# Encore Acquisition Company Steady Progress

Symbol	EAC	Ebitda Next Twelve Months ending 12/31/06 (US\$mm)	394
Rating	Buy	North American Natural Gas/Ebitda (%)	30
Price (\$/sh)	32.25	Natural Gas and Oil Production/Ebitda (%)	100
Pricing Date	2/17/06	Adjusted Reserves/Production NTM	14.8
Shares (mm)	50	EV/Ebitda	6.1
Market Capitalization (\$mm)	1,600	PV/Ebitda	8.3
Debt (\$mm)	800	Undeveloped Reserves (%)	29
Enterprise Value (EV) (\$mm)	2,400	Natural Gas and Oil Ebitda (\$/boe)	35.00
Present Value (PV) (\$mm)	3,280	Present Value Proven Reserves(\$/boe)	16.80
Net Present Value (\$/share)	50	Present Value Proven Reserves(\$/mcfe)	2.80
Debt/Present Value	0.24	Earnings Next Twelve Months (US\$/sh)	2.27
McDep Ratio - EV/PV	0.73	Price/Earnings Next Twelve Months	14
Dividend Yield (%/year)	0.0	Indicated Annual Dividend (US\$/sh)	0.00
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Note: Estimated cash flow and earnings tied to one-year futures prices for oil and natural gas. Reported results may vary widely from estimates. Estimated present value per share revised only infrequently.

#### **Summary and Recommendation**

Buy-recommended **Encore Acquisition (EAC)** offers 55% appreciation potential to estimated net present value of \$50 a share that presumes a long-term oil price of \$50 a barrel. Futures investors price Light, Sweet Crude Oil at \$64 a barrel for the next six years. Management alerts investors that its crude oil price is about \$4 a barrel lower than normal temporarily while local refineries apparently are consuming less crude oil as they reduce operations for unusually intensive maintenance. Meanwhile, reported results for 2005 feature steady progress in reserves, production and cash flow that affirm our estimate of present value. Adjusted reserve life of 14.8 years is the longest among operating companies in our coverage domiciled in the U.S. Unlevered cash flow multiple, EV/Ebitda, of 6.1 years seems low relative to reserve life.

Kurt H. Wulff, CFA

## Rank by McDep Ratio: Market Cap and Debt to Present Value

	Symbol		Price (\$/sh) 17-Feb	Shares	Market Cap	Net Present Value	Debt/ Present	McDep
Index and east Network Contact of O	6 II <i>C</i>	Rating	2006	(mm)	(\$mm)	(\$/sh)	Value	Ratio
Independent Natural Gas and Oil	- Small C	ap						
Berry Petroleum Company	BRY	В	71.60	23	1,610	65.00	0.11	1.09
Encore Acquisition Company	EAC	В	32.25	50	1,600	50.00	0.24	0.73
Cimarex Energy Company	XEC	В	44.32	85	3,770	64.00	0.08	0.72
Energy Partners Ltd.	EPL	В	24.28	41	990	38.00	0.19	0.71
Total or Media			8,000		0.15	0.72		

# *McDep Associates Independent Stock Idea* February 21, 2006

# Rank by EV/Ebitda: Enterprise Value to Earnings Before Interest, Tax, Deprec.

			Price (\$/sh)	Adjstd Resrvs/	PV/	EV/		Divd or Distrib
	Symbol	!/	17 <b>-</b> Feb	Prod	Ebitda	Ebitda	P/E	NTM
		Rating	2006	NTM	NTM	NTM	NTM	(%)
Independent Natural Gas and Oil - Small Cap								
Encore Acquisition Company	EAC	В	32.25	14.8	8.3	6.1	14	-
Berry Petroleum Company	BRY	В	71.60	10.1	5.8	6.3	12	0.9
Cimarex Energy Company	XEC	В	44.32	7.3	5.5	3.9	9	0.4
Energy Partners Ltd.	EPL	В	24.28	5.7	5.0	3.5	13	-
Media	п			8.7	5.6	5.0	12	0.2

