ENCORE ACQUISITION CO
Form S-4
September 13, 2002

As filed with the Securities and Exchange Commission on September 13, 2002

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM S-4
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

ENCORE ACQUISITION COMPANY *
(Exact name of Registrant as specified in its charter)

Delaware	1311	75-2759650
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

* Subsidiary Guarantor Registrants appear on the following page

777 Main Street, Suite 1400
Fort Worth, Texas 76102
(817) 877-9955

(Address including ZIP Code, and telephone number, including area code, of registrant's principal executive offices)

John H. Karnes
Vice President and General Counsel
777 Main Street, Suite 1400
Fort Worth, Texas 76102
(817) 877-9955

(Name, address, including ZIP Code, and telephone number, including area code, of agent for service)

Copies to:
F. Richard Bernasek
Michael W. Stoltz
Kelly, Hart & Hallman, P.C.
201 Main Street, Suite 2500
Fort Worth, Texas 76102
(817) 332-2500

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this Registration Statement becomes effective.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. [_]

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective

registration statement for the same offering. [_]

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [_]

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per unit	Proposed maximum offering price	A regist
8 3/8% Senior Subordinated Notes due 2012	$150,000,000	100%	$150,000,000	
Subsidiary Guarantees of Senior Subordinated Notes(2)	0	0	0	

(1) Calculated pursuant to Rule 457 under the Securities Act of 1933.

(2) Each of the subsidiaries of Encore Acquisition Company that is listed on the Table of Additional Subsidiary Guarantor Registrants on the following page has guaranteed the notes being registered pursuant hereto.

(3) Pursuant to Rule 457(n) of the Securities Act of 1933, no separate fee for the guarantees is payable.

The Registrants hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrants shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

ADDITIONAL SUBSIDIARY GUARANTOR REGISTRANTS

EXACT NAME OF SUBSIDIARY GUARANTOR REGISTRANT(*)	STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION	I.R.S. EMPLOYER IDENTIFICATION NUMBER

Encore Operating, L.P.	Texas	75-2807888
EAP Operating, Inc.	Delaware	75-2807621
EAP Properties, Inc.	Delaware	75-2807620
EAP Energy, Inc.	Delaware	75-2807622
EAP Energy Services, L.P ...	Texas	75-2808458

(*) The address for each Subsidiary Guarantor Registrant is 777 Main Street, Suite 1400, Fort Worth, Texas 76102, except EAP Properties, Inc., the address of which is 1209 Orange Street, Wilmington, Delaware 19801.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED SEPTEMBER 13, 2002

PROSPECTUS

[GRAPHIC]

ENCORE ACQUISITION COMPANY

OFFER TO EXCHANGE
ALL OUTSTANDING 8 3/8% SENIOR SUBORDINATED NOTES DUE 2012
($150,000,000 PRINCIPAL AMOUNT)
FOR
8 3/8% SENIOR SUBORDINATED NOTES DUE 2012
($150,000,000 PRINCIPAL AMOUNT),
WHICH HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933

THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON
, 2002,
UNLESS WE EXTEND THE OFFER.
WE DO NOT CURRENTLY INTEND TO EXTEND THE OFFER.

We are offering to exchange up to $150.0 million aggregate principal amount of new 8 3/8% Senior Subordinated Notes due 2012 of Encore Acquisition Company which have been registered under the Securities Act of 1933, as amended, for any and all outstanding 8 3/8% Senior Subordinated Notes due 2012 that Encore Acquisition Company issued in a private offering on June 25, 2002.

The terms of the notes offered for exchange are identical in all material respects to the notes issued in the private placement except their transfer restrictions, registration rights, and exchange offer provisions have been removed.

We will exchange all notes previously issued in our private placement that are validly tendered and not validly withdrawn prior to the closing of the exchange for an equal principal amount of exchange notes.

You may withdraw tenders of outstanding notes at any time prior to the expiration of the exchange offer.

We believe that the exchange of notes will not be a taxable exchange for U.S. federal income tax purposes.

We will not receive any proceeds from the exchange offer.

The notes to be exchanged for the outstanding notes will not be listed on any securities exchange or stock market, and, as a result, we do not anticipate an active trading market for them.

YOU SHOULD CONSIDER CAREFULLY "RISK FACTORS" BEGINNING ON PAGE 19 BEFORE PARTICIPATING IN THE EXCHANGE OFFER.

Each broker-dealer that receives exchange notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act of 1933, as amended. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for your notes that were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed that, for a period of 180 days after the consummation of the exchange offer, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See "Plan of Distribution."

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This Prospectus is dated , 2002.

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WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any document we file at the Public Reference Room of the SEC, 450 Fifth Street, N.W., Washington, D.C. 20549.

Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. Our SEC filings are also available to the public from the SEC's website at http://www.sec.gov. Reports and other information concerning us can also be inspected at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005. Our common stock is listed and traded on the New York Stock Exchange under the trading symbol "EAC."

This prospectus, which constitutes a part of a registration statement on Form S-4 filed by us with the SEC under the Securities Act of 1933, as amended, or the "Securities Act," omits certain of the information set forth in the registration statement. Accordingly, you should refer to the registration statement and its exhibits for further information with respect to us and the exchange notes. Copies of the registration statement and its exhibits are on file at the offices of the SEC. Furthermore, statements contained in this prospectus concerning any document filed as an exhibit are not necessarily complete and, in each instance, we refer you to the copy of such document filed as an exhibit to the registration statement.

The information included in the following documents is incorporated by reference and is considered to be a part of this prospectus. The most recent information that we file with the SEC automatically updates and supersedes older information. We have previously filed the following documents with the SEC and we are incorporating them by reference into this prospectus:

- Annual Report on Form 10-K for the fiscal year ended December 31, 2001 filed on March 15, 2002;
- Definitive Proxy Statement on Schedule 14A filed on March 20, 2002;
- Current Report on Form 8-K filed on April 5, 2002;
- Quarterly Report on Form 10-Q for the quarter ended March 31, 2002 filed on May 6, 2002;
- Current Reports on Form 8-K filed on June 10, 2002;
- Current Reports on Form 8-K filed on June 26, 2002;
- Quarterly Report on Form 10-Q for the quarter ended June 30, 2002 filed on August 9, 2002; and
- Current Report on Form 8-K filed on August 27, 2002.

From the initial filing of the registration statement on Form S-4 until the offering made under this prospectus is terminated, we will also incorporate by reference all documents that we may file in the future under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act.

You may request copies of these documents by contacting us at: Encore Acquisition Company, 777 Main Street, Suite 1400, Fort Worth, Texas 76102 (telephone number: (817) 877-9955), Attention: Corporate Secretary.

To obtain timely delivery of any of our filings, agreements or other documents, you must make your request to us no later that five business days before the expiration date of the exchange offer. The exchange offer will expire at 5:00 p.m. New York City time on , 2002. The exchange offer can be extended by us in our sole discretion. See the caption "The Exchange Offer" for more detailed information

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements within the meaning of Section 27A of the Securities Act, Section 21E of the Exchange Act and the Private Securities Litigation Reform Act of 1995 that are subject to risks and uncertainties. Forward-looking statements give our current expectations and projections relating to the financial condition, results of operations, plans, objectives, future performance and business of Encore Acquisition Company and its subsidiaries. You can identify these statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe" and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance

or other events. All statements other than statements of historical facts included in this prospectus that address activities, events or developments that we expect, believe or anticipate will or may occur in the future are forward-looking statements. Forward looking statements may relate to various financial and operational matters, including, among other things: amount, nature and timing of capital expenditures; drilling of wells; timing and amount of future production of oil and natural gas; costs of exploiting and developing our properties and conducting other operations, in the aggregate and on a barrel of oil equivalent basis; increases in proved reserves; operating costs and other expenses; cash flow and anticipated liquidity; estimates of proved reserves, exploitation potential or property acquisitions; and marketing of oil and natural gas.

These forward-looking statements are based on our expectations and beliefs concerning future events affecting us. They are subject to uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control. Although we believe that the expectations reflected in our forward-looking statements are reasonable, we do not know whether our expectations will prove correct. The forward-looking statements in this prospectus may turn out to be wrong. They can be affected by inaccurate assumptions we might make or by known or unknown risks and uncertainties. Many factors mentioned in our discussion in this prospectus, including the risks outlined under "Risk Factors," will be important in determining future results. Actual future results may vary materially. Because of these factors, we caution that investors should not place undue reliance on any of our forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made, and except as required by law we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which it is made or to reflect the occurrence of anticipated or unanticipated events or circumstances.

SUMMARY

This summary highlights information contained elsewhere in this prospectus. It is not complete and may not contain all of the information that you consider important. We encourage you to read this prospectus and the documents to which we have referred you in their entirety. References to "Encore," "we," "our," or "us" refer to Encore Acquisition Company and our subsidiaries. You will find definitions for oil and natural gas industry terms used throughout this prospectus in "Glossary of Oil and Natural Gas Terms."

ENCORE ACQUISITION COMPANY

Encore is a growing independent energy company engaged in the acquisition, development, exploitation and production of oil and natural gas reserves. Our strategy is to build a portfolio of long-lived, high quality properties through a balanced effort of selective acquisitions and low-risk drilling opportunities.

Our growth has come primarily from the acquisition of producing oil and natural gas properties. We have maintained a highly disciplined acquisition process to seek and acquire high quality assets with potential for upside through low-risk development drilling projects.

