" cash tender offer (the "Tender Offer") to purchase up to \$100,000,000 aggregate principal amount (the "Tender Cap") of its 7.75% senior notes due 2019 (the "Notes"). The Tender Offer will expire at 11:59 p.m., New York City time, on August 29, 2016, unless extended by the Company in its sole discretion (such time, as the same may be extended, the "Expiration Time"). Holders of Notes who validly tender (and do not validly withdraw) their Notes prior to 5:00 p.m., New York City time, on August 10, 2016, unless extended by the Company in its sole discretion (such time, as the same may be extended, the "Early Tender Time"), will be eligible to receive the Total Consideration (as defined below) for their Notes.

The following table summarizes the material pricing terms for each \$1,000 aggregate principal amount of Notes.

Title of Security	Aggregate Outstanding Principal Amount ⁽¹⁾	Withdrawal Deadline / Early Tender Time	Early Tender Premium ⁽²⁾	Total Consideration (Accepted Bid Price Range)
7.75% Senior Notes due 2019	\$600,000,000	5:00 p.m., New York City time, August 10, 2016	\$30.00	\$880.00 to \$950.00

(1) Aggregate principal amount outstanding as of July 27, 2016.

(2) Per \$1,000 principal amount of Notes tendered prior to the Early Tender Time.

(3) Includes the Early Tender Premium.

(4) Plus accrued and unpaid interest from the last interest payment date to, but not including, the Settlement Date.

The "Total Consideration" for each \$1,000 principal amount of Notes validly tendered (and not validly withdrawn) pursuant to the Tender Offer prior to the Early Tender Time and which are accepted for purchase by the Company pursuant to the Tender Offer will be equal to the Clearing Price (as defined below). The Total Consideration is deemed to include an "Early Tender Premium" equal to \$30.00 for each \$1,000 principal amount of Notes validly tendered (and not validly withdrawn) and accepted for purchase pursuant to the Tender Offer. The "Tender Offer Consideration" for each \$1,000 principal amount of Notes validly tendered pursuant to the Tender Offer after the Early Tender Time and prior to the Expiration Time and accepted for purchase pursuant to the Tender Offer will be equal to the Total Consideration minus the Early Tender Premium. Tendered Notes may be validly withdrawn at any time prior to 5:00 p.m., New York City time, on August 10, 2016, unless extended by the Company (such date and time, as the same may be extended, the "Withdrawal Deadline"), but not thereafter. In addition to the Total Consideration or the Tender Offer Consideration, as applicable, holders who validly tender (and do not validly withdraw) Notes that are accepted for purchase by the Company pursuant to the Tender Offer will also receive a cash payment representing the accrued and unpaid interest on such Notes from the last interest payment date to, but not including, the Settlement Date (as defined below) for such Notes.

The Tender Offer is being conducted, and the Clearing Price will be determined, pursuant to a modified "Dutch Auction." This means that holders who elect to participate in the Tender Offer must specify the minimum Total Consideration they would be willing to receive in exchange for each \$1,000 principal amount of Notes they choose to tender in the Tender Offer. The price that holders specify for each \$1,000 principal amount of Notes must be expressed in increments of \$0.50, and may not be less than \$880.00 and not more than \$950.00 per \$1,000 principal amount of such Notes. Any bid price specified by a tendering holder with respect to Notes validly tendered after the Early Tender Time and prior to the Expiration Time shall be used for purposes of calculating the Clearing Price; however, holders who so tender shall be eligible to receive only the Tender Offer Consideration (and will not be eligible to receive the Early Tender Premium) pursuant to the Tender Offer, subject to proration as described below.

The "Settlement Date" with respect to the Tender Offer will be the date that the Company settles all Notes accepted for purchase pursuant to the Tender Offer, which is expected to be the business day following the Expiration Time. No tenders of Notes submitted after the Expiration Time will be valid or accepted.

The Company, if it accepts Notes for purchase in the Tender Offer, will accept Notes validly tendered (and not validly withdrawn) prior to the Expiration Time in order of lowest to highest bid prices specified by tendering holders (in increments of \$0.50), and will select the lowest single bid price (the "Clearing Price") for all tenders of Notes prior to the Expiration Time such that, for all tenders of Notes whose bid price is equal to or less than such Clearing Price, the Company will be able to accept for purchase an aggregate principal amount of Notes up to the Tender Cap or, if the aggregate principal amount of all Notes validly tendered (and not validly withdrawn) prior to the Expiration Time is less than the Tender Cap, the Clearing Price will be the highest bid price with respect to any Notes validly tendered (and not validly withdrawn). All bid prices at which Notes are validly tendered (and not validly withdrawn) prior to the Expiration Time will be used for the purpose of determining the Clearing Price and proration as described below. The Company will pay the same Total Consideration (less the Early Tender Premium for any Notes tendered after the Early Tender Time and prior to the Expiration Time) for all Notes validly tendered (and not validly withdrawn) below the Clearing Price and accepted for purchase, upon the terms and subject to the conditions of the Tender Offer, taking into account prorationing as described below.