# Home Country and Business Segments

				North	Rest			
				Amer.	of World			Total
			Non-	Natural	Natural	Oil	Down-	Present
	Symbo	ol/	U.S.	Gas	Gas	Prod'n	stream	Value
		Rating	Domicile	(%)	(%)	(%)	(%)	(US\$mm)
Independent Natural Gas and								
Cimarex Energy Company	XEC	В		73	-	27	-	5,900
Encore Acquisition Company	EAC	В		24	-	76	-	3,280
Berry Petroleum Company	BRY	В		15	-	85	-	1,950
Energy Partners Ltd.	EPL	В		54	-	46	-	1,930
Median	1			39	-	61	-	13,060

# Encore Acquisition Company Functional Cash Flow and Present Value

	NTM Ebitda <u>(US\$mm)</u>	Adjusted <u>R/P</u>	PV/ <u>Ebitda</u>	Present Value <u>(US\$mm)</u>					
North American Natural Gas	118	9.1	6.8	800	24%				
Oil	275	18.1	9.0	2,480	76%				
	394	14.8	8.3	3,280	100%				
Debt (US\$mm)									
Net Present Value (US\$mm)									
Shares (mm)									
Net Present Value - Standard Estimate (US\$/sh)									
Net Present Value - Approximation by Correlation (US\$/sh)									

Please see disclosures on the final page.

