



Encore Acquisition Company Announces Agreements to Acquire Mid-Continent and East Texas Producing Properties for \$375 Million in Cash

FORT WORTH, Texas-(BUSINESS WIRE)-June 29, 2009

Encore Acquisition Company (NYSE: EAC) ("Encore" or the "Company") announced today that it has entered into definitive agreements with EXCO Resources, Inc. (NYSE: XCO) and an affiliate, EXCO Operating Company, LP to acquire oil and natural gas properties in the Mid-Continent and East Texas for \$375 million in cash, subject to customary purchase price adjustments and closing conditions.

The Mid-Continent properties are comprised of oil and natural gas assets primarily located in the Norge Marchand Unit in Grady County, Oklahoma. The Norge Marchand Unit is a waterflood that produces from the Marchand Sandstone and has estimated original oil in place of 200 million barrels. Encore's internal engineers have forecasted production from this large field as of the anticipated closing date. Forecasted production is 1,955 barrels of oil equivalent ("BOE") per day, and the field is 100 percent operated. The acquired properties also include assets in the Texas Panhandle, southwestern Kansas, and western Oklahoma. The Mid-Continent package has estimated proved developed reserves of approximately 12.8 million BOE, 50 percent of which are oil and natural gas liquids and 100 percent of which are proved developed producing. The Norge Marchand reserves represent approximately 63 percent of the Mid-Continent package.

The East Texas properties include long-life assets mainly in the Gladewater field. This field produces primarily from the Cotton Valley Sands. The East Texas properties include 495 gross wells with forecasted production of approximately 17.3 million cubic feet equivalent of natural gas per day. Gladewater's estimated proved developed reserves are approximately 10.3 million BOE, 95 percent of which are natural gas. All of the reserves are proved developed producing.

Acquisition Parameters

	<u>Mid-Continent</u>	<u>East Texas</u>	<u>Total</u>
Forecasted daily production (BOE/D).....	2,906	2,889	5,795
Total proved reserves (million BOE).....	12.8	11.8	24.6
Percentage proved developed.....	100%	100%	100%
Percentage natural gas.....	50%	96%	72%
Lease operating expense (per BOE).....	\$8.43	\$5.47	\$6.95
Reserve-to-production ratio (in years).....	12.1	11.1	11.6

Jon S. Brumley, Encore's Chief Executive Officer and President, stated, "This acquisition is vintage Encore. Purchasing long-life properties at a time when prices are below long-term marginal costs has been a tried and true strategy Encore has been practicing for the past 11 years. Acquisition opportunities like this do not happen very often, so when they become available you must be ready. The Norge Marchand Unit is a huge old field with over 200 million barrels of original oil in place and the Gladewater field is a predictable but active area in the Cotton Valley. The industry is in a state of underinvestment and with unconventional horizontal plays becoming a larger percentage of lower 48 gas production, we believe that the market will be ripe for prices to increase in 2010. This acquisition has a production profile that in today's poor price environment is much safer and more desirable than a drilling program."

Mr. Brumley went on to state, "Encore Acquisition Company and Encore Energy Partners are making a great team. I am enthusiastic about the way both companies complement and aid each other. Having this relationship has made each company much more valuable."

Encore's internal engineers have estimated that the proved developed properties will contribute approximately \$40 million in cash flow (revenues less direct operating expenses) to the Company in 2009 and \$65 million in cash flow in 2010, including hedges entered into in conjunction with the acquisition.

The acquisition is expected to close in August 2009 and will be effective as of April 1, 2009.

Financing and Liquidity Update

Encore intends to finance the acquisition through proceeds from the sale of certain properties in the Rockies and Permian Basin to Encore Energy Partners LP (NYSE: ENP) ("ENP") for \$190 million in cash and borrowings under its revolving credit facility for the remaining amount.

Encore estimates that at June 30, 2009, the Company's long-term debt, net of discount, will be approximately \$1.2 billion, including \$150 million of 6.25% senior subordinated notes due April 15, 2014, \$300 million of 6.0% senior subordinated notes due July 15, 2015, \$225 million of 9.5% senior subordinated notes due May 1, 2016, \$150 million of 7.25% senior subordinated notes due December 1, 2017, and approximately \$175 million and \$195 million of outstanding borrowings under Encore's and ENP's revolving credit facilities, respectively. The estimated borrowings under Encore's revolving credit facility at June 30, 2009 include the \$37.5 million deposit related to the Mid-Continent and East Texas acquisition. At June 30, 2009, Encore estimates that it will have approximately \$650 million of borrowing capacity under its revolving credit facility.

Encore's borrowing base is currently \$825 million. The Company will not request a borrowing base redetermination as a result of this acquisition. The next borrowing base redetermination for Encore is scheduled for October 2009.

The Company's acquisition of the Mid-Continent and East Texas properties and the sale of properties to ENP are intended to qualify as a like-kind exchange under the Internal Revenue Code, and as such, the gain on the sale of properties to ENP is not expected to be taxable.

Hedging

In connection with the acquisition, Encore entered into derivative contracts on over 90 percent of the acquisition's proved developed producing volumes for 2010 through 2012. The Company purchased oil puts for 625 barrels per day ("Bbls/D") at a strike price of \$67 per barrel ("Bbl") for 2010 and \$65 per Bbl for 2011 and 2012. Additionally, the Company entered into oil swap contracts for 625 Bbls/D at an average price of \$76.21 per Bbl for 2010, \$79.18 per Bbl for 2011, and \$81.04 per Bbl for 2012. With respect to natural gas, the Company entered into swap contracts with an average NYMEX equivalent price of \$6.99 per thousand cubic feet ("Mcf") for 20,000 Mcf per day for 2010 through 2012.