Since April 1998, we have been successful in purchasing seven major packages of producing properties located in the Williston Basin of Montana and North Dakota, the Permian Basin of Texas and New Mexico, the Anadarko Basin of

Oklahoma, the Powder River Basin of Montana and, most recently, the Paradox Basin of Utah. Moreover, we have increased our original interests in some of these areas through additional acquisitions. From inception to December 31, 2001, we had invested $300.8 million in acquiring producing oil and natural gas properties, and we invested an additional $59.5 million for acquisitions from January 1, 2002 through June 30, 2002. We have invested an additional $122.5 million and $40.8 million, respectively, from inception to December 31, 2001 and during the first half of 2002 for development and exploitation of our properties.

In 2001, all of our growth was achieved organically through the drill bit by harvesting a portion of our extensive inventory of drilling projects. We drilled 108 gross operated wells and participated in drilling another 35 gross non-operated wells for a total of 143 gross wells for the year. On a net basis, we drilled 95 net operated wells and participated in 12 non-operated wells for a total of 107 net wells in 2001. Since our drilling program is based on low-risk development opportunities, our success rate for 2001 exceeded 99%. In 2001, we invested $87.2 million to drill and complete the 107 net wells, or approximately $815,000 per net well. The 2001 drilling program added 23.7 million BOE at an average cost of $3.68 per BOE. For the six months ended June 30, 2002, we drilled an additional 45 gross (39.3 net) wells, of which 43 gross (39.2 net) wells were operated by us.

Our estimated proved reserves at December 31, 2001 were 102.1 MMBbls of oil and 78.0 Bcf of natural gas, or 115.0 million BOE. The proved developed producing reserves were 89.0 million BOE, or 77% of total proved reserves at December 31, 2001. Our Reserve-to-Production ratio averaged 18.0 years based upon December 31, 2001 proved reserves and the prior 12 months' production. The present value, discounted at 10% per annum, of future net revenues of our proved reserves at December 31, 2001, was $360.4 million. Prevailing prices as of December 31, 2001 were $19.84 per Bbl of oil and $2.57 per Mcf of natural gas.

Production from our properties averaged 13,820 Bbls/D of oil and 22,197 Mcf/D of natural gas, or 17,520 BOE/D, for 2001 and 15,784 Bbls/D of oil and 23,163 Mcf/D of natural gas, or 19,644 BOE/D for the first six months of 2002. The direct lifting costs for our properties averaged $3.93 per BOE for 2001 and $3.76 per BOE for the first six months of 2002. Production, severance, and ad valorem taxes for 2001 were $2.16 per BOE and were $1.84 per BOE for the first six months of 2002.

In addition to our completed acquisitions in 2002, we plan to invest approximately $81.0 million during the year to exploit and develop existing core properties. This will support a four-rig, 110 well drilling program in the Cedar Creek Anticline, waterflood improvements, workovers, recompletions and our high-pressure air injection program in the Cedar Creek Anticline. If attractive opportunities arise during the rest of the year, we will acquire additional producing oil and natural gas properties.

RECENT DEVELOPMENTS

On January 4, 2002, we closed the purchase of our sixth major producing property package since inception. These Central Permian properties were purchased from Conoco for approximately $50.1 million and were not a part of our 2001 reserve or production base. The properties include two major operated fields: East Cowden Grayburg and Fuhrman-Nix; and two non-operated fields: North

Cowden and Yates. We believe that we will be able to exploit significant opportunities in these fields to increase production through development drilling and waterflood enhancements. During the second quarter of 2002, we closed a second, follow-on acquisition of additional working interests in the East Cowden Field for $8.4 million.

On August 29, 2002, we completed an acquisition of interests in oil and natural gas properties in southeast Utah's Paradox Basin. The final purchase price after the exercise of preferential rights was $17.9 million ($17.0 million after closing adjustments). The properties are divided between two oil producing units: the Ratherford Unit operated by ExxonMobil and the Aneth Unit operated by ChevronTexaco. The net production to Encore from these properties is currently approximately 900 BOE per day, comprised primarily of oil.

STRATEGY

Our strategy is to grow our reserves and production through selective acquisitions and low-risk development drilling. We intend to maximize internally generated cash flow and shareholder value by continuing our low-risk development program on our existing properties and by acquiring properties with similar upside potential to our current producing properties portfolio. We plan to focus on acquisitions of additional properties during periods of low acquisition values and to focus on exploiting the extensive inventory of development opportunities on our existing properties when the acquisition market is unfavorable. Based on our ability to grow our reserves with internally generated cash flow, we expect our balance sheet to remain strong.

Each year, we budget a portion of internally generated cash flow to secondary and tertiary recovery projects whose results will not be seen until future years. Our secondary recovery projects primarily involve our implementation and further enhancements of waterfloods on our quality asset base. Our tertiary recovery project is an initial high-pressure air injection project on our Cedar Creek Anticline asset in Montana.

To execute our strategy, we intend to:

- pursue an active low-risk development and exploitation program on our existing properties;
- control costs through efficient operations of our existing properties;
- continue our disciplined acquisition program; and
- maintain our financial flexibility and conservative capital structure.

DEVELOPMENT OF EXISTING PROPERTIES. Our properties generally have long reserve lives and reasonably stable and predictable reservoir production characteristics. The R/P Index for our proved reserves and proved developed reserves at December 31, 2001 was 18.0 and 15.1 years, respectively, based on the prior 12 months' production.

The inventory of potential development drilling locations or major recompletion opportunities on our existing properties is sufficient to sustain our 2002 level of capital investment for approximately four years. Longer term, we believe that there is significant value to be created through our

High-Pressure Air Injection project in the Cedar Creek Anticline.

EFFICIENT OPERATIONS. We operate properties representing approximately 86% of the PV-10 value of our proved reserves at December 31, 2001, which allows us to control capital allocation and expenses. For the year ended December 31, 2001 and the six months ended June 30, 2002, our lease operating expenses consisted of direct lifting costs per BOE of $3.93 and $3.76, respectively, and production, ad valorem, and severance tax payments per BOE produced of $2.16 and $1.84, respectively. Our general and administrative costs, excluding non-cash stock based compensation expense, averaged $0.79 per BOE produced in 2001 and $0.81 per BOE produced in the first six months of 2002.

CONTINUED SUCCESSFUL ACQUISITION PROGRAM. Using the experience of our senior management team, we have developed and refined an acquisition program designed to increase our reserves and to complement our core properties. We have an extensive staff of engineering and geoscience professionals who manage our core properties and use their experience and expertise to target attractive acquisition opportunities. Following an acquisition, our technical professionals seek to enhance the value of the new assets through a proven development and exploitation program.

MAINTAIN FINANCIAL FLEXIBILITY AND CONSERVATIVE CAPITAL STRUCTURE. We plan to maintain our financial flexibility and a conservative capital structure, which is critical to our ability to successfully implement our strategy.

FAILURE TO EXCHANGE YOUR NOTES.

The notes that you do not tender or that we do not accept will, following the exchange offer, continue to be restricted securities. Therefore, you may only transfer or resell them in a transaction registered under or exempt from the Securities Act and applicable state securities laws. We will issue the exchange notes in exchange for the notes under the exchange offer only following the satisfaction of the procedures and conditions discussed under the caption "The Exchange Offer."

Because we anticipate that most holders of the notes will elect to exchange their notes, we expect that the liquidity of the market, if any, for any notes remaining after the completion of the exchange offer will be substantially limited. Any notes tendered and exchanged in the exchange offer will reduce the aggregate principal amount outstanding of the notes.

EXECUTIVE OFFICES

Our executive offices are located at 777 Main Street, Suite 1400, Fort Worth, Texas 76102. Our main telephone number is (817) 877-9955.

THE EXCHANGE OFFER

On June 25, 2002, we sold the outstanding notes to Credit Suisse First Boston Corporation, Deutsche Bank Securities Inc., Fleet Securities, Inc., Goldman, Sachs & Co., Wachovia Securities, Inc., BNP PARIBAS Securities Corp., Fortis Investment Services, LLC, Comerica Securities, Inc., and Frost Securities, Inc. in a private offering exempt from the registration requirements of the Securities Act. We collectively refer to these parties as the "initial purchasers." The initial purchasers subsequently resold these outstanding notes

(i) to qualified institutional buyers pursuant to Rule 144A under the Securities Act and (ii) outside the United States, or U.S., in accordance with Regulation S under the Securities Act.

When we issued the outstanding notes, we entered into a registration rights agreement with the initial purchasers in which we agreed to use our best efforts to complete the exchange offer.

The Exchange Offer.....	Under the terms of the exchange offer, we are offering to exchange the exchange notes, which have been registered under the Securities Act, for your outstanding notes. In order to be exchanged, an outstanding note must be properly tendered and accepted. The outstanding notes may be tendered only in integral multiples of $1,000. All outstanding notes that are validly tendered and not validly withdrawn will be exchanged. We will issue the exchange notes promptly after the expiration of the exchange offer.
Resales of Exchange Notes.....	We believe that the exchange notes issued in the exchange offer may be offered for resale, resold or otherwise transferred by you without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that: o you are acquiring the exchange notes in the ordinary course of your business; o you are not participating, and have no arrangement or understanding with any person to participate, in the distribution of the exchange notes issued to you in the exchange offer; and o you are not an "affiliate" of ours. If any of the foregoing are not true and you transfer any exchange note without delivering a prospectus meeting the requirements of the Securities Act or without an exemption from the registration requirements of the Securities Act, you may incur liability under the Securities Act. We will not assume, nor will we indemnify you against, any such liability. If you are a broker-dealer and receive exchange notes for your own account in exchange for outstanding notes that you acquired as a result of market making or

	other trading activities, you must acknowledge that you will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of the exchange notes. A broker-dealer may use this prospectus for an offer to resell, resale or other transfer of the exchange notes. See "Plan of Distribution."
Failure to Exchange Outstanding Notes May Affect You Adversely.....	If you do not exchange your outstanding notes for exchange notes, you will no longer be able to require us to register the outstanding notes under the Securities Act. In addition, you will not be able to offer or sell the outstanding notes unless:

- they are registered under the Securities Act; or
- you offer or sell them under an exemption from the requirements of, or in a transaction not subject to, the Securities Act.