# **McDep** Associates *Independent Stock Idea* February 21, 2006

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$ \begin{array}{ c c c c c c c c c c c c c c c c c c c$		04	03	04	Year	OIE	O2E	O3E	O4E	
Volume   Natural Gas (mmcfd)   46.7   59.7   67.2   57.7   67.2   67.				~		-		-	~	
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	Volume									
Total (mbd)   26.1   28.2   30.7   28.4   30.8   30.8   30.8   30.8     Price     Henry Hub (\$/mmbtu)   7.10   8.56   13.00   8.65   8.99   7.52   7.86   8.91   8.32     Differential (\$/mmbtu)   0.41   0.09   3.11   0.78   1.47   1.23   1.28   1.46   1.36     EAC (\$/mcf)   6.69   8.47   9.89   7.87   7.52   6.29   6.58   7.46   6.96     WTI Cushing (\$/bbl)   48.31   62.52   60.2   56.31   62.57   62.26   64.21   65.18   63.56     Differential   4.46   4.43   6.12   5.25   10.38   8.33   6.59   50.56     Revenue (Smm)   43.85   58.09   53.90   51.06   52.19   53.94   51.02   53.49   50.56     Revenue (Smm)   701   74   98   96   351   92   96   104   105   398 <t< td=""><td>Natural Gas (mmcfd)</td><td>46.7</td><td>59.7</td><td>67.2</td><td>57.7</td><td>67.2</td><td>67.2</td><td>67.2</td><td>67.2</td><td>67.2</td></t<>	Natural Gas (mmcfd)	46.7	59.7	67.2	57.7	67.2	67.2	67.2	67.2	67.2
PriceHenry Hub (S/mmbtu)7.108.5613.008.658.997.527.868.918.32Differential (S/mmbtu)0.410.093.110.781.471.231.281.461.36EAC (S/mcf)6.698.479.897.877.526.296.587.466.36WTI Cushing (S/bbl)48.3162.5260.0256.3162.5762.2664.2165.1863.56Differential4.464.4361.252.5153.9457.6258.5055.58Total (S/bbl)42.7455.5355.8949.7749.6248.0551.0253.4950.56Revenue (Smm)Natural Gas29466116646384146171Oil7498963519296104105398Total103144158517138135145152568ExpenseLease operating131820682222232390Production taxes913144612131451General and administrative57828889934Total28374214243434445175Ebit47516828282828282828<	Oil (mbd)	18.32	18.26	19.45	18.83	19.6	19.6	19.6	19.6	19.60
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	Total (mbd)	26.1	28.2	30.7	28.4	30.8	30.8	30.8	30.8	30.8
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	Price									
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	Henry Hub (\$/mmbtu)	7.10	8.56	13.00	8.65	8.99	7.52	7.86	8.91	8.32
WTI Cushing (\$/bbl) 48.31 62.52 60.02 56.31 62.57 62.26 64.21 65.18 63.56   Differential 4.46 4.43 6.12 5.25 10.38 8.33 6.59 6.69 7.97   EAC (\$/bbl) 42.74 55.53 55.89 49.77 49.62 48.05 51.02 53.49 50.56   Revenue (\$mm) Natural Gas 29 46 61 166 46 38 41 46 171   Oil 74 98 96 351 92 96 104 105 398   Total 103 144 158 517 138 135 145 152 568   Expense I 3 14 46 12 12 13 14 51   General and administrative 5 7 8 28 8 9 9 34   Total 28 37 42 142 43 44 45 175   Expense I 7 107		0.41	0.09	3.11	0.78	1.47	1.23	1.28	1.46	1.36
Differential   4.46   4.43   6.12   5.25   10.38   8.33   6.59   6.69   7.97     EAC (\$/bbl)   43.85   58.09   53.90   51.06   52.19   53.94   57.62   58.50   55.58     Total (\$/bbl)   42.74   55.53   55.89   49.77   49.62   48.05   51.02   53.49   50.56     Revenue (\$mm)   Natural Gas   29   46   61   166   46   38   41   46   171     Oil   74   98   96   351   92   96   104   105   398     Total   103   144   158   517   138   135   145   152   568     Expense   Lease operating   13   18   20   68   22   22   23   23   90     Production taxes   9   13   14   46   12   12   13   14   51     General and administrative   5	EAC (\$/mcf)	6.69	8.47	9.89	7.87	7.52	6.29	6.58	7.46	6.96
