

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-KSB

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 FOR THE YEAR ENDED DECEMBER 31, 2005.

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

COMMISSION FILE NUMBER 001-31433

ENDEVCO, INC.

(Exact name of registrant as specified in its charter)

Texas	74-2142545
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

2425 Fountainview, Suite 215, Houston, TX 77057
(Address of principal executive offices, including zip code)

(713) 977-4662
(Registrant's telephone number, including area code)

Securities registered under Section 12(b) of the Exchange Act:
None

Securities registered pursuant to 12(g) of the Exchange Act:
Common Stock, no par value

Indicate by check mark whether the registrant (i) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (ii) has been subject to such filing requirements for the past 90 days.

Yes No

ENDEVCO, INC.
AND SUBSIDIARIES

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PART I

ITEM 1. DESCRIPTION OF BUSINESS

INTRODUCTION AND BUSINESS PLAN

EnDevCo, Inc. (the "Company") was originally incorporated in the state of Texas on November 7, 1980, as Roberts Oil and Gas, Inc. Roberts Oil and Gas, Inc. registered its shares of common stock with the Securities and Exchange Commission ("SEC") and began filing periodic reports pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In July 1997, Roberts Oil and Gas, Inc. changed its name to Adair International Oil and Gas, Inc., which was traded on the Over the Counter Bulletin Board ("OTCBB") under the stock symbol AIGI. In September 2003, the Company changed its name to EnDevCo, Inc. and its stock symbol to ENDE. EnDevCo, Inc., a shortened version of the "Energy Development Company", establishes an identity that is consistent with the business development activities currently underway to revitalize the Corporation. The Company is actively negotiating to participate in several oil and gas projects both domestically and internationally within the traditional industry scope of oil and gas exploration and production. These activities include production of oil and gas from interests held by the Company in the United States and Colombia. The Company is also investigating investment in the development of new technologies for the enhancement of oil and gas production and the utilization of that technology to further acquire oil and gas production.

ITEM 2. DESCRIPTION OF PROPERTIES

OIL & GAS EXPLORATION

Gulf of Mexico - The Company has entered into a farm-in agreement with BT Operating Co. wherein the Company will participate in the drilling and completion of four wells in Eugene Island Block 294 and/or Chandeleur Block 14 to earn a 50% working interest in each block prior to December 31, 2007.

The Company has also entered into a farm-in agreement with Noble Energy, Inc., Mariner Energy, Inc., and Entech Enterprises, Inc. which grants the Company an assignment of their operating rights down to a depth of 12,600 feet upon the initial commercial completion of the "OC" pay sand. Open Choke Energy, LLC has a 67% interest in the farm-in agreement and EnDevCo has the remaining 33% interest.

The Company has designated Open Choke as the project Operator who will re-enter the existing East Cameron 71-7 well and attempt to complete the "OC" pay sand. In the event that this re-entry is not successful, EnDevCo has the right to drill a replacement well to test the "OC" pay sand within a reasonable time frame.

Pursuant to a joint participation agreement between EnDevCo and Open Choke, the Company will have access to the production platforms on East Cameron Block 71/72 Field which are equipped with all necessary production facilities and pipelines to support increased oil and gas production resulting from drilling and completing new wells.

Upper Magdalena River Region, Colombia - On September 25, 2003, the Company purchased from Harvest Production Company, LLC an option to participate in the acquisition and processing of 101 kilometers of 2D seismic, and a continuing option to participate on a joint venture basis in wells to be drilled after the interpretation of that seismic on their Rio Magdalena Association Contract comprising 58,546 hectares (144,600 acres) situated in the Upper Magdalena River region of Colombia. On June 25, 2005 the Company acquired an option from Harvest Production Company, LLC to purchase 50% of seller's interest in the assets covered by the September 25, 2003 option, proven undeveloped reserves in the block and seller's proprietary data previously acquired over the lease acreage described above, in consideration of the Company securing financing for development. This option expires June 30, 2007.

Cleveland County, Oklahoma - On April 13, 2006, the Company acquired a 98.712% working interest with a 76.9954% net revenue interest in the West Short Junction Unit and a 100% working interest with a 78% net revenue interest in the Central Short Junction Unit hereinafter referred to as the ("Short Junction Field and/or the Field") located in Oklahoma City, Oklahoma through its subsidiary EnDevCo Eureka, LLC for a purchase price of \$11.5 million. EnDevCo Eureka is owned 55% by its parent EnDevCo, Inc. and 45% by private investors who are related parties. These investors contributed \$3.0 million in equity to enable EnDevCo to consummate the transaction. EnDevCo Eureka, LLC, managed by EnDevCo personnel, will be the Operator for the project with an acquisition date of January 01, 2006.

Project financing was provided by GasRock Capital, LLC of Houston, Texas and takes the form of a \$30.0 million credit facility. GasRock Capital provides project based mezzanine debt financing to the oil and gas industry by backing proven management teams that identify high quality exploitation projects like the Short Junction Field.

The 12,000 acre leasehold is fully unitized and is comprised of 19 active wells that are currently producing 100 barrels of oil per day from the Hunton limestone reservoir and 300 mcf of gas per day from the Red Fork sand reservoir. The purchase includes a total of 270 well bores of which approximately 40 will ultimately be reactivated and includes full ownership rights to a field wide gas pipeline and gathering system that offers two independent taps to the interstate gas transmission system.

Short Junction Field was originally developed by Conoco using vertical wells drilled on a 40 acre well spacing, resulting in oil and gas production from 270 active wells within the 12,000 acre leasehold. The Field currently contains 31 unplugged well bores of which 19 are currently active. EnDevCo plans an aggressive workover and recompletion program prior to December 31, 2006 which should significantly increase the daily production.

Historically the primary zone of interest has remained the Hunton formation for oil production. However, above the Hunton, the Bartlesville, Prue, Red Fork and Skinner Sandstones along with the Pink Lime zones are present and most are indicated as productive based on well log analysis.

Current bottom hole pressures recently measured in the Hunton indicate that formation pressure today is essentially the same as when the Field was originally placed on production. This unique characteristic occurs as a result of the fact that Conoco instituted a water flood pressure maintenance program in the early stages of developing the field. As a result of this pressure maintenance, the original gas cap in the Hunton reservoir has never been produced.

EnDevCo plans to implement a 3D seismic program over the leasehold later this year in order to pursue an aggressive horizontal drilling program in the Hunton formation to increase oil and gas production from that reservoir and to develop identified shallow gas sand reservoirs indicated on the subsurface well control.

GOVERNMENTAL REGULATION

The Company's current and contemplated activities are in the areas of oil and gas exploration and production, and power generation. Federal, state and local laws and regulations have been enacted regulating these activities. Moreover, "toxic tort" litigation has increased markedly in recent years as persons allegedly injured by chemical contamination seek recovery for personal injuries or property damage. These legal developments present a risk of liability should the Company be deemed to be responsible for contamination or pollution. There can be no assurance that the Company's policy of establishing and implementing proper procedures for complying with environmental regulations will be effective at preventing the Company from incurring a substantial environmental liability. If the Company were to incur a substantial uninsured liability for environmental damage, its financial condition could be materially adversely affected.

EMPLOYEES

The Company currently has three full-time employees. The Company also utilizes outside consultants with the number varying according to project requirements.

TRANSFER AGENT AND REGISTRAR

On July 8, 2003, the Company appointed Superior Stock Transfer, Inc., 2425 Fountainview Drive, Suite 215, Houston, Texas 77057 (713) 977-4662 as the Transfer Agent to handle securities transactions for EnDevCo, Inc. Superior Stock Transfer, Inc. is a wholly owned subsidiary of EnDevCo, Inc.

RISK FACTORS

The prospects of the Company are subject to a number of risks. There may exist, however, other factors which constitute additional risks, but which are not currently foreseen or fully appreciated by management.

Liquidity and Capital Resources

The Company has incurred net operating losses since the fiscal year ended May 31, 1997 and currently has negative working capital. The Company has no operations at this time that provide working capital. The Company is seeking project based financing to secure the necessary funds to participate in projects. There is no assurance that the Company will be able to secure adequate financing to fund operations.

Insufficiency of Working Capital

As noted above, the Company has a historical working capital deficit and under previous management depended on the sale of its Common stock to obtain working capital. With approval by the shareholders to increase the authorization of Common stock for the Company, a Securities Registration Statement will be prepared which will allow for the sale of Common stock to raise working capital for the Company. Unless project based funding can be found that will generate capital to allow the Company to begin receiving income from operations, the Company will remain in a relatively inactive state due to the lack of additional working capital until the SEC approves the Company's Securities Registration Statement. No assurance can be given that funds will be available from any source when needed by the Company or, if available, upon terms and conditions reasonably acceptable to the Company.

Reliance on Efforts of Others

The Company forms joint ventures with industry participants in order to finance and facilitate its activities. In some instances, the Company will depend on other companies to develop, provide financing, and operate its properties and projects. The prospects of the Company will be highly dependent upon the ability of such other parties. As indicated by the nature of the partners, with which the Company is participating in current projects, management believes the risk in relying on such partners is reasonable.

Foreign Political Climate

The Company has direct oil and gas interests in the United States and the Republic of Colombia. Countries that the U.S. Government has placed on the list believed to harbor terrorists will be subjected to increased scrutiny by U.S. Federal authorities. As these types of events mature, the properties held by the Company in Colombia may be subject to embargo or other restrictions in support of U.S. Governmental policies.

Colombia

Colombia remains a challenging political climate for the conduct of international business. Political changes are observed on the horizon that will improve the security and business climate of the country. However, any negative changes in the political climate of Colombia could have a negative impact on the Company, up to and including the complete loss of these interests.

International Operations

The Company anticipates future international revenues could be derived from its oil and gas and other investment interests located in foreign countries. Currency controls and fluctuations, royalty and tax rates, import and export regulations and other foreign laws or policies governing the operations of foreign companies in the applicable countries, as well as the policies and regulations of the United States with respect to companies operating in the applicable countries, could all have an adverse impact on the operations of the Company.

The Company's interests could also be adversely affected by changes in any contracts applicable to the Company's interests, including the renegotiation of terms by foreign governments or the expropriation of interests.

In addition, the contracts are governed by foreign laws and subject to interpretation by foreign courts. Foreign properties, operations and investments may also be adversely affected by geopolitical developments.

Oil and Gas Price Volatility

Future revenues from oil and gas production that might be generated by the Company will be highly dependent upon the prices of crude oil and natural gas. Fluctuations in the energy market make it difficult to estimate future prices of crude oil and natural gas. Such fluctuations are caused by a number of factors beyond the control of the Company, including regional and international demand, energy legislation of various countries, taxes imposed by applicable countries and the abundance of alternative fuels. International political and economic conditions may also have a significant impact on prices of oil and gas. There can be no assurance of profitable operations even if there is substantial production of oil and gas.

Environmental Regulation

The U.S. oil and gas and power generation industries are subject to substantial regulation with respect to the discharge of materials into the environment, pollution, siting of operations or other factors relating to the protection of the environment. The exploration, development and production of oil and gas are regulated by various governmental agencies with respect to the storage and transportation of the hydrocarbons, the use of facilities for processing, recovering and treating the hydrocarbons and the clean up of drilling sites. Many of these activities require governmental approvals before they can be undertaken. The costs associated with compliance with the applicable laws and regulations have increased the costs associated with the planning, designing, drilling, installing, operating and plugging or abandoning of wells. To the extent that the Company owns an interest in a well it may be responsible for costs of environmental regulation compliance even after the plugging or abandonment of that well.

General Risks of the Oil and Gas and Power Generation Industries

The Company's operations will be subject to those risks generally associated with the oil and gas and power generation industries. Such risks include exploration, development and production risks, title risks, and weather risks, shortages or delay in delivery of equipment and the stability of operators and contractor companies.

ITEM 3. LEGAL PROCEEDINGS

Legal Proceedings for the Year Ended December 31, 2005:

As of December 31, 2005, the law firm of Ware, Jackson, Lee & Chambers, L.L.P. ("WJLC"), along with the law firm of G. Wesley Urquhart, P.C., were and remain the attorneys of record for the Company in a case styled: Cause No: 2001-63909; *Adair International Oil & Gas, Inc., et al. v. Chase Mellon Shareholder Services, Inc., et al.*

The Company's original claims in this lawsuit against John W. Adair ("Adair"), Jalal Alghani ("Alghani") and Vivian Quintero ("Quintero") involved allegations of fraud, conspiracy, and breach of fiduciary duties owed to the Company by Adair and Alghani while they were officers and directors of the Company. The Company's claims

against Quintero involved allegations of fraud, conspiracy, and breach of fiduciary duties while she was employed by the Company as office manager and personal assistant to Adair during the time he served as Chairman of the AIGI Board of Directors. The Company has settled each of the above-mentioned claims against Adair, Alghani, and Quintero.

In June 2003, the Company sued, and thus, added certain stock transfer agents, brokerage firms, and auditing firms to the lawsuit. These transfer agents, brokerage firms and auditing firms are currently the only remaining defendants in this lawsuit of which the Company's claims include negligence, gross negligence, fraud, conspiracy, and breach of fiduciary duty. The Company settled its claims in mediation against (1) auditor, Jackson & Rhodes, and (1) transfer agent, U.S. Stock Transfer Corp.

The Company settled its claims against the remaining Defendants, which were (3) auditors, Malone & Bailey, Jack Sisk & Company, Braden Bennick, Goldstein, Gazaway & Company; (2) transfer agents, Chase & Mellon Shareholder Services, Inc. and Mellon Investor Services, LLC and (2) stockbroker firms, Union Securities Ltd. and Merrill Lynch after mediation, but before trial.

The Company has settled with all defendants and will receive any additional settlement proceeds prior to May 31, 2006. No further litigation with any party regarding this case is anticipated at this time.

The Company is a party to various claims, but is not a party to any other litigation at this time. Although no assurances can be given, the Company believes based on its experience to date, that the ultimate resolution of such items, individually or in the aggregate, would not have a material adverse impact on the Company's financial position or results of operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Company filed Definitive Proxy Materials with the Securities and Exchange Commission on September 27, 2005. The Notice Date of this Proxy Statement is September 1, 2005. Proxy materials including the Proxy Statement, Proxy Ballot Card and the 2004 Form 10-KSB were mailed to all shareholders of record on or about September 30, 2005.

The Board of Directors of the Company fixed the close of business on September 12, 2005 as the record date for the determination of shareholders entitled to notice and to vote at the Annual Meeting. As of September 12, 2005, the Corporation had 214,059,750 outstanding shares of Common stock entitled to vote and 5,830,357 shares of "Series A" Preferred stock entitled to vote. In order for shares to be voted, they must have been held as of the record date.

The Board of Directors fixed Monday, October 24, 2005 as the date for the Annual Meeting of Shareholders, which was convened at 3000 Richmond Avenue, Suite 370, Houston, Texas 77098 at 9:30 A.M. local time.

The Items of Business brought before the shareholders for consideration that were approved are as follows:

- Elect one (2) directors to the Board of Directors for a term of three (3) years.
- Proposal to ratify the appointment of Killman, Murrell & Company PC as the Corporation's independent accountants for fiscal 2004 and 2005.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

PRICE RANGE OF COMMON STOCK

The Company's Common Stock is currently traded on the over the counter bulletin board ("OTCBB") under the symbol "ENDE." The following table sets forth, for the periods indicated, the high and low closing bid prices for the Common Stock of the Company as reported on the OTCBB. The bid prices reflect interdealer quotations, do not include retail mark ups, markdowns or commissions and do not necessarily reflect actual transactions.

COMMON STOCK PRICE RANGE			
Year	Quarter Ended	High Bid	Low Bid
2005	Dec 31	\$ 0.06	\$ 0.02
	Sep 30	\$ 0.03	\$ 0.01
	Jun 30	\$ 0.02	\$ 0.01
	Mar 31	\$ 0.04	\$ 0.02
2004	Dec 31	\$ 0.07	\$ 0.03
	Sep 30	\$ 0.10	\$ 0.04
	Jun 30	\$ 0.13	\$ 0.03
	Mar 31	\$ 0.03	\$ 0.01
2003	Dec 31	\$ 0.02	\$ 0.01
	Sep 30	\$ 0.02	\$ 0.01
	Jun 30	\$ 0.02	\$ 0.01
	Mar 31	\$ 0.03	\$ 0.01

On December 30, 2005, the last trading day of the year, the closing price for the Common Stock of the Company on the OTCBB was \$0.035. Also on December 30, 2005, there were approximately 8,400 stockholders of record of the Common Stock, including broker/dealers holding shares beneficially owned by their customers.

Notice of Future Dilution of Shareholders -

At the annual shareholders meeting held on October 15, 2005, the shareholders approved an increase in the total number of authorized "Series A" convertible preferred shares with a \$0.01 par value to 10,000,000. Each share of "Series A" Preferred Stock which is then outstanding shall at the sole election of the holder be converted into fully paid and non-assessable shares of Common Stock of the Corporation at a conversion rate of 1,000 shares of Common Stock for each share of "Series A" Preferred Stock. The holders of the issued and outstanding shares of Preferred Stock shall have the equivalent of 1,000 Common Stock votes for each share of "Series A" Preferred Stock.

DIVIDEND POLICY

The Company has not paid, and the Company does not currently intend to pay cash dividends on its Common Stock in the foreseeable future. The current policy of the Company's Board of Directors is for the Company to retain all earnings, if any, to provide funds for operation and expansion of the Company's business. The declaration of dividends, if any, will be subject to the discretion of the Board of Directors.

SALES OF UNREGISTERED SECURITIES DURING 2005

During the years ended December 31, 2005 and December 31, 2004, the Company issued unregistered securities in reliance upon exemptions from registration under the Securities Act of 1933 as amended (the "Act") as provided in Section 4(2) thereof. Each certificate issued for unregistered securities contained a legend stating that the securities have not been registered under the Act and setting forth the restrictions on the transferability and the sale of the securities. No underwriter participated in nor did the Company pay any commissions or fees to any underwriter in connection with any of these transactions. None of the transactions involved a public offering.

The Company issued stock in lieu of cash in transactions summarized as follows for the years ended December 31, 2005 and December 31, 2004. The Summary Compensation Table included as Item 10, "Executive Compensation", details the number of shares issued for compensation to each Company officer during the respective time period that they have been employed by the Company.

Nature of Transaction	December 31, 2005			December 31, 2004		
	Common Stock	Preferred Stock	Amount	Common Stock	Preferred Stock	Amount
Officer's & Director's Compensation	--	822,500	\$ 822,500	--	951,000	\$ 951,000
Employee's Salaries	--	--	--	--	--	--
Other Costs & Expenses	17,059,750	28,537	348,128	47,000,000	137,489	3,214,989
Total Issued for Services	17,059,750	851,037	\$ 1,170,628	47,000,000	1,088,489	\$ 4,165,989
Issued for Investment	--	--	--	--	--	--
Totals	17,059,750	851,037	\$ 1,170,628	47,000,000	1,088,489	\$ 4,165,989

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This report, including Management's Discussion and Analysis of Financial Condition and Results of Operations, includes certain forward-looking statements. The forward-looking statements reflect the Company's expectations, objectives and goals with respect to future events and financial performance. They are based on assumptions and estimates, which the Company believes are reasonable. However, actual results could differ materially from anticipated results. Important factors that may impact actual results include, but are not limited to, commodity prices, political developments, market and economic conditions, industry competition, the weather, changes in financial markets and changing legislation and regulations. The forward-looking statements contained in this report are intended to qualify for the safe harbor provisions of Section 21E of the Securities Exchange Act of 1934, as amended. The notes to Consolidated Financial Statements sections contain information that is pertinent to the following analysis.

GENERAL COMMENTS ON BUSINESS PLAN

EnDevCo, Inc., a shortened version of the "Energy Development Company", establishes an identity that is consistent with the business development activities currently underway to in the Corporation. The Company is actively negotiating to participate in several oil and gas projects both domestically and internationally within the traditional industry scope of oil and gas exploration and production. These activities include production of oil and gas from interests held by the Company in the United States and Colombia. The Company is also investigating investment in the development of new technologies for the enhancement of oil and gas production and the utilization of that technology to further acquire oil and gas production.

OIL AND GAS EXPLORATION AND DEVELOPMENT

The Company is pursuing oil and gas exploration and development opportunities in both domestic and international venues. Domestically, the Company has secured certain development rights onshore and offshore in the Gulf of Mexico that will provide it with the opportunity to participate in the drilling of low risk development wells. As a result of recently acquired 3D seismic data that has been integrated with previously known geological and engineering data, several low risk development drilling opportunities have been identified. Participation in these types of relatively low risk and low cost wells will provide near term cash flow to support the activities of the Company.

Internationally, the Company has identified several other exploration projects that carry significant upside potential (although at higher risk). The Company currently holds an agreement for certain exploration rights in the Rio Magdalena Valley of Colombia. Our exploration teams are also evaluating other opportunities located in Canada, South America, North Africa and the Middle East.

Gulf of Mexico - The Company has entered into a farm-in agreement with BT Operating Co. wherein the Company will participate in the drilling and completion of four wells in Eugene Island Block 294 and/or Chandeleur Block 14 to earn a 50% working interest in each block prior to December 31, 2007.

The Company has also entered into a farm-in agreement with Noble Energy, Inc., Mariner Energy, Inc., and Entech Enterprises, Inc. which grants the Company an assignment of their operating rights down to a depth of 12,600 feet upon the initial commercial completion of the "OC" pay sand. Open Choke Energy, LLC has a 67% interest in the farm-in agreement and EnDevCo has the remaining 33% interest.

The Company has designated Open Choke as the project Operator who will re-enter the existing East Cameron 71-7 well and attempt to complete the "OC" pay sand. In the event that this re-entry is not successful, EnDevCo has the right to drill a replacement well to test the "OC" pay sand within a reasonable time frame.

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Upper Magdalena River Region, Colombia - On September 25, 2003, the Company purchased from Harvest Production Company, LLC an option to participate in the acquisition and processing of 101 kilometers of 2D seismic, and a continuing option to participate on a joint venture basis in wells to be drilled after the interpretation of that seismic on their Rio Magdalena Association Contract comprising 58,546 hectares (144,600 acres) situated in the Upper Magdalena River region of Colombia. On June 25, 2005 the Company acquired an option from Harvest Production Company, LLC to purchase 50% of seller's interest in the assets covered by the September 25, 2003 option, proven undeveloped reserves in the block and seller's proprietary data previously acquired over the lease acreage described above, in consideration of the Company securing financing for development. This option expires June 30, 2007.

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Project financing was provided by GasRock Capital, LLC of Houston, Texas and takes the form of a \$30.0 million credit facility. GasRock Capital provides project based mezzanine debt financing to the oil and gas industry by backing proven management teams that identify high quality exploitation projects like the Short Junction Field.

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Current bottom hole pressures recently measured in the Hunton indicate that formation pressure today is essentially the same as when the Field was originally placed on production. This unique characteristic occurs as a result of the fact that Conoco instituted a water flood pressure maintenance program in the early stages of developing the field. As a result of this pressure maintenance, the original gas cap in the Hunton reservoir has never been produced.

EnDevCo plans to implement a 3D seismic program over the leasehold later this year in order to pursue an aggressive horizontal drilling program in the Hunton formation to increase oil and gas production from that reservoir and to develop identified shallow gas sand reservoirs indicated on the subsurface well control.

ENERGY TECHNOLOGY DEVELOPMENT

Development and implementation of new energy technologies will become a key new business focus for the Company. The identification of and early participation in the implementation of these types of technologies opens several avenues for potential revenue generation and profits. In some instances, the technology can be manufactured and sold to end users once the market accepts the technology. In other instances, the technology might provide a unique competitive advantage that can be successfully leveraged by the Company in the acquisition and development of existing energy projects. Initially, the Company will limit its scope of investigation to those technologies that directly compliment the oil and gas, and power industries.

POWER GENERATION

The Company has management experience and expertise in the areas of power plant development, operations and optimization. The Company intends to pursue opportunities to serve as a management team representing the interests of lenders and private equity investors in control of generation assets acquired from the troubled merchant generation sector and/or to develop power generation to maximize gas development opportunities.

RESULTS OF OPERATIONS

This report, including Management's Discussion and Analysis of Financial Condition and Results of Operations, includes certain forward-looking statements. The forward-looking statements reflect the Company's expectations, objectives and goals with respect to future events and financial performance. They are based on assumptions and estimates, which the Company believes are reasonable. However, actual results could differ materially from anticipated results. Important factors that may impact actual results include, but are not limited to, commodity prices, political developments, market and economic conditions, industry competition, the weather, changes in financial markets and changing legislation and regulations. The forward-looking statements contained in this report are intended to qualify for the safe harbor provisions of Section 21E of the Securities Exchange Act of 1934, as amended. The notes to Consolidated Financial Statements sections contain information that is pertinent to the following analysis.

YEAR ENDED DECEMBER 31, 2005 COMPARED TO YEAR ENDED DECEMBER 31, 2004					
Line	Description	Year		Differences	Percent Change
		2005	2004		
1	Revenues	\$ 713	--	\$ 713	100.0%
2	Cost of Revenues	--	\$120,227	\$ (120,227)	(100.0)%
3	Costs and Expenses	\$ 1,021,746	\$ 6,041,887	\$ (5,020,141)	(83.1)%
4	General and Administrative Expense	\$ 179,317	\$ 3,710,945	\$ (3,531,628)	(95.2)%
5	Salaries and Wages Paid in Stock	\$ 827,000	\$ 951,500	\$ (124,000)	(13.0)%
6	Shareholder Services	\$ 15,429	\$ 29,942	\$ (14,513)	48.5%
7	Loss on Abandonment of Assets	--	\$ 1,350,000	\$ (1,350,000)	(100.0)%
8	Other Income and Expenses	\$ 319,650	\$ 98,236	\$ 221,414	225.4%
9	Interest Income	--	\$ 1,007	\$ (1,007)	(100.0)%
10	Lawsuit Settlement	\$ 452,679	--	\$ 452,679	100.0%
11	Interest Expense	\$ 133,029	\$ 99,243	\$ 33,786	34.0%

Analysis of Comparison

Line 1 - During 2005 the Company received a \$713 payment for a farmout agreement.

Line 2 - The cost of revenues reflects payments the Company made to the Congo Subcontractor and recognition of the remaining \$120,227 owed to the Subcontractor. On September 13, 2001 the Company entered into a consulting contract (Congo Contract) with the government of Congo-Brazzaville. During 2002 the Company received initial funding of \$1,472,920 from the government of Congo-Brazzaville which was immediately transferred to the Congo Contract Subcontractor (Subcontractor). No further funding has been received by the Company from the government of Congo-Brazzaville. During 2003, it was determined the Company should recognize revenue on the Congo Contract as payments were made to the Subcontractor. During 2003, the Company recognized revenue of \$1,496,500 from the Congo Contract. The Company believes there will be no further payment from the Congo-Brazzaville on the Congo Contract.

Line 3 - Costs and Expenses overall decreased \$5,020,141 during 2005. The detail explaining this increase is shown on lines 4 through 7 below.

Line 4 - General and Administrative Expense decreased \$3,531,628 primarily because \$31,000 in consulting fees was paid in 2005 while \$3,077,500 were paid in 2004.

Line 5 - Salaries and Wages Paid in Stock decreased by \$124,000 because of the resignations of E. Barger Miller III and Ernest B. Miller IV during 2005.

Line 6 - Shareholder Services decreased by \$14,513 because of a reduction in the cost of annual general meeting.

Line 7 - During 2004 the Company was unsuccessful in obtaining the remaining financing necessary to obtain an interest in a natural gas project in Sicily. The Company borrowed \$1,350,000 to make the initial payments in the project.

Line 8 - Other Income and Expenses overall increased \$319,650 during 2005. The detail explaining this decrease is shown on lines 9 through 11 below.

Line 9 - Interest Income decreased because of the reduced interest rate earned on the Letter of Credit Deposit. The Letter of Credit Deposit was returned to the Company in 2004.

Line 10 - The Company has settled with all defendants in the lawsuit styled: Cause No: 2001-63909, *Adair International Oil & Gas, Inc., et al. v. Chase Mellon Shareholder Services, Inc., et al.* and will receive any additional settlement proceeds prior to May 31, 2006. No further litigation with any party regarding this case is anticipated at this time. During 2005, the Company received lawsuit proceeds of \$452,679 net of expenses of \$412,321. The entire amount was paid out for expense reimbursements.

Line 11 - Interest Expense increased because the Company accrued interest on various outstanding obligations.

LIQUIDITY AND CAPITAL RESOURCES

Sources and Uses of Cash			
		2005	2004
Net cash provided by/(used in)			
Operating activities		\$ 80,212	\$ (568,596)
Investing activities		(532,101)	--
Financing activities		463,224	568,542
Increase/(decrease) in cash and cash equivalents		\$ 11,335	\$ (54)
		At December 31	
Cash and cash equivalents		\$ 11,709	\$ 374

Cash Flow from Operating Activities

2005

Cash provided by operating activities total \$80,212 in 2005, an increase of \$648,808 over 2004. This increase resulted from a reduction in stock issued for expenses.

2004

Cash used by operating activities totaled \$568,596 in 2004, an increase of \$551,920 over 2003. Contributing to this increase was \$3,214,989 in issuance of stock for expenses, \$951,000 in issuance of stock for salaries and wages, a decrease of \$527,080 in accounts receivable, a decrease of \$705,812 in investment account, a decrease in prepaid expenses of \$2,364, a decrease of \$527,080 in unearned revenue, an increase in accounts payable of \$514,231, an increase in taxes payable of \$39,788, an increase in accrued interest of \$49,829, and an increase of \$213,741 in accrued expenses.

Cash Flow from Investing Activities

2005

Cash used by investing activities total \$532,101 in 2005, an increase of \$532,101 over 2004. This increase resulted from investment in the Short Junction Field project.

2004

There were no cash flows from investing activities in 2004.

Cash Flow from Financing Activities

2005

Cash provided by financing activities total \$463,224 in 2005, a decrease of \$105,318. This decrease resulted from the repayment of \$36,776 of principal on the \$400,000 note payable and from borrowing \$550,000 for the Short Junction Field project.

2004

Cash provided by financing activities totaled \$568,542 in 2004, compared to cash provided of \$355,572 in 2003, an increase \$212,970. Contributing to this increase was the payoff of the note payable for \$500,000 given for partial payment oil and gas property, the reclassification of the Pace Global note payable for \$281,458 to accounts payable,

and an increase of notes payable in the amount of \$1,350,000 given as initial payments to obtain an interest in a gas project in Sicily.

Directors and Officers Compensation

The Company currently has nominal cash reserves and no cash flow from operations. Until such time as the financial condition of the Company improves, the Company's Directors and Officers have agreed to manage the Company by receiving payment in "Series A" Preferred stock in lieu of cash consideration.

Project Development Guidelines

In recognition of the status of current financial resources available to the Company, executive management is committed to identifying and implementing projects that can be primarily project financed. This strategy reduces financial risk to the Company, but necessarily adds additional lead time before projects can be secured and announced to the shareholders.

There are no assurances, however, that the Company will be able to identify and implement financing to develop its projects or that it will be able to generate sufficient revenue growth and improvements in working capital.

The Company will have to raise additional working capital through the sale of its Common stock. No assurance can be given that funds will be available from any source when needed by the Company or, if available upon terms and conditions reasonably acceptable to the Company.

The Company is exploring debt and equity financing.

ITEM 7. FINANCIAL STATEMENTS

The information required hereunder is included in this report as set forth on pages 25 - 39.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

On July 8, 2005, the Company appointed the accounting firm of Killman, Murrell & Company P.C. of 3300 N. A Street, Bldg. 4, Suite 200, Midland, Texas 79705 as independent accountants for fiscal 2004. The appointment was recommended by Executive Management and approved by the Board of Directors. The Company's previous independent accountant, Clyde Bailey, P.C., ("Bailey") resigned on July 7, 2005 for health and other reasons.

ITEM 8A. CONTROLS AND PROCEDURES

As required by Rule 13a-15(b), Company's executive management, including the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer, conducted an evaluation as of the end of the period covered by this report, of the effectiveness of the Company's disclosure controls and procedures as defined in Exchange Act Rule 13a-15(e). Based on that evaluation, the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report. As required by Rule 13a-15(d), the Company's executive management, including the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer, also conducted an evaluation of the Company's internal control over financial reporting to determine whether any changes occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. Based on that evaluation, there has been no such change during the period covered by this report.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS

The following table sets forth the directors and executive officers of the Company.

Name	Age	Title
Richard G. Boyce	51	Director - Chief Operating Officer
John A. Brush	50	Director
Charles R. Close	47	Director
Chris A. Dittmar	59	Director - Chief Executive Officer, Corporate Secretary
E. Barger Miller III	66	Director - Chairman of the Board - Resigned 02/24/05
Ernest B. Miller IV	36	Vice President Finