

ENCORE ACQUISITION CO

Form 8-K

May 04, 2007

**Table of Contents**

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 8-K  
CURRENT REPORT**

**Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934  
Date of Report (Date of earliest event reported): May 3, 2007  
ENCORE ACQUISITION COMPANY**

(Exact name of registrant as specified in its charter)

**Delaware**

**001-16295**

**75-2759650**

(State or other jurisdiction  
of incorporation)

(Commission  
File Number)

(IRS Employer  
Identification No.)

**777 Main Street, Suite 1400, Fort Worth, Texas**

**76102**

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: **(817) 877-9955**

**Not applicable**

(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:

- 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))
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**TABLE OF CONTENTS**

Item 2.02 Results of Operations and Financial Condition

Item 9.01 Financial Statements and Exhibits

SIGNATURE

INDEX TO EXHIBITS

Press Release

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**Table of Contents****Item 2.02 Results of Operations and Financial Condition**

On May 3, 2007, Encore Acquisition Company issued a press release announcing its unaudited first quarter 2007 results. A copy of the press release is furnished as Exhibit 99.1 to this Form 8-K.

In the press release, the Company uses the following non-GAAP financial measures:

EBITDAX;

General and administrative expenses less non-cash stock-based compensation expenses for certain retirement eligible employees; and

Net income excluding tax adjusted charges related to mark-to-market derivative accounting and exploration.

The press release contains a reconciliation of EBITDAX to net income and net cash from operating activities, the Company's most directly comparable financial performance and liquidity measures calculated and presented in accordance with GAAP. The following table reconciles general and administrative expenses to general and administrative expenses less certain non-cash stock-based compensation expenses:

	<b>Three Months Ended March 31,</b>	
	<b>2007</b>	<b>2006</b>
<b>(in thousands)</b>	<b>(unaudited)</b>	
General and administrative expenses, as reported	\$ 7,360	\$ 6,528
Less: non-cash stock-based compensation for certain retirement eligible employees	(1,275)	(2,100)
General and administrative expenses, as adjusted	\$ 6,085	\$ 4,428

The following table reconciles net income (loss) to net income excluding certain charges in total and on a per diluted share basis:

	<b>Three Months Ended March 31,</b>			
	<b>2007</b>		<b>2006</b>	
	<b>Total</b>	<b>Per Diluted Share</b>	<b>Total</b>	<b>Per Diluted Share</b>
<b>(in thousands, except per share amounts)</b>	<b>(unaudited)</b>			
Net income (loss)	\$(29,429)	\$ (0.55)	\$ 17,936	\$ 0.36
Less: mark-to-market derivative losses, net of tax	34,686	0.65	3,751	0.08
Less: exploration expenses, net of tax	7,454	0.14	1,236	0.02
Net income excluding the above items	\$ 12,711	\$ 0.24	\$ 22,923	\$ 0.46

The Company believes that the exclusion of these charges enables it to evaluate operations more effectively period-over-period and to identify operating trends that could otherwise be masked by the excluded items.

The information being furnished pursuant to Item 2.02 of this Form 8-K and in Exhibit 99.1 shall not be deemed to be filed for the purposes of Section 18 of the Securities Exchange Act of 1934 (the Exchange Act) or otherwise subject to the liabilities of that section, nor shall it be incorporated by reference into a filing under the Securities Act of 1933, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

**Item 9.01 Financial Statements and Exhibits**

(d) Exhibits

The exhibit listed below is being furnished pursuant to Item 2.02 of this Form 8-K:

99.1 Press Release dated May 3, 2007 regarding unaudited first quarter 2007 results

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**Table of Contents**

**SIGNATURE**

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.

**ENCORE ACQUISITION COMPANY**

Date: May 4, 2007

By: /s/ Robert C. Reeves  
Robert C. Reeves  
Senior Vice President, Chief Financial  
Officer, and Treasurer

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**Table of Contents**

**INDEX TO EXHIBITS**

**Exhibit No.    Description**

99.1            Press Release dated May 3, 2007 regarding unaudited first quarter 2007 results