EAC (\$\mathcal{Y}\mathcal{b}\mathcal{b}) 43.85 58.09 53.90 51.06 52.19 53.94 57.62 58.50 55.58   Total (\$\mathcal{Y}\mbox{b}\mbox{b}) 42.74 55.53 55.89 49.77 49.62 48.05 51.02 53.49 50.56   Revenue (\$mm) Natural Gas 29 46 61 166 46 38 41 46 171   Oil 74 98 96 351 92 96 104 105 398   Total 103 144 158 517 138 135 145 152 568   Expense   68 22 22 23 23 90   Production taxes 9 13 14 46 12 12 13 14 51   General and administrative 5 7 8 28 8 9 9 34   Total 28 37 42 142 43 43 44 45 175   Exploration 2	WTI Cushing (\$/bbl)	48.31	62.52	60.02	56.31	62.57	62.26	64.21	65.18	63.56
Total (\$/bbl)   42.74   55.53   55.89   49.77   49.62   48.05   51.02   53.49   50.56     Revenue (\$mm)   Natural Gas   29   46   61   166   46   38   41   46   171     Oil   74   98   96   351   92   96   104   105   398     Total   103   144   158   517   138   135   145   152   568     Expense     13   18   20   68   22   22   23   23   90     Production taxes   9   13   14   46   12   12   13   14   51     General and administrative   5   7   8   28   8   8   9   9   34     Total   28   37   42   142   43   44   45   175     Ebita   75   107   116   375   95	Differential	4.46	4.43	6.12	5.25	10.38	8.33	6.59	6.69	7.97
Revenue (Smm)   Natural Gas   29   46   61   166   46   38   41   46   171     Oil   74   98   96   351   92   96   104   105   398     Total   103   144   158   517   138   135   145   152   568     Expens   U   U   13   18   20   68   22   22   23   23   90     Production taxes   9   13   14   46   12   12   13   14   51     General and administrative   5   7   8   28   8   8   9   9   34     Total   28   37   42   43   43   44   45   175     Ebita   75   107   116   375   95   92   100   107   394     Exploration   2   5   3   14   3   3   3 </td <td>EAC (\$/bbl)</td> <td>43.85</td> <td>58.09</td> <td>53.90</td> <td>51.06</td> <td>52.19</td> <td>53.94</td> <td>57.62</td> <td>58.50</td> <td>55.58</td>	EAC (\$/bbl)	43.85	58.09	53.90	51.06	52.19	53.94	57.62	58.50	55.58
Revenue (Smm)   Natural Gas   29   46   61   166   46   38   41   46   171     Oil   74   98   96   351   92   96   104   105   398     Total   103   144   158   517   138   135   145   152   568     Expens     13   18   20   68   22   22   23   23   90     Production taxes   9   13   14   46   12   12   13   14   51     General and administrative   5   7   8   28   8   8   9   9   34     Total   28   37   42   142   43   43   44   45   175     Ebita   75   107   116   375   95   92   100   107   394     Exploration   2   5   3   14   3   3 </td <td>Total (\$/bbl)</td> <td>42.74</td> <td>55.53</td> <td>55.89</td> <td>49.77</td> <td>49.62</td> <td>48.05</td> <td>51.02</td> <td>53.49</td> <td>50.56</td>	Total (\$/bbl)	42.74	55.53	55.89	49.77	49.62	48.05	51.02	53.49	50.56
Oil   74   98   96   351   92   96   104   105   398     Total   103   144   158   517   138   135   145   152   568     Expense     13   18   20   68   22   22   23   23   90     Production taxes   9   13   14   46   12   12   13   14   51     General and administrative   5   7   8   28   8   8   9   9   34     Total   28   37   42   142   43   43   44   45   175     Ebitah   75   107   116   375   95   92   100   107   394     Exploration   2   5   3   14   3   3   3   13     Deprec., Deplet., & Amort.   15   24   26   86   28   28   28   1										
Total   103   144   158   517   138   135   145   152   568     Expense   Lease operating   13   18   20   68   22   22   23   23   90     Production taxes   9   13   14   46   12   12   13   14   51     General and administrative   5   7   8   28   8   9   9   34     Total   28   37   42   142   43   43   44   45   175     Ebitda   75   107   116   375   95   92   100   107   394     Exploration   2   5   3   14   3   3   3   13     Deprec., Deplet., & Amort.   15   24   26   86   28   28   28   112     Hedging and other   11   27   19   71   19   17   18   20   73	Natural Gas	29	46	61	166	46	38	41	46	171