Expiration Date.....	The exchange offer will expire at 5:00 p.m., New York City time, on , 2002, unless we decide to extend the expiration date.
Interest on the Exchange Notes.....	The exchange notes will accrue interest at 8 3/8% per year, beginning on the last date we paid interest on the outstanding notes you exchanged or, if no interest has been paid on such outstanding notes, from June 25, 2002. We will pay interest on the exchange notes on June 15 and December 15 of each year, beginning on December 15, 2002.
Conditions to the Exchange Offer....	We will proceed with the exchange offer, so long as:

- the exchange offer does not violate any applicable law or applicable interpretation of law by the staff of the SEC;
- no litigation materially impairs

	our ability to proceed with the exchange offer; and o we obtain all the governmental approvals we deem necessary for the exchange offer.
Procedures for Tendering Notes.....	If you wish to accept the exchange offer, you must: o complete, sign and date the letter of transmittal, or a facsimile of it; and o send the letter of transmittal and all other documents required by it, including the outstanding notes to be exchanged, to Wells Fargo Bank, National Association, as exchange agent at the address set forth on the cover page of the letter of transmittal. Alternatively, you can tender your outstanding notes by following the procedures for book-entry transfer, as described in the prospectus.
Guaranteed Delivery Procedure.....	If you wish to tender your outstanding notes and you cannot get your required documents to the exchange agent by the expiration date, you may tender your outstanding notes according to the guaranteed delivery procedure described under the section "The Exchange Offer" under the heading "Terms of the Exchange Offer - Guaranteed Delivery Procedure."
Withdrawal Rights.....	You may withdraw the tender of your outstanding notes at any time prior to 5:00 p.m., New York City time, on the expiration date. To withdraw, you must send a written or facsimile transmission notice of withdrawal to the exchange agent at its address set forth in this prospectus under the section "The Exchange Offer" under the heading "Exchange Agent" by 5:00 p.m., New York City time, on the expiration date.
Acceptance of Outstanding Notes and Delivery of Exchange Notes.....	If all of the conditions to the exchange offer are satisfied or waived, we will accept any and all outstanding notes that are properly tendered in the exchange offer prior to 5:00 p.m., New York City time, on the expiration date. We will deliver the exchange notes promptly after the expiration date.

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Use of Proceeds.....	We will not receive any cash proceeds from the issuance of the exchange notes.
Tax Considerations.....	We believe that the exchange of outstanding notes for exchange notes will not be a taxable exchange for federal income tax purposes. However, you should consult your tax adviser about the tax consequences of this exchange as they apply to your individual circumstances.
Exchange Agent.....	Wells Fargo Bank, National Association, is serving as exchange agent for the exchange offer.
Fees and Expenses.....	We will bear all expenses related to consummating the exchange offer and complying with the registration rights agreement.

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DESCRIPTION OF EXCHANGE NOTES

The exchange notes will be freely tradable and otherwise substantially identical to the outstanding notes. The exchange notes will not have registration rights or provisions for additional interest. The exchange notes will evidence the same debt as the outstanding notes, and the outstanding notes are, and the exchange notes will be, governed by the same indenture.

Issuer.....	Encore Acquisition Company.
Notes Offered.....	$150.0 million principal amount of 8 3/8% senior subordinated notes due 2012.
Issue Price.....	100% plus accrued interest, if any, from June 25, 2002.
Interest Rate and Payment Dates.....	8 3/8% per annum payable on June 15 and December 15 of each year, commencing on December 15, 2002.
Maturity Date.....	June 15, 2012.

Ranking.....	The exchange notes will be our senior subordinated unsecured obligations. They will rank equal in right of payment with any of our future Senior Subordinated Indebtedness and subordinated in right of payment to our obligations under our Revolving Credit Facility and any of our other existing and future Senior Indebtedness. As of September 1, 2002, we had approximately $16.0 million of Senior Indebtedness. The terms "Revolving Credit Facility," "Senior Indebtedness" and "Senior Subordinated Indebtedness" are defined under "Description of the Notes -- Certain Definitions."
Optional Redemption.....	Prior to June 15, 2005, we are entitled to redeem up to 35% of the original principal amount of the notes, including the original principal amount of any additional notes we may issue, from the proceeds of certain equity offerings, so long as: o we pay to the holders of such notes a redemption price of 108.375% of the principal amount of the notes, plus accrued and unpaid interest to the date of redemption; and o at least 65% of the original aggregate principal amount of the notes and any additional notes remain outstanding after each such redemption, other than notes held by us or our affiliates. Prior to June 15, 2007, we are entitled to redeem the notes as a whole at a redemption price equal to the principal amount of the notes plus the Applicable Premium and accrued and unpaid interest to the date of redemption. The term "Applicable Premium" is defined under "Description of the Notes -- Certain Definitions." On or after June 15, 2007, we may redeem some or all of the notes at any time at the prices listed under "Description of the Notes -- Optional Redemption," plus accrued and unpaid interest to the date of redemption.

Guarantees.....	The payment of the principal, interest, and premium on the notes will be fully and unconditionally guaranteed on a senior subordinated basis by our existing and some of our future restricted subsidiaries. See "Description of the Notes -- Guarantees."
Restrictive Covenants.....	The indenture governing the notes will limit what we and our restricted subsidiaries do. The provisions of the indenture will limit our and such subsidiaries' ability, among other things, to: o incur additional indebtedness; o pay dividends on our capital stock or redeem, repurchase or retire our capital stock or subordinated indebtedness; o make investments; o incur liens; o create any consensual limitation on the ability of our restricted subsidiaries to pay dividends, make loans or transfer property to us; o engage in transactions with our affiliates; o sell assets, including capital stock of our subsidiaries; and o consolidate, merge or transfer assets. During any period that the notes have investment grade ratings from both Moody's Investors Services, Inc. and Standard and Poor's Ratings Group and no default has occurred and is continuing, the foregoing covenants will cease to be in effect with the exception of covenants that contain limitations on liens and on, among other things, certain consolidations, mergers and transfers of assets. These covenants are subject to important exceptions and qualifications described under "Description of the Notes -- Certain Covenants."
Change of Control.....	If we experience a Change of Control,

	subject to certain conditions, we must give holders of the notes the opportunity to sell to us their notes at 101% of the principal amount, plus accrued and unpaid interest. The term "Change of Control" is defined under "Description of the Notes -- Change of Control."
Absence of a Public Market for the Exchange Notes.....	The exchange notes will generally be freely transferable, but will be new securities for which there may not initially be a market. We cannot assure you as to the development or liquidity of any market for the exchange notes. We do not intend to apply for listing of the exchange notes on any securities exchange or any automated dealer quotation system.

SUMMARY FINANCIAL AND OPERATING DATA

The following table presents summary consolidated financial data for the years ended December 31, 2001, 2000, and 1999 and for the six months ended June 30, 2002 and 2001. In the opinion of management, the accompanying unaudited consolidated interim financial information includes all adjustments necessary to present fairly our financial position as of June 30, 2002 and results of operations for the six months ended June 30, 2002 and 2001. All adjustments are of a recurring nature. These interim results are not necessarily indicative of results for an entire year. Certain amounts of prior periods have been reclassified in order to conform to the current period presentation. The following data should be read in conjunction with the financial reports, consolidated financial statements, and related notes thereto incorporated by reference in this prospectus.

	SIX MONTHS ENDED JUNE 30,		YEA
	2002	2001	2001
INCOME STATEMENT DATA:			
REVENUES:			
Oil	$ 58,369	$ 53,882	$ 105,768
Natural gas	11,735	16,947	30,149
Total revenues	70,104	70,829	135,917
EXPENSES:			
Direct lifting costs	13,384	12,421	25,139

Production, ad valorem, and severance taxes ...	6,559	7,910	13,809
General and administrative (excluding non-cash stock based compensation).....	2,877	2,522	5,053
Non-cash stock based compensation	--	9,587	9,587
Depletion, depreciation, and amortization	17,332	15,388	31,721
Derivative fair value (gain) loss	(679)	139	680
Bad debt expense	--	--	7,005
Impairment of oil and natural gas properties ..	--	--	2,598
Other operating expense	470	--	934
Total expenses	39,943	47,967	96,526
Operating income	30,161	22,862	39,391
Other income (expenses):			
Interest	(3,714)	(3,713)	(6,041)
Other	20	61	46
Total other income (expenses)	(3,694)	(3,652)	(5,995)
Income before income taxes	26,467	19,210	33,396
Provision for income taxes (current)	(460)	(1,204)	(1,919)
Provision for income taxes (deferred)	(9,597)	(9,738)	(14,414)
Income (loss) before accounting change	16,410	8,268	17,063
Cumulative effect of accounting change (net of income taxes of $541)	--	(884)	(884)
Extraordinary loss from early extinguishment of debt (net of income taxes of $107)	(174)	--	--
NET INCOME (LOSS)	$ 16,236(1)	$ 7,384(2)	$ 16,179(3
OTHER FINANCIAL DATA:			
EBITDA (5)	45,285	47,837	90,302
EBITDA to interest expense	12.2x	12.9x	14.9x
Total debt/EBITDA (6)	1.6x	0.7x	0.9x
Ratio of earnings to fixed charges (7).....	7.8x	6.0x	6.3x

	AS OF JUNE 30,		
	2002	2001	2001
BALANCE SHEET DATA:			
Working capital	$ 5,091	$ (8,506)	$ 1,107
Total assets	493,483	363,541	402,000
Total debt	150,000	64,540	79,107
Stockholders' equity	276,151	249,221	269,302

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(1) Net income for the six months ended June 30, 2002 includes $0.2 million extraordinary loss from early extinguishment of debt.