The Company's consolidated hedging positions, including the contracts discussed above, are shown below.

Summary of Commodity Derivative Positions as of June 29, 2009:

Oil Derivative Contracts (a), (b)

Period	Average Daily Floor Volume (Bbls)	Weighted Average Floor Price (per Bbl)	Average Daily Cap Volume (Bbls)	Weighted Average Cap Price (per Bbl)	Average Daily Swap Volume (Bbls)	Weighted Average Swap Price (per Bbl)
June - Dec. 2009	3,130	\$ 110.00	440	\$ 97.75	1,000	\$ 68.70
2010	880	80.00	440	93.80	1,385	75.78
	2,000	75.00	3,000	74.13	1,750	64.08
	8,385	62.83	500	65.60	1,000	59.70
	1,000	56.00	-	-	-	-
2011	1,880	80.00	1,440	95.41	325	80.00
	1,000	70.00	-	-	1,060	78.42
	4,385	65.00	-	-	250	69.65
2012	500	70.00	500	82.05	835	81.19
	2,135	65.00	250	79.25	1,050	75.86

Natural Gas Derivative Contracts (a)

Period	Average Daily Floor Volume	Weighted Average Floor Price	Average Daily Cap Volume	Weighted Average Cap Price	Average Daily Swap Volume	Weighted Average Swap Price
	(Mcf)	(per Mcf)	(Mcf)	(per Mcf)	(Mcf)	(per Mcf)
June - Dec. 2009	3,800	\$ 8.20	3,800	\$ 9.83	-	\$ -
	3,800	7.20	5,000	7.45	-	-
	6,800	6.57	15,000	6.63	-	-
	15,000	5.64	-	-	-	-
2010	3,800	8.20	3,800	9.58	25,452	6.46
	4,698	7.26	-	-	550	5.86
2011	3,398	6.31	-	-	27,952	6.48
	-	-	-	-	550	5.86
2012	898	6.76	-	-	25,452	6.47
	-	-	-	-	550	5.86

(a) Oil prices represent NYMEX WTI monthly average prices, while natural gas prices represent various price points.

(b) In order to partially finance the cost of premiums on certain purchased floors, the Company may sell floors with a strike price below the strike price of the purchased floor, thereby entering into a floor spread. In the above table, the purchased floor component of these floor spreads are shown net and included with the Company's other floor contracts. In addition to the floor contracts shown for 2009, the Company has a floor contract for 1,000 Bbls/D at \$63.00 per Bbl and a short floor contract for 1,000 Bbls/D at \$65.00 per Bbl.

A presentation providing maps and other data relating to the transaction is available on the Company's website at www.encoreacq.com.

About the Company

Encore Acquisition Company is engaged in the acquisition and development of oil and natural gas reserves from onshore fields in the United States. Since 1998, Encore has acquired producing properties with proven reserves and leasehold acreage and grown the production and proven reserves by drilling, exploring, reengineering or expanding existing waterflood projects, and applying tertiary recovery techniques.

Cautionary Statement

This press release includes forward-looking statements, which give Encore's current expectations or forecasts of future events based on currently available information. Forward-looking statements in this press release relate to, among other things, estimated reserves and production, estimated reserve-to-production ratios, decline rates, expected lease operating expenses, expected benefits from derivative contracts, expected risks related to the acquisition, the expected closing of the transactions and the anticipated benefits therefrom, and any other statements that are not historical facts. The assumptions of management and the future performance of Encore are subject to a wide range of business risks and uncertainties and there is no assurance that these statements and projections will be met. Factors that could affect Encore's business include, but are not limited to: the risks associated with drilling of oil and natural gas wells; Encore's ability to find, acquire, market, develop, and produce new reserves; the risk of drilling dry holes; oil and natural gas price volatility; risks associated with derivative transactions (including the costs associated therewith and the ability of counterparties to perform thereunder); uncertainties in the estimation of proved, probable, and possible reserves and in the projection of future rates of production and reserve growth; inaccuracies in Encore's assumptions regarding items of income and expense and the level of capital expenditures; uncertainties in the timing of exploitation expenditures; operating hazards attendant to the oil and natural gas business; risks related to Encore's high-pressure air injection program; drilling and completion losses that are generally not recoverable from third parties or insurance; potential mechanical failure or underperformance of significant wells; climatic conditions; availability and cost of material and equipment; the risks associated with operating in a limited number of geographic areas; actions or inactions of third-party operators of Encore's properties; Encore's ability to find and retain skilled personnel; diversion of management's attention from existing operations while pursuing acquisitions or joint ventures; availability of capital; the ability of lenders and derivative counterparties to fulfill their commitments; the strength and financial resources of Encore's competitors; regulatory developments; environmental risks; uncertainties in the capital markets; uncertainties with respect to asset sales; general economic and business conditions (including the effects of the worldwide economic recession); industry

trends; and other factors detailed in Encore's most recent Form 10-K and other filings with the Securities and Exchange Commission. If one or more of these risks or uncertainties materialize (or the consequences of such a development changes), or should underlying assumptions prove incorrect, actual outcomes may vary materially from those forecasted or expected. Encore undertakes no obligation to publicly update or revise any forward-looking statements.

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