Expense   Ia   13   18   20   68   22   22   23   23   90     Production taxes   9   13   14   46   12   12   13   14   51     General and administrative   5   7   8   28   8   8   9   9   34     Total   28   37   42   142   43   43   44   45   175     Ebitda   75   107   116   375   95   92   100   107   394     Exploration   2   5   3   14   3   3   3   13     Deprec., Deplet., & Amort.   15   24   26   86   28   28   28   12     Hedging and other   11   27   19   71   19   17   18   20   73     Interest   7   9   10   33   10   8   8   34 <t< td=""><td>Oil</td><td>74</td><td>98</td><td>96</td><td>351</td><td>92</td><td>96</td><td>104</td><td>105</td><td>398</td></t<>	Oil	74	98	96	351	92	96	104	105	398
Lease operating131820682222232390Production taxes91314461212131451General and administrative57828889934Total28374214243434445175Ebitda751071163759592100107394Exploration2531433313Deprec., Deplet., & Amort.1524268628282828112Hedging and other112719711917182073Ebit47516820348475459208Interest7910331088834Ebt40435817038394651174Income Tax14921541314161861Net Income (\$mm)26333711625253033113Per Share (\$)0.530.670.752.340.500.510.600.662.27Shares (millions)49505050505050505050Lease operating (\$/bbl)5.586.907.05 <t< td=""><td>Total</td><td>103</td><td>144</td><td>158</td><td>517</td><td>138</td><td>135</td><td>145</td><td>152</td><td>568</td></t<>	Total	103	144	158	517	138	135	145	152	568
Production taxes 9 13 14 46 12 12 13 14 51   General and administrative 5 7 8 28 8 8 9 9 34   Total 28 37 42 142 43 43 44 45 175   Ebitda 75 107 116 375 95 92 100 107 394   Exploration 2 5 3 14 3 3 3 13   Deprec., Deplet., & Amort. 15 24 26 86 28 28 28 112   Hedging and other 11 27 19 71 19 17 18 20 73   Ebit 47 51 68 203 48 47 54 59 208   Interest 7 9 10 33 10 8 8 8 34   Ebt 40 43 58 170 38 39 46 51 174	Expense									
Production taxes 9 13 14 46 12 12 13 14 51   General and administrative 5 7 8 28 8 8 9 9 34   Total 28 37 42 142 43 43 44 45 175   Ebitda 75 107 116 375 95 92 100 107 394   Exploration 2 5 3 14 3 3 3 3 13   Deprec., Deplet., & Amort. 15 24 26 86 28 28 28 12 12   Hedging and other 11 27 19 71 19 17 18 20 73   Ebit 47 51 68 203 48 47 54 59 208   Interest 7 9 10 33 10 8 8 8 34   Ebit 40 43 58 170 38 39 46 </td <td>Lease operating</td> <td>13</td> <td>18</td> <td>20</td> <td>68</td> <td>22</td> <td>22</td> <td>23</td> <td>23</td> <td>90</td>	Lease operating	13	18	20	68	22	22	23	23	90
Total28374214243434445175Ebitda751071163759592100107394Exploration25314333313Deprec., Deplet., & Amort.1524268628282828112Hedging and other112719711917182073Ebit47516820348475459208Interest7910331088834Ebt40435817038394651174Income Tax14921541314161861Net Income (\$mm)26333711625253033113Per Share (\$)0.530.670.752.340.500.510.600.662.27Shares (millions)495050505050505050Lease operating (\$/bbl)5.586.907.056.598.008.008.008.00Production taxes (%rev)9.08.79.08.89.09.09.09.09.0General and admin (\$/bbl)2.202.522.752.723.003.003.003.003.00Deprec., D,& A (		9	13	14	46	12	12	13	14	51