(2) Net income for the six months ended June 30, 2001 includes $9.6 million of non-cash stock based compensation and $0.9 million cumulative effect of accounting change related to the adoption of Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities", effective January 1, 2001.

(3) Operating income for the year ended December 31, 2001 includes $9.6 million of non-cash compensation expense, $7.0 million of bad debt expense, and $2.6 million of impairment of oil and natural gas properties, and net income for the year ended December 31, 2001 includes a $0.9 million cumulative effect of accounting change. See Note (2) above.

(4) Net income for the year ended December 31, 2000 includes $26.0 million of non-cash compensation expense.

(5) EBITDA (as used herein) is defined as net income (loss) before interest income and expense, income taxes, depletion, depreciation, and amortization, non-cash stock based compensation expense, bad debt expense and the associated amortization of the Enron gain, impairment of oil and natural gas properties, cumulative effect of accounting change, and extraordinary loss from early extinguishment of debt. While EBITDA should not be considered in isolation or as a substitute for net income (loss), operating income (loss), cash flow provided by operating activities or other income or cash flow data prepared in accordance with generally accepted accounting principles or as an indicator of a company's financial performance, we believe that it provides additional information with respect to our ability to meet our future debt service, capital expenditures and working capital requirements. When evaluating EBITDA, investors should consider, among other factors, (i) increasing or decreasing trends in EBITDA, (ii) whether EBITDA has remained at positive levels historically and (iii) how EBITDA compares to levels of interest expense. Because EBITDA excludes some, but not all, items that affect net income and may vary among companies, the EBITDA presented above may not be comparable to similarly titled measures of other companies. While we believe that EBITDA may provide additional information with respect to our ability to meet our future debt service, capital expenditures and working capital requirements, certain functional or legal requirements of our business may require us to utilize our available funds for other purposes.

(6) Total debt/EBITDA for the six months ended June 30, 2002 and 2001 are calculated using the annualized EBITDA for the corresponding periods.

(7) For purposes of computing the ratio of earnings to fixed charges, earnings consist of the sum of income from continuing operations before income taxes and the cumulative effect of change in accounting method, interest expense and the portion of the rent expense deemed to represent interest. Fixed charges consist of interest incurred, whether expensed or capitalized, including amortization of debt issuance costs, if applicable, and the portion of rent expense deemed to represent interest. On a pro forma basis, giving effect to our issuance of the notes and the application of the net proceeds therefrom, as if such issuance had occurred on January 1, 2001, our

ratio of earnings to fixed charges would have been 3.0x for the year ended December 31, 2001, and 2.2x for the six months ended June 30, 2002.

RISK FACTORS

Our material risks are described below. You should carefully consider these risks together with all of our other information included in this prospectus and the documents to which we have referred before deciding whether to exchange your outstanding notes for exchange notes in the exchange offer.

RISKS RELATED TO OUR BUSINESS

Oil and Natural Gas Prices are volatile and sustained periods of low prices could reduce or eliminate our net income and affect our ability to pay the notes.

Historically, the markets for oil and natural gas have been volatile and are likely to continue to be volatile in the future. Our revenues, profitability and future growth and the book carrying value of our properties depend substantially on prevailing oil and natural gas prices. Prices also affect the amount of internally generated cash flow available for payment of the notes and for capital expenditures and our ability to borrow and raise additional capital. The amount we will be able to borrow under our Revolving Credit Facility will be subject to periodic redetermination based in part on changing expectations of future prices. Lower prices may also reduce the amount of oil and natural gas that we can economically produce.

Among the factors that can cause price volatility are:

- the supply of domestic and foreign oil and natural gas;
- the ability of members of the Organization of Petroleum Exporting Countries (OPEC) to agree upon and maintain oil prices and production levels;
- political instability or armed conflict in oil or natural gas producing regions;
- the level of consumer demand;
- weather conditions;
- the price and availability of alternative fuels;
- domestic and foreign governmental regulations and taxes;
- domestic political developments; and
- worldwide economic conditions.

These external factors and the volatile nature of the energy markets make it difficult to reliably estimate future prices of oil and natural gas.

Any decline in oil and natural gas prices adversely affects our financial condition. If the oil and natural gas industry experiences significant price declines, we may, among other things, be unable to meet our financial obligations or make planned expenditures.

Reserve estimates depend on many assumptions that may turn out to be inaccurate. Any material inaccuracies in our reserve estimates or underlying assumptions could cause the quantities and net present value of our reserves to be overstated.

Estimating quantities of proved oil and natural gas reserves is a complex process. It requires interpretations of available technical data and various assumptions, including assumptions relating to economic factors. Any significant inaccuracies in these interpretations or assumptions or changes of conditions could cause the quantities and net present value of our reserves to be overstated.

To prepare estimates of economically recoverable oil and natural gas reserves and future net cash flows, we must analyze many variable factors, such as historical production from the area compared with production rates from other producing areas. We must also analyze available geological, geophysical, production and engineering data, and the extent, quality and reliability of this data can vary. The process also requires economic assumptions such as future commodity prices, production costs, severance and excise taxes, capital expenditures and workover and remedial costs, and the assumed effect of governmental regulation. Actual results most likely will vary from our estimates. Any significant variance could reduce the estimated quantities and present value of reserves shown in this prospectus.

You should not assume that the present value of future net cash flows from our proved reserves referred to in this prospectus is the current market value of our estimated oil and natural gas reserves. In accordance with Securities and Exchange Commission requirements, we base the estimated discounted future net cash flows from our proved reserves on prices and costs on the date of the estimate. Actual future prices and costs may differ materially from those used in the net present value estimate and future net present value estimates using then current prices and costs may be significantly less than the current estimate.

Our failure to complete future acquisitions successfully could reduce our earnings and slow our growth.

Acquisitions are an essential part of our growth strategy, and our ability to acquire additional properties on favorable terms is key to our long-term growth. There is intense competition for acquisition opportunities in our industry. The level of competition varies depending on numerous factors. Depending on conditions in the acquisition market, it may be difficult or impossible for us to identify properties for acquisition or we may not be able to make acquisitions on terms that we consider economically acceptable. Competition for acquisitions may increase the cost of, or cause us to refrain from, completing acquisitions. Our strategy of completing acquisitions is dependent upon, among other things, our ability to obtain debt and equity financing and, in some cases, regulatory approvals. Our ability to pursue our growth strategy may be hindered if we are not able to obtain financing or regulatory approvals. Our ability to grow through acquisitions and manage growth

will require us to continue to invest in operational, financial and management information systems and to attract, retain, motivate and effectively manage our employees. The inability to manage the integration of acquisitions effectively could reduce our focus on subsequent acquisitions and current operations, which, in turn, could negatively impact our earnings and growth. Our financial position and results of operations may fluctuate significantly from period to period, based on whether or not significant acquisitions are completed in particular periods.

There are risks in acquiring producing properties.

Our business strategy includes growing our reserve base through acquisitions. Our failure to integrate acquired businesses successfully into our existing business, or the expense incurred in consummating future acquisitions, could result in our company incurring unanticipated expenses and losses. In addition, we may assume cleanup or reclamation obligations in connection with these acquisitions, and the scope and cost of these obligations may ultimately be materially greater than estimated at the time of the acquisition.

We are continually investigating opportunities for acquisitions. In connection with future acquisitions, the process of integrating acquired operations into our existing operations may result in unforeseen operating difficulties and may require significant management attention and financial resources that would otherwise be available for the ongoing development or expansion of existing operations. Our ability to make future acquisitions may be constrained by our ability to obtain additional financing.

Acquisitions may involve a number of special risks, including:

- diversion of management attention from existing operations;

- unexpected losses of key employees, customers and suppliers of the acquired business;
- conforming the financial, technological and management standards, processes, procedures and controls of the acquired business with those of our existing operations; and
- increasing the scope, geographic diversity and complexity of our operations.

Possible future acquisitions could result in our incurring additional debt, contingent liabilities and expenses, all of which could have a material adverse effect on our financial condition and operating results.

Because a substantial portion of our producing properties is located in the Williston Basin, we are vulnerable to risks associated with operating in one major geographic area.

We have extensive operations in the Williston Basin, particularly our Cedar Creek Anticline properties, which represented approximately 90% of our proved reserves at December 31, 2001. Any circumstance or event that negatively impacts production or marketing of oil and natural gas in that geographic area could reduce our earnings and cash flow.

Our use of hedging arrangements could result in financial losses or reduce our income.

To reduce our exposure to fluctuations in the prices of oil and natural gas, we currently and may in the future enter into hedging arrangements for a portion of our oil and natural gas production. Hedging arrangements for a portion of our oil and natural gas production expose us to risk of financial loss in some circumstances, including when:

- production is less than expected;
- the counter-party to the hedging contract defaults on its contract obligations; or
- there is a change in the expected differential between the underlying price in the hedging agreement and actual prices received.

In addition, these hedging arrangements may limit the benefit we would receive from increases in the prices for oil and natural gas.

Our limited operating history makes it difficult to predict our future performance.

We have limited operating history dating back to 1999, which makes it difficult to predict our future performance.

Drilling oil and natural gas wells is a high-risk activity and subjects us to a variety of factors that we cannot control.

Drilling oil and natural gas wells, including development wells, involves numerous risks, including the risk that no commercially productive oil or natural gas reservoirs will be encountered. There can be no assurance that we will recover all or any portion of our investment in new wells. The presence of unanticipated pressures or irregularities in formations, miscalculations or accidents may cause our drilling activities to be unsuccessful, resulting in a total loss of our investment. In addition, we often are uncertain as to the future cost or timing of drilling, completing and producing wells. Further, our drilling operations may be curtailed, delayed or canceled as a result of a variety of factors, including:

- unexpected drilling conditions;
- title problems;

- pressure or irregularities in formations;
- equipment failures or accidents;
- adverse weather conditions;
- compliance with environmental and other governmental requirements, which may increase our costs or restrict our activities; and
- cost of, or shortages or delays in the availability of, drilling rigs and equipment.

The failure to replace our reserves could adversely affect our financial condition.

Our future success depends upon our ability to find, develop or acquire additional oil and natural gas reserves that are economically recoverable. Our proved reserves generally decline when reserves are produced, unless we conduct successful exploitation or development activities or acquire properties containing proved reserves, or both. We may not be able to find, develop or acquire additional reserves on an economic basis. Furthermore, while our revenues may increase if oil and natural gas prices increase significantly, our finding costs for additional reserves could also increase.

We have limited control over the activities on properties we do not operate.

Other companies operate some of the properties in which we have an interest. We have limited ability to influence or control the operation or future development of these non-operated properties or the amount of capital expenditures that we are required to fund with respect to them. Our dependence on the operator and other working interest owners for these projects and our limited ability to influence or control the operation and future development of these properties could materially adversely affect the realization of our targeted returns on capital in drilling or acquisition activities and lead to unexpected future costs.

Our business involves many operating risks, which may result in substantial losses, and insurance may be unavailable or inadequate to protect us against these risks.

Our operations are subject to hazards and risks inherent in drilling for, producing and transporting oil and natural gas, such as:

- fires;
- natural disasters;
- explosions;
- formations with abnormal pressures;
- blowouts;
- collapses of wellbore, casing or other tubulars;
- failure of oilfield drilling and service tools;
- uncontrollable flows of underground natural gas, oil and formation water;
- pressure forcing oil or natural gas out of the wellbore at a dangerous velocity coupled with the potential for fire or explosion;
- changes in below ground pressure in a formation that causes the surface to collapse or crater;

- pipeline ruptures or cement failures;
- environmental hazards, such as natural gas leaks, oil spills and discharges of toxic gases; and
- weather.

Any of these risks can cause substantial losses resulting from:

- injury or loss of life;
- damage to and destruction of property, natural resources and equipment;
- pollution and other environmental damage;
- regulatory investigations and penalties;
- suspension of our operations; and
- repair and remediation costs.

As protection against operating hazards, we maintain insurance coverage against some, but not all, potential losses. We do not maintain insurance against the loss of oil or natural gas reserves as a result of operating hazards or business interruption insurance. Losses could occur for uninsurable or uninsured risks, or in amounts in excess of existing insurance coverage. The occurrence of an event that is not fully covered by insurance could harm our financial condition and results of operations.

Recent terrorist activities and the potential for military and other actions could adversely affect our business.

On September 11, 2001, the United States was the target of terrorist attacks of unprecedented scope, and the United States and others instituted military action in response. These conditions caused instability in world financial markets and may generate global economic instability. The continued threat of terrorism and the impact of military and other action will likely lead to increased volatility in prices for oil and natural gas and could affect the markets for our operations. In addition, future acts of terrorism could be directed against companies operating in the United States. Further, the U.S. government has issued public warnings that indicate that energy assets might be specific targets of terrorist organizations. These developments have subjected our operations to increased risk and, depending on their ultimate magnitude, could have a material adverse affect on our business.

Our development and exploitation operations require substantial capital, and we may be unable to obtain needed financing on satisfactory terms.

We make and will continue to make substantial capital expenditures in development and exploitation projects. We intend to finance these capital expenditures through a combination of cash flow from operations and external financing arrangements. Additional financing sources may be required in the future to fund our developmental drilling. Financing may not continue to be available under existing or new financing arrangements, or on acceptable terms, if at all. If additional capital resources are not available, we may be forced to curtail our drilling and other activities or be forced to sell some of our assets on an untimely or unfavorable basis.

The loss of key personnel could adversely affect our business.

We depend to a large extent on the efforts and continued employment of I. Jon Brumley, our Chairman and Chief Executive Officer, Jon S. Brumley, our

President, and other key personnel. The loss of the services of Mr. I. Jon Brumley or Mr. Jon S. Brumley or other key personnel could adversely affect our business, and we do not have employment agreements with, and do not maintain key man insurance on the lives of, any of these persons. Our drilling success and the success of other activities integral to our operations will depend, in part, on our ability to attract and retain experienced geologists, engineers and other professionals. Competition for

experienced geologists, engineers and some other professionals is extremely intense. If we cannot retain our technical personnel or attract additional experienced technical personnel, our ability to compete could be harmed.

The marketability of our production is dependent upon transportation facilities over which we have no control.

The marketability of our production depends in part upon the availability, proximity and capacity of pipelines, natural gas gathering systems and processing facilities. Any significant change in market factors affecting these infrastructure facilities could harm our business. We deliver oil and natural gas through gathering systems and pipelines that we do not own. These facilities may not be available to us in the future.

Competition in the oil and natural gas industry is intense, and many of our competitors have greater financial, technological and other resources than we do.

We operate in the highly competitive areas of oil and natural gas acquisition, development, exploitation and production. The oil and natural gas industry is characterized by rapid and significant technological advancements and introductions of new products and services using new technologies. We face intense competition from independent, technology-driven companies as well as from both major and other independent oil and natural gas companies in each of the following areas:

- seeking to acquire desirable producing properties or new leases for future exploration;
- marketing our oil and natural gas production;
- integrating new technologies; and
- seeking to acquire the equipment and expertise necessary to develop and operate our properties.

Many of our competitors have financial, technological and other resources substantially greater than ours, and some of them are fully integrated oil companies. These companies may be able to pay more for development prospects and productive oil and natural gas properties and may be able to define, evaluate, bid for and purchase a greater number of properties and prospects than our financial or human resources permit. Further, these companies may enjoy technological advantages and may be able to implement new technologies more rapidly than we can. Our ability to develop and exploit our oil and natural gas properties and to acquire additional properties in the future will depend upon our ability to successfully conduct operations, implement advanced technologies, evaluate and select suitable properties and consummate transactions in this

highly competitive environment.

We are subject to complex federal, state and local laws and regulations that could adversely affect our business.

Exploration for and development, exploitation, production and sale of oil and natural gas in North America are subject to extensive federal, state, provincial and local laws and regulations, including complex tax laws and environmental laws and regulations. These laws and their interpretations are subject to change, the effects of which cannot be predicted. Existing laws or regulations, as currently interpreted or reinterpreted in the future, or future laws or regulations could harm our business, results of operations and financial condition. We may be required to make large expenditures to comply with environmental and other governmental regulations. Matters subject to regulation include:

- discharge permits for drilling operations;
- drilling bonds;
- spacing of wells;
- unitization and pooling of properties;
- environmental protection;

- reports concerning operations; and
- taxation.

Under these laws and regulations, we could be liable for:

- personal injuries;
- property damage;
- oil spills;
- discharge of hazardous materials;
- reclamation costs;
- remediation and clean-up costs; and
- other environmental damages.

We do not believe that full insurance coverage for all potential environmental damages is available at a reasonable cost, and we may need to expend significant financial and managerial resources to comply with environmental regulations and permitting requirements. Although we believe that our operations generally comply with applicable laws and regulations, we may incur substantial additional costs and liabilities in our oil and natural gas operations as a result of stricter environmental laws, regulations and enforcement policies.

Failure to comply with these laws and regulations also may result in the suspension or termination of our operations and subject us to administrative, civil and criminal penalties. Further, these laws and regulations could change in ways that substantially increase our costs. Any of these liabilities, penalties, suspensions, terminations or regulatory changes could make it more expensive for us to conduct our business or cause us to limit or curtail some of our operations.

The departure of the partners and employees of Arthur Andersen who worked on our audits will limit our ability to use the financial statements audited by Arthur Andersen and could impact our ability to complete the exchange offer or access public capital markets as well as our investors' ability to seek potential recoveries from Arthur Andersen.

Our consolidated financial statements as of and for the years ended December 31, 2001, 2000 and 1999 incorporated by reference in the registration statement have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports with respect thereto, and are incorporated herein in reliance upon the authority of said firm as experts in giving said reports. Subsequent to Arthur Andersen's completion of our 2001 audit, the firm was convicted of obstruction of justice charges relating to a federal investigation of Enron Corporation, has ceased practicing before the SEC, and has lost the services of the material personnel responsible for our audit. As a result, it is not possible to obtain Arthur Andersen's consent to the incorporation by reference of their report in this prospectus, and we have dispensed with the requirement to file their consent in reliance upon Rule 437a of the Securities Act of 1933. Because Arthur Andersen has not consented to the incorporation by reference of their report in this prospectus, you will not be able to recover against Arthur Andersen under Section 11 of the Securities Act for any untrue statements of a material fact contained in the financial statements audited by Arthur Andersen or any omissions to state a material fact required to be stated therein.

RISKS RELATED TO OUR INDEBTEDNESS

Our leverage and debt service obligations may adversely affect our cash flow and our ability to make payments on the notes.

We had total debt of $150.0 million and stockholders' equity of $276.2 million as of June 30, 2002. Our debt levels could have several potential consequences, including:

- it may be more difficult for us to satisfy our obligations with respect to the notes;
- we may have difficulties borrowing money in the future for acquisitions, to meet our operating expenses or for other purposes;
- the amount of our interest expense may increase because certain of our borrowings not subject to interest rate protection hedges are at variable rates of interest, which, if interest rates increase, could result in higher interest expense;
- we will need to use a portion of the money we earn to pay principal and

interest on our debt which will reduce the amount of money we have to finance our operations and other business activities;

- we may be more vulnerable to economic downturns and adverse developments in our industry; and

- our debt level could limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate.

Our ability to meet our expenses and debt obligations will depend on our future performance, which will be affected by financial, business, economic, regulatory and other factors. We will not be able to control many of these factors, such as economic conditions and governmental regulation. We cannot be certain that our earnings will be sufficient to allow us to pay the principal and interest on our debt, including the notes, and meet our other obligations. If we do not have enough money, we may be required to refinance all or part of our existing debt, including the notes, sell assets, borrow more money or raise equity. We may not be able to refinance our debt, sell assets, borrow more money or raise equity on terms acceptable to us, if at all. Further, failing to comply with the financial and other restrictive covenants in our indebtedness could result in an event of default under such indebtedness, which could adversely affect our business, financial condition and results of operations.

In addition to our current indebtedness, we may be able to incur substantially more debt. This could exacerbate the risks described above.

Together with our subsidiaries, we may be able to incur substantially more debt in the future. Although the indenture governing the notes contains restrictions on our incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and under certain circumstances, indebtedness incurred in compliance with these restrictions could be substantial. Also, these restrictions do not prevent us from incurring

obligations that do not constitute indebtedness. As of September 1, 2002, we had approximately $204.0 million additional borrowing capacity under our Revolving Credit Agreement, subject to specific requirements, including compliance with financial covenants. To the extent new debt is added to our current debt levels, the risks described above could substantially increase.

Any failure to meet our debt obligations could harm our business, financial condition and results of operations.

If our cash flow and capital resources are insufficient to fund our debt obligations, we may be forced to sell assets, seek additional equity or debt capital or restructure our debt. In addition, any failure to make scheduled payments of interest and principal on our outstanding indebtedness would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness on acceptable terms. Our cash flow and capital resources may be insufficient for payment of interest on and principal of our debt in the future, including payments on the notes, and any such alternative measures may be unsuccessful or may not permit us to meet scheduled debt service obligations, which could cause us to default on our obligations and impair our liquidity.

RISKS RELATING TO THE NOTES

Subordination of the notes may limit payment on the notes.

Our obligations under the notes are subordinate in right of payment to all of our existing and future Senior Indebtedness, including borrowings under our Revolving Credit Facility. As of September 1, 2002,we had approximately $16.0 million of Senior Indebtedness outstanding and $204.0 million of additional borrowing capacity under our Revolving Credit Facility. We may incur additional Senior Indebtedness from time to time, subject to certain restrictions imposed by the indenture governing the notes. By reason of the subordination of the notes, in the event of our insolvency, liquidation or other reorganization, creditors who are holders of Senior Indebtedness must be paid in full before any payments may be made to holders of the notes. There may not be sufficient assets remaining after payment of prior claims to pay amounts due on the notes. In addition, under certain circumstances, no payments may be made with respect to the notes if a default exists with respect to Senior Indebtedness. See "Description of the Notes -- Ranking." The term "Senior Indebtedness" is defined in "Description of the Notes -- Certain Definitions."

Federal and state statutes allow courts, under specific circumstances, to void guarantees and require noteholders to return payments received from guarantors.

Federal and state statutes allow courts, under specific circumstances, to void guarantees and require creditors such as the noteholders to return payments received from guarantors. Under federal bankruptcy law and comparable provisions of state fraudulent transfer laws, a guarantee could be voided or claims in respect of a guarantee could be subordinated to all other debts of that guarantor if, for example, the guarantor, at the time it issued its guarantee:

- intended to hinder, delay or defraud any present or future creditor or received less than reasonably equivalent value or fair compensation for the guarantee;
- was insolvent or rendered insolvent by making the guarantee;
- was engaged in a business or transaction for which the guarantor's remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that it would incur, debts beyond its ability to pay them as they mature.

The measures of insolvency for purposes of these fraudulent transfer laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, a guarantor would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all of its assets;

- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or
- it could not pay its debts as they become due.

On the basis of historical financial information, recent operating history and other factors, we believe that the subsidiary guarantees are being incurred for proper purposes and in good faith and that each guarantor, after giving effect to its guarantee of the notes, will not be insolvent, have unreasonably small capital for the business in which it is engaged or have incurred debts beyond its ability to pay as they mature. We cannot be certain, however, that a court would agree with our conclusions in this regard.

We may not have the ability to raise the funds necessary to finance the Change of Control offer required by the indenture.

Upon the occurrence of a Change of Control, we will be required to offer to repurchase all outstanding notes. However, it is possible that we will not have sufficient funds available to us to make the required repurchase of notes. In addition, our Revolving Credit Facility provides that the occurrence of any Change of Control event constitutes an event of default, in which case we may be prohibited by the subordination provisions of the notes from making any payments with respect to the notes, including for the repurchase of the notes. Our failure to purchase tendered notes would constitute a default under the indenture governing the notes which, in turn, could constitute a further event of default under our Revolving Credit Facility.

We are subject to restrictive debt covenants.

Our Revolving Credit Facility contains covenants that are similar to but more restrictive to us than those contained in the indenture governing the notes, and requires us to maintain specified financial ratios. Our ability to meet those financial ratios can be affected by events beyond our control, and we cannot assure you that we will meet those ratios. A breach of any of these covenants, ratios or restrictions could result in an event of default under our Revolving Credit Facility. Upon the occurrence of an event of default under our Revolving Credit Facility, the lenders could elect to declare all amounts outstanding under our Revolving Credit Facility, together with accrued interest, to be immediately due and payable. If we were unable to repay those amounts, the lenders could proceed against the collateral granted to them to secure the indebtedness. If the lenders under our Revolving Credit Facility accelerate the payment of the indebtedness, we cannot assure you that our assets would be sufficient to repay in full that indebtedness and our other indebtedness, including the notes.

Receipt of payment on the notes, as well as the enforcement of remedies under the subsidiary guarantees may be limited in bankruptcy or in equity.

An investment in the notes, as in any type of security, involves insolvency and bankruptcy considerations that investors should carefully consider. If we or any of our subsidiary guarantors become a debtor subject to insolvency proceedings under the bankruptcy code, it is likely to result in delays in the payment of the notes and in the exercise of enforcement remedies under the notes or the subsidiary guarantees. Provisions under the bankruptcy code or general principles of equity that could result in the impairment of your rights include the automatic stay, avoidance of preferential transfers by a trustee or a debtor-in-possession, substantive consolidation, limitations of collectability of unmatured interest or attorneys' fees and forced restructuring of the notes.

If a bankruptcy court substantively consolidated us and our subsidiaries, the assets of each entity would be subject to the claims of creditors of all entities. This would expose you not only to the usual impairments arising from bankruptcy, but also to potential dilution of the amount ultimately recoverable because of the larger creditor base. Furthermore, forced restructuring of the notes could occur through the "cram-down" provision of the bankruptcy code. Under this provision, the notes could be restructured over your objections as to their general terms, primarily interest rate and maturity.

RISKS RELATING TO THE EXCHANGE OFFER

There is no established trading market for the exchange notes, the value of the exchange notes may fluctuate significantly and any market for the exchange notes may be illiquid.

The exchange notes are a new issue of securities with no established trading market. We cannot assure you that a liquid market will develop for the exchange notes, that you will be able to sell your exchange notes at a particular time or that the prices you will receive when you sell will be favorable. Moreover, we do not intend to apply for the exchange notes to be listed on any securities exchange or to arrange for quotation on any automated dealer quotation system. The trading prices of the exchange notes could be subject to significant fluctuations in response to government regulations, variations in quarterly operating results, demand for oil and natural gas, general economic conditions and various other factors. In addition, the liquidity of the trading market in these exchange notes and the market price quoted for the exchange notes may be adversely affected by changes in the overall market for high yield securities and by changes in our financial performance or prospects or in the prospects for companies in our industry generally. As a result, we can give you no assurance that an active trading market will develop for the exchange notes. If no active trading market develops, you may not be able to resell your exchange notes at their fair market value or at all. This offer to exchange the exchange notes for the outstanding notes does not depend on any minimum amount of notes being tendered for exchange.

If you do not exchange your notes, they may be difficult to resell.

It may be difficult for you to sell your notes that are not exchanged in the exchange offer, since any outstanding notes not exchanged will remain subject to existing transfer restrictions. These restrictions on transfer of your notes exist because we issued the outstanding notes pursuant to an exemption from the registration requirements of the Securities Act and applicable state securities laws. Generally, the notes that are not exchanged for exchange notes pursuant to the exchange offer will remain restricted securities. Accordingly, such notes may be resold only:

- to us (upon redemption of the exchange notes or otherwise);
- pursuant to an effective registration statement under the Securities Act;
- so long as the notes are eligible for resale pursuant to Rule 144A under the Securities Act to a qualified institutional buyer within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A;

- outside the United States to a foreign person pursuant to the exemption from the registration requirements of the Securities Act provided by Regulation S under the Securities Act;

- pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available); or

- pursuant to another available exemption from the registration requirements of the Securities Act, in each case in accordance with any applicable securities laws of any state of the United States.