If the aggregate principal amount of Notes validly tendered (and not validly withdrawn) prior to the Expiration Time with a bid price equal to or less than the Clearing Price exceeds the Tender Cap, then the Tender Offer will be oversubscribed and, subject to the terms and conditions of the Tender Offer, the Company will accept for purchase:

- first, Notes validly tendered (and not validly withdrawn) with a bid price less than the Clearing Price; and
- second, Notes validly tendered (and not validly withdrawn) with a bid price equal to the Clearing Price on a prorated basis, according to the principal amount of such Notes,

such that the Company purchases an aggregate principal amount of Notes up to the Tender Cap. All Notes not accepted as a result of prorationing and all Notes tendered at prices in excess of the Clearing Price will be rejected from the Tender Offer and will be returned to tendering holders at the Company's expense promptly following the earlier of the Expiration Time or the date on which the Tender Offer is terminated.

If the Tender Offer is not oversubscribed, the Company will accept for purchase all Notes validly tendered (and not validly withdrawn) prior to the Expiration Time, subject to the terms and conditions of the Tender Offer.

The Company expressly reserves the right, but is not obligated, to increase the Tender Cap in its sole discretion without extending the Withdrawal Deadline or otherwise reinstating withdrawal rights of holders. The Tender Offer is not conditioned upon any minimum number of Notes being tendered; however, the Tender Offer is subject to a number of other terms and conditions, including the Financing Condition and the Credit Agreement Amendment Condition (as such terms are defined in the Offer to Purchase). There can be no assurance that the Tender Offer will be consummated.

The complete terms and conditions of the Tender Offer are described in the Offer to Purchase dated July 28, 2016, copies of which may be obtained from D.F. King & Co., Inc., the tender agent and information agent for the Tender Offer, by calling (877) 732-3617 (U.S. toll-free) or by emailing cwei@dfking.com.

We have retained Goldman, Sachs & Co. as the dealer manager for the Tender Offer. Questions regarding the terms of the Tender Offer may be directed to the Liability Management Group of Goldman, Sachs & Co. by calling (800) 828-3182 (toll free).

None of the Company, our board of directors (or any committee thereof), the dealer manager, the tender agent, the information agent, the trustee for the Notes or their respective affiliates is making any recommendation as to whether or not holders of the Notes should tender all or any portion of their Notes in the Tender Offer.

This announcement is not an offer to purchase or a solicitation of an offer to sell with respect to any securities. The Tender Offer is being made solely by the Offer to Purchase dated July 28, 2016. The Tender Offer is not being made to holders of Notes in any jurisdiction in which the making or acceptance thereof would not be in compliance with the securities, blue sky or other laws of such jurisdiction.

[Clayton Williams Energy Inc.](#), incorporated in Delaware in 1991, is an independent oil and gas company engaged in the exploration for and production of oil and natural gas primarily in Texas and New Mexico. We are an oil and gas operator with a strategic focus on developmental drilling in prolific oil shale provinces. We have significant holdings in two of the major oil shale plays in the United States, being the Wolfcamp Shale in the Southern Delaware Basin of West Texas and the Eagle Ford Shale in the Giddings Area of East Central Texas. Additional information may be found at www.claytonwilliams.com. The information on our website is not part of the Offer to Purchase.

Cautionary Statements:

This press release does not constitute an offer to sell or the solicitation of an offer to buy any notes nor shall there be any sale of notes in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state.

Various statements in this release, including those that express a belief, expectation or intention, may be considered forward-looking statements (as defined in Section 21E of the Securities Exchange Act of 1934, as amended) that involve risks and uncertainties that could cause actual results to differ materially from projected results. Accordingly, investors should not place undue reliance on forward-looking statements as a prediction of actual results. The forward-looking statements may include projections and estimates concerning the timing and success of specific projects and our future production, revenues, income and capital spending. When we use the words "believe," "intend," "expect," "may," "should," "anticipate," "could," "estimate," "plan," "predict," "project," or their negatives, or other similar expressions, the statements which include those words are usually forward-looking statements. When we describe strategy that involves risks or uncertainties, we are making forward-looking statements. The forward-looking statements in this press release, if any, speak only as of the date of this press release. We specifically disclaim all responsibility to publicly update any information contained in a forward-looking statement or any forward-looking statement except as required by law. We have based these forward-looking statements on our current expectations and assumptions about future events. While our management considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond our control. These risks, contingencies and uncertainties relate to, among other matters, the factors discussed in our Form 10-K for the year ended December 31, 2015 under "Risk Factors," as updated by any subsequent Forms 10-Q, which are on file at the Securities and Exchange Commission.

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