Ebitda751071163759592100107394Exploration25314333313Deprec., Deplet., & Amort.152426862828282828112Hedging and other112719711917182073Ebit47516820348475459208Interest7910331088834Ebt40435817038394651174Income Tax14921541314161861Net Income (\$mm)26333711625253033113Per Share (\$)0.530.670.752.340.500.510.600.662.27Shares (millions)495050505050505050Lease operating (\$/bbl)5.586.907.056.598.008.008.008.008.00Production taxes (%rev)9.08.79.08.89.09.09.09.09.09.0General and admin (\$/bbl)2.202.522.752.723.003.003.003.003.00Deprec., D,& A (\$/bbl)6.369.349.118.2510.0010.00 </td <td>General and administrative</td> <td>5</td> <td>7</td> <td>8</td> <td>28</td> <td>8</td> <td>8</td> <td>9</td> <td>9</td> <td>34</td>	General and administrative	5	7	8	28	8	8	9	9	34
Exploration25314333313Deprec., Deplet., & Amort.152426862828282828112Hedging and other112719711917182073Ebit47516820348475459208Interest7910331088834Ebt40435817038394651174Income Tax14921541314161861Net Income (\$mm)26333711625253033113Per Share (\$)0.530.670.752.340.500.510.600.662.27Shares (millions)495050505050505050Lease operating (\$/bbl)5.586.907.056.598.008.008.008.008.00Production taxes (%rev)9.08.79.08.89.09.09.09.09.09.0General and admin (\$/bbl)2.202.522.752.723.003.003.003.003.00Deprec., D,& A (\$/bbl)6.369.349.118.2510.0010.0010.0010.00Ebitda Margin73%74%73%72%69%68%	Total	28	37	42	142	43	43	44	45	175
Deprec., Deplet., & Amort.1524268628282828112Hedging and other112719711917182073Ebit47516820348475459208Interest7910331088834Ebt40435817038394651174Income Tax14921541314161861Net Income (\$mm)26333711625253033113Per Share (\$)0.530.670.752.340.500.510.600.662.27Shares (millions)495050505050505050Lease operating (\$/bbl)5.586.907.056.598.008.008.008.008.00Production taxes (%rev)9.08.79.08.89.09.09.09.09.0General and admin (\$/bbl)2.202.522.752.723.003.003.003.003.00Deprec., D,& A (\$/bbl)6.369.349.118.2510.0010.0010.0010.00Ebitda Margin73%74%73%72%69%68%69%70%69%	Ebitda	75	107	116	375	95	92	100	107	394
Hedging and other112719711917182073Ebit47516820348475459208Interest7910331088834Ebt40435817038394651174Income Tax14921541314161861Net Income (\$mm)26333711625253033113Per Share (\$)0.530.670.752.340.500.510.600.662.27Shares (millions)495050505050505050Lease operating (\$/bbl)5.586.907.056.598.008.008.008.008.00Production taxes (%rev)9.08.79.08.89.09.09.09.09.0Deprec., D,& A (\$/bbl)2.202.522.752.723.003.003.003.003.00Deprec., D,& A (\$/bbl)6.369.349.118.2510.0010.0010.0010.0010.00Ebitda Margin73%74%73%72%69%68%69%70%69%	Exploration	2	5	3	14	3	3	3	3	13
Ebit47516820348475459208Interest7910331088834Ebt40435817038394651174Income Tax14921541314161861Net Income (\$mm)26333711625253033113Per Share (\$)0.530.670.752.340.500.510.600.662.27Shares (millions)495050505050505050Lease operating (\$/bbl)5.586.907.056.598.008.008.008.008.00Production taxes (%rev)9.08.79.08.89.09.09.09.09.0General and admin (\$/bbl)2.202.522.752.723.003.003.003.003.00Deprec., D,& A (\$/bbl)6.369.349.118.2510.0010.0010.0010.0010.00Ebitda Margin73%74%73%72%69%68%69%70%69%	Deprec., Deplet., & Amort.	15	24	26	86	28	28	28	28	112
Interest7910331088834Ebt40435817038394651174Income Tax14921541314161861Net Income (\$mm)26333711625253033113Per Share (\$)0.530.670.752.340.500.510.600.662.27Shares (millions)495050505050505050Lease operating (\$/bbl)5.586.907.056.598.008.008.008.008.00Production taxes (%rev)9.08.79.08.89.09.09.09.09.0General and admin (\$/bbl)2.202.522.752.723.003.003.003.003.00Deprec., D,& A (\$/bbl)6.369.349.118.2510.0010.0010.0010.0010.00Ebitda Margin73%74%73%72%69%68%69%70%69%	Hedging and other	11	27	19	71	19	17	18	20	73
Ebt40435817038394651174Income Tax14921541314161861Net Income (\$mm)26333711625253033113Per Share (\$)0.530.670.752.340.500.510.600.662.27Shares (millions)495050505050505050Lease operating (\$/bbl)5.586.907.056.598.008.008.008.00Production taxes (%rev)9.08.79.08.89.09.09.09.09.0General and admin (\$/bbl)2.202.522.752.723.003.003.003.003.00Deprec., D,& A (\$/bbl)6.369.349.118.2510.0010.0010.0010.0010.00Ebitda Margin73%74%73%72%69%68%69%70%69%	Ebit	47	51	68	203	48	47	54	59	208
Income Tax14921541314161861Net Income (\$mm)26333711625253033113Per Share (\$)0.530.670.752.340.500.510.600.662.27Shares (millions)495050505050505050Lease operating (\$/bbl)5.586.907.056.598.008.008.008.00Production taxes (%rev)9.08.79.08.89.09.09.09.0General and admin (\$/bbl)2.202.522.752.723.003.003.003.00Deprec., D, & A (\$/bbl)6.369.349.118.2510.0010.0010.0010.0010.00Ebitda Margin73%74%73%72%69%68%69%70%69%	Interest	7	9	10	33	10	8	8	8	34
Net Income (\$mm)26333711625253033113Per Share (\$)0.530.670.752.340.500.510.600.662.27Shares (millions)495050505050505050Lease operating (\$/bbl)5.586.907.056.598.008.008.008.00Production taxes (%rev)9.08.79.08.89.09.09.09.0General and admin (\$/bbl)2.202.522.752.723.003.003.003.00Deprec., D,& A (\$/bbl)6.369.349.118.2510.0010.0010.0010.0010.00Ebitda Margin73%74%73%72%69%68%69%70%69%	Ebt	40	43	58	170	38	39	46	51	174
Per Share (\$)0.530.670.752.340.500.510.600.662.27Shares (millions)495050505050505050Lease operating (\$/bbl)5.586.907.056.598.008.008.008.008.00Production taxes (%rev)9.08.79.08.89.09.09.09.09.0General and admin (\$/bbl)2.202.522.752.723.003.003.003.003.00Deprec., D,& A (\$/bbl)6.369.349.118.2510.0010.0010.0010.0010.00Ebitda Margin73%74%73%72%69%68%69%70%69%	Income Tax	14	9	21	54	13	14	16	18	61
Shares (millions)   49   50   50   50   50   50   50   50     Lease operating (\$/bbl)   5.58   6.90   7.05 <b>6.59</b> 8.00   8.00   8.00   8.00   8.00   8.00   8.00   9.0	Net Income (\$mm)	26	33	37	116	25	25	30	33	113
Lease operating (\$/bbl)5.586.907.056.598.008.008.008.008.008.00Production taxes (%rev)9.08.79.08.89.09.09.09.09.0General and admin (\$/bbl)2.202.522.752.723.003.003.003.003.00Deprec., D,& A (\$/bbl)6.369.349.118.2510.0010.0010.0010.0010.00Ebitda Margin73%74%73%72%69%68%69%70%69%	Per Share (\$)	0.53	0.67	0.75	2.34	0.50	0.51	0.60	0.66	2.27
Production taxes (%rev)9.08.79.08.89.09.09.09.09.0General and admin (\$/bbl)2.202.522.752.723.003.003.003.003.00Deprec., D,& A (\$/bbl)6.369.349.118.2510.0010.0010.0010.0010.00Ebitda Margin73%74%73%72%69%68%69%70%69%	Shares (millions)	49	50	50	50	50	50	50	50	50
General and admin (\$/bbl)   2.20   2.52   2.75   2.72   3.00   10.00   10.00   10.00   10.00   10.00   10.00   10.00   10.00   69% <th< td=""><td>Lease operating (\$/bbl)</td><td>5.58</td><td>6.90</td><td>7.05</td><td>6.59</td><td>8.00</td><td>8.00</td><td>8.00</td><td>8.00</td><td>8.00</td></th<>	Lease operating (\$/bbl)	5.58	6.90	7.05	6.59	8.00	8.00	8.00	8.00	8.00
Deprec., D,& A (\$/bbl)   6.36   9.34   9.11   8.25   10.00   10.00   10.00   10.00   10.00   10.00   6.9%     Ebitda Margin   73%   74%   73%   72%   69%   68%   69%   70%   69%	Production taxes (%rev)	9.0	8.7	9.0	8.8	9.0	9.0	9.0	9.0	9.0
Ebitda Margin   73%   74%   73%   72%   69%   68%   69%   70%   69%	General and admin (\$/bbl)	2.20	2.52	2.75	2.72	3.00	3.00	3.00	3.00	3.00
6	Deprec., D,& A (\$/bbl)	6.36	9.34	9.11	8.25	10.00	10.00	10.00	10.00	10.00
Tax rate   35%   22%   36%   32%   35	Ebitda Margin	73%	74%	73%	72%	69%	68%	69%	70%	69%
	Tax rate	35%	22%	36%	32%	35%	35%	35%	35%	35%

#### **Encore Acquisition Company** Next Twelve Months Operating and Financial Estimates

Next

# McDep Associates Independent Stock Idea February 21, 2006

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