Other than in this exchange offer, we do not intend to register the notes under the Securities Act. To the extent any notes are tendered and accepted in the exchange offer, the trading market, if any, for the notes that remain outstanding after the exchange offer would be adversely affected due to a reduction in market liquidity.

USE OF PROCEEDS

We will not receive any cash proceeds from the issuance of the exchange notes. In consideration for issuing the exchange notes, we will receive in exchange a like principal amount of outstanding notes, the form and terms of which are the same as the form and terms of the exchange notes, except as otherwise described in this prospectus. The outstanding notes surrendered in exchange for the exchange notes will be retired and canceled and cannot be reissued. Accordingly, the issuance of the exchange notes will not result in any change in our capitalization. We have agreed to bear the expenses of the exchange offer.

The net proceeds received from the sale of the outstanding notes were used to repay and retire all of our outstanding indebtedness under our previous credit facility and the fees and expenses related to our Revolving Credit Facility and for general corporate purposes.

CAPITALIZATION

The following table shows our actual capitalization at June 30, 2002. The exchange offer will not affect our capitalization. After the exchange offer, we will continue to have outstanding $150 million of 8 3/8% senior subordinated notes due 2012.

	JUNE 30, 2002
	(IN THOUSANDS)
CASH AND CASH EQUIVALENTS	$ 2,417
TOTAL DEBT:	
Revolving credit facility(1)	$ --
8 3/8% senior subordinated notes due 2012	150,000

Total debt	150,000
STOCKHOLDERS' EQUITY:	
Preferred stock	--
Common stock	300
Additional paid-in capital	248,786
Retained earnings	32,275
Accumulated other comprehensive income	(5,210)
Total stockholders' equity	276,151
Total capitalization	$ 426,151

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(1) Our Revolving Credit Facility has a maximum committed amount of $300.0 million, subject to a borrowing base determination, which as of September 1, 2002 was $220.0 million subject to a semi-annual redetermination.

THE EXCHANGE OFFER

TERMS OF THE EXCHANGE OFFER

GENERAL

In connection with the issuance of the outstanding notes, we entered into a Registration Rights Agreement dated June 19, 2002, with the initial purchasers of the outstanding notes. Pursuant to the Registration Rights Agreement, we agreed to file a registration statement (the "Exchange Offer Registration Statement"), of which this prospectus is a part, with the SEC with respect to the exchange of the outstanding notes for registered notes having terms substantially identical in all material respects. A copy of the Registration Rights Agreement has been filed as an exhibit to the Exchange Offer Registration Statement.

Under the Registration Rights Agreement, we also agreed to, at our cost:

- file the Exchange Offer Registration Statement not later than 90 days after June 25, 2002;
- use our best efforts to cause the Exchange Offer Registration Statement to be declared effective under the Securities Act not later than 165 days after June 25, 2002; and
- keep the exchange offer open for not less than 20 business days nor more than 30 business days (or longer if required by applicable law) after the date notice of the exchange offer is mailed to the holders of the outstanding notes.

We are conducting the exchange offer to satisfy our obligations under the Registration Rights Agreement. The form and terms of the exchange notes are the same as the form and terms of the outstanding notes, except the exchange notes will be registered under the Securities Act and not contain transfer

restrictions and holders of the exchange notes will not be entitled to payment of any additional interest.

Upon the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal, all outstanding notes validly tendered and not withdrawn prior to 5:00 p.m., New York City time, on the expiration date will be accepted for exchange. Exchange notes of the same class will be issued in exchange for an equal principal amount of outstanding notes accepted in the exchange offer. Outstanding notes may be tendered only in integral multiples of $1,000. This prospectus, together with the letter of transmittal, is being sent to all registered holders of outstanding notes. The exchange offer is not conditioned upon any minimum principal amount of outstanding notes being tendered in exchange. However, our obligation to accept outstanding notes for exchange is subject to certain conditions as set forth in this section under the heading "-Conditions."

Outstanding notes will be deemed accepted when, as and if we have given oral (promptly confirmed in writing) or written notice to the exchange agent. The exchange agent will act as agent for the tendering holders of outstanding notes for the purposes of receiving the exchange notes and delivering them to the holders.

RESALE OF EXCHANGE NOTES

Based on interpretations of the SEC staff in no-action letters issued to third parties, we believe that the exchange notes will be freely transferable by holders of the outstanding notes, other than our affiliates, after the exchange offer without further registration under the Securities Act if the holder of the exchange notes represents that:

- it is acquiring the exchange notes in the ordinary course of its business;
- it has no arrangement or understanding with any person to participate in the distribution of the exchange notes; and
- it is not an "affiliate" of ours, as that term is defined in Rule 405 under the Securities Act;

provided that broker-dealers ("Participating Broker-Dealers") receiving exchange notes in the exchange offer will have a prospectus delivery requirement with respect to resales of such exchange notes.

The SEC has taken the position that Participating Broker-Dealers may fulfill their prospectus delivery requirements with respect to exchange notes (other than a resale of an unsold allotment from the original sale of the outstanding notes) with the prospectus contained in the Exchange Offer Registration Statement. Under the Registration Rights Agreement, we are required to allow Participating Broker-Dealers to use the prospectus contained in the Exchange Offer Registration Statement in connection with the resale of such exchange notes.

A holder of outstanding notes who wishes to exchange such notes for exchange notes in the exchange offer will be required to represent that:

- any exchange notes to be received by it will be acquired in the ordinary course of its business;

- it has no arrangement or understanding with any person to participate in the distribution (within the meaning of the Securities Act) of the exchange notes; and

- it is not an "affiliate" of ours, as defined in Rule 405 under the Securities Act, or, if it is an affiliate, that it will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable.

If the holder is not a broker-dealer, it will be required to represent that it is not engaged in, and does not intend to engage in, the distribution of the exchange notes. If the holder is a broker-dealer that will receive exchange notes for its own account in exchange for outstanding notes that were acquired as a result of market-making activities or other trading activities, it will be required to acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes.

If a holder of outstanding notes is engaged in or intends to engage in a distribution of the exchange notes or has any arrangement or understanding with respect to the distribution of the exchange notes to be acquired pursuant to the exchange offer, the holder may not rely on the applicable interpretations of the staff of the SEC and must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any secondary resale transaction.

EXPIRATION DATE; EXTENSIONS; AMENDMENTS; TERMINATION

The term "expiration date" shall mean , 2002 (30 calendar days following the commencement of the exchange offer), unless the exchange offer is extended by us, in which case the term "expiration date" shall mean the latest date to which the exchange offer is extended.

In order to extend the expiration date, we will notify the exchange agent of any extension and may notify the holders of the outstanding notes by mailing an announcement or by means of a press release or other public announcement, each prior to 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date.

We reserve the right, in our sole discretion, (1) to delay acceptance of any outstanding notes, to extend the exchange offer or to terminate the exchange offer and not permit acceptance of outstanding notes not previously accepted if any of the conditions set forth in this section under the heading "-Conditions" shall have occurred and shall not have been waived by us (if permitted to be waived), by giving notice of such delay, extension or termination to the exchange agent, or (2) to amend the terms of the exchange offer. Any such delay in acceptance, extension, termination or amendment will be followed as promptly as practicable by oral (promptly confirmed in writing) or written notice of the delay to the exchange agent. If the exchange offer is amended in a manner determined by us to constitute a material change, we will promptly disclose the amendment in a manner reasonably calculated to inform the holders of the outstanding notes of the amendment including providing public announcement, or giving oral or written notice to the holders of the outstanding notes.

INTEREST ON THE EXCHANGE NOTES

Interest on each exchange note will accrue from the last interest payment date on which interest was paid on the outstanding note surrendered in exchange thereof or, if no interest has been paid on such outstanding note, from the date of its original issue.

SINGLE CLASS OF NOTES

The outstanding notes and the exchange notes will be treated as a single class for all purposes under the Indenture (except for provisions dealing specifically with registration and exchange offer issues).

PROCEDURES FOR TENDERING

To tender in the exchange offer, a holder of outstanding notes must:

- complete, sign and date the letter of transmittal or a facsimile of it; have the signatures guaranteed if the letter of transmittal so requires; and mail or otherwise deliver the letter of transmittal or facsimile to the exchange agent prior to 5:00 p.m., New York City time, on the expiration date; or

- comply with the Automated Tender Offer Program procedures of the Depository Trust Company ("DTC") described below.

In addition, either:

- the exchange agent must receive certificates for the outstanding notes along with the letter of transmittal;

- the exchange agent must receive, prior to the expiration date, a timely confirmation of a book-entry transfer of the outstanding notes into the exchange agent's account at DTC and an agent's message according to the procedure for book-entry transfer described below; or

- the holder must comply with the guaranteed delivery procedures described below.

The method of delivery of outstanding notes, letters of transmittal and all other required documents is at the election and risk of the holders. As an alternative to delivery by mail, it is recommended that holders use an overnight or hand-delivery service. If such delivery is by mail, it is recommended that registered mail, properly insured, with return receipt requested, be used. In all cases, sufficient time should be allowed to assure timely delivery. No letters of transmittal or outstanding notes should be sent to us. Holders of outstanding notes may request their respective brokers, dealers, commercial banks, trust companies or nominees to tender outstanding notes for them.

The exchange agent and DTC have confirmed that any financial institution that is a participant in DTC's system may use DTC's Automated Tender Offer Program ("ATOP") to tender. Participants in ATOP may, instead of physically completing and signing the letter of transmittal and delivering it to the exchange agent, transmit their acceptance of the exchange offer electronically. They may do so by causing DTC to transfer the outstanding notes to the exchange agent in accordance with its procedures for transfer. DTC will then send an agent's message to the exchange agent. The term "agent's message" means a computer generated message transmitted by means of DTC's ATOP, received by the exchange agent and forming a part of a confirmation of book-entry transfer. The agent's message contains an express acknowledgment from the participant in the book-entry transfer facility tendering the outstanding notes that (1) such

participant has received and agrees to be bound by the terms of the letter of transmittal and (2) we may enforce the agreement against the participant.

The tender by a holder of outstanding notes will constitute an agreement between such holder and us in accordance with the terms and subject to the conditions set forth here and in the letter of transmittal.

Only a holder of outstanding notes may tender the outstanding notes in the exchange offer. The term "holder" for this purpose means any person in whose name outstanding notes are registered on our books or a person whose name appears on a security position listing provided by DTC or any other person who has obtained a properly completed bond power from the registered holder.

Any beneficial owner whose outstanding notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and who wishes to tender should contact the registered holder promptly and instruct the registered holder to tender on his or her behalf. If the beneficial owner wishes to tender on his or her own behalf, such beneficial owner must, prior to completing and executing the letter of transmittal and delivering his or her outstanding notes, either make appropriate arrangements to register ownership of the outstanding notes in such

owner's name or obtain a properly completed bond power from the registered holder. The transfer of registered ownership may take considerable time.

Signatures on a letter of transmittal or a notice of withdrawal, as the case may be, must be guaranteed by a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office or correspondent in the United States or an "eligible guarantor institution" within the meaning of Rule 17Ad-15 under the Exchange Act (each, an "Eligible Institution"), unless the outstanding notes are tendered:

- by a registered holder (or by a participant in DTC whose name appears on a security position listing as the owner) who has not completed the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on the letter of transmittal and the exchange notes are being issued directly to such registered holder (or deposited into the participant's account at DTC); or

- for the account of an Eligible Institution.

If the letter of transmittal is signed by the recordholder(s) of the outstanding notes tendered, the signature must correspond with the name(s) written on the face of the outstanding notes without alteration, enlargement or any change whatsoever. If the letter of transmittal is signed by a participant in DTC, the signature must correspond with the name as it appears on the security position listing as the holder of the outstanding notes.

If the letter of transmittal is signed by a person other than the registered holder of any outstanding notes listed therein, those outstanding notes must be endorsed or accompanied by a properly completed bond power and a proxy that authorize such person to tender the outstanding notes on behalf of the registered holder, in each case as the name of the registered holder or holders appears on the outstanding notes.

If the letter of transmittal or any outstanding notes or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and, unless waived by us, evidence satisfactory to us of their authority to so act must be submitted with the letter of transmittal.

A tender will be deemed to have been received as of the date when the tendering holder's duly signed letter of transmittal accompanied by outstanding notes, or a timely confirmation of a book-entry transfer of outstanding notes into the exchange agent's account at DTC with an agent's message, or a notice of guaranteed delivery from an Eligible Institution is received by the exchange agent. Issuances of exchange notes in exchange for outstanding notes tendered pursuant to a notice of guaranteed delivery by an Eligible Institution will be made only against receipt of the letter of transmittal and any other required documents and the tendered outstanding notes by the exchange agent or receipt of a timely confirmation of a book-entry transfer of outstanding notes with an agent's message into the exchange agent's account at DTC.

All questions as to the validity, form, eligibility, time of receipt, acceptance and withdrawal of the tendered outstanding notes will be determined by us in our sole discretion, which determination will be final and binding. We reserve the absolute right to reject any and all outstanding notes not properly tendered or any outstanding notes which, if accepted, would, in our or our counsel's opinion, be unlawful. We also reserve the absolute right to waive any conditions of the exchange offer or irregularities or defects in tender as to particular outstanding notes. Our interpretation of the terms and conditions of the exchange offer, including the instructions in the letter of transmittal, will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of outstanding notes must be cured within the time we determine. Neither we, the exchange agent nor any other person shall be under any duty to give notification of defects or irregularities with respect to tenders of outstanding notes, nor shall we, the exchange agent or any other person incur any liability for failure to give such notification. Tenders of outstanding notes will not be deemed to have been made until the defects or irregularities have been cured or waived. Any outstanding notes received by the exchange agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned without cost by the exchange agent to the tendering holders of such outstanding notes, unless otherwise provided in the letter of transmittal, as soon as practicable following the expiration date.

In addition, we reserve the right in our sole discretion, subject to the provisions of the Indenture, to:

- purchase or make offers for any outstanding notes that remain outstanding subsequent to the expiration date or, as set forth in this section under the heading "-Expiration Date; Extensions; Amendments; Termination," to terminate the exchange offer in accordance with the terms of the Registration Rights Agreement; and

- to the extent permitted by applicable law, purchase outstanding notes in the open market, in privately negotiated transactions or otherwise.

The terms of any such purchases or offers could differ from the terms of the exchange offer.

ACCEPTANCE OF OUTSTANDING NOTES FOR EXCHANGE; DELIVERY OF EXCHANGE NOTES

Upon satisfaction or waiver of all of the conditions to the exchange offer, all outstanding notes properly tendered will be accepted, promptly after the expiration date, and the exchange notes will be issued promptly after acceptance of the outstanding notes. See the heading "-Conditions" below. For purposes of the exchange offer, outstanding notes shall be deemed to have been accepted as validly tendered for exchange when, as and if we have given oral (promptly confirmed in writing) or written notice thereof to the exchange agent.

In all cases, issuance of exchange notes for outstanding notes that are accepted for exchange pursuant to the exchange offer will be made only after timely receipt by the exchange agent of certificates for such outstanding notes or a timely book-entry confirmation of such outstanding notes into the exchange agent's account at DTC, properly completed and duly executed letter of transmittal and all other required documents or an agent's message in lieu thereof. If any tendered outstanding notes are not accepted for any reason set forth in the terms and conditions of the exchange offer or if outstanding notes are submitted for a greater principal amount than the holder desires to exchange, such unaccepted or non-exchanged outstanding notes will be returned without expense to the tendering holder as promptly as practicable after the expiration or termination of the exchange offer. In the case of outstanding notes tendered by the book-entry transfer procedures described below, the non-exchanged outstanding notes will be credited to an account maintained with DTC.

BOOK-ENTRY TRANSFER

The exchange agent will make a request to establish an account with respect to the outstanding notes at DTC for purposes of facilitating the exchange offer promptly after the date of this prospectus. Any financial institution that is a participant in DTC's system may make book-entry delivery of outstanding notes by causing DTC to transfer such outstanding notes into the exchange agent's account at DTC in accordance with DTC procedures for transfer. Although delivery of outstanding notes may be effected through book-entry transfer into the exchange agent's account at DTC, unless an agent's message is received by the exchange agent in compliance with ATOP, a properly completed and signed letter of transmittal or facsimile thereof with any required signature guarantees and any other required documents must, in any case, be transmitted to and received by the exchange agent at one of the addresses set forth below under the heading "-Exchange Agent" prior to the expiration date or the guaranteed delivery procedures described below must be complied with. Delivery of documents to DTC does not constitute delivery to the exchange agent. All references in this prospectus to deposit of outstanding notes shall be deemed to include DTC's book-entry delivery method.

GUARANTEED DELIVERY PROCEDURE

Holders who desire to tender their outstanding notes and (1) whose outstanding notes are not immediately available, (2) who cannot deliver their outstanding notes, the letter of transmittal or other required documents to the exchange agent prior to the expiration date or (3) who cannot complete the procedures for book-entry transfer prior to the expiration date, may effect a tender if:

- the tender is made through an Eligible Institution;
- prior to the expiration date, the exchange agent receives from such Eligible Institution a notice of guaranteed delivery, substantially in

the form provided by us, by facsimile transmission, mail or hand delivery:

- setting forth the name and address of the holder of the outstanding notes and the amount of outstanding notes tendered;

- stating that the tender is being made thereby; and

- guaranteeing that within five business days after the expiration date, the certificates for all physically tendered outstanding notes, in proper form for transfer, or a book-entry confirmation, as the case may be, the letter of transmittal or an agent's message in lieu thereof and any other documents required by the letter of transmittal will be deposited by the Eligible Institution with the exchange agent; and

o the certificates for all physically tendered outstanding notes, in proper form for transfer, or a book-entry confirmation, as the case may be, the letter of transmittal or an agent's message in lieu thereof and all other documents required by the letter of transmittal are received by the exchange agent within five business days after the expiration date.

WITHDRAWAL OF TENDERS

Except as otherwise provided in this prospectus, tenders of outstanding notes may be withdrawn at any time prior to 5:00 p.m., New York City time, on the expiration date.

For a withdrawal to be effective, a written notice of withdrawal must be received by the exchange agent prior to 5:00 p.m., New York City time on the expiration date at the address set forth below under the heading "-Exchange Agent" and prior to acceptance for exchange thereof by us. Any notice of withdrawal must:

o specify the name of the person having tendered the outstanding notes to be withdrawn (the "Depositor");

o identify the outstanding notes to be withdrawn, including, if applicable, the registration number or numbers and total principal amount of such outstanding notes;

o be signed by the Depositor in the same manner as the original signature on the letter of transmittal by which such outstanding notes were tendered (including any required signature guarantees) or be accompanied by documents of transfer sufficient to permit the Trustee with respect to the outstanding notes to register the transfer of such outstanding notes into the name of the Depositor withdrawing the tender;

o specify the name in which any such outstanding notes are to be registered, if different from that of the Depositor; and

o if the outstanding notes have been tendered pursuant to the book-entry procedures, specify the name and number of the participant's account at DTC to be credited, if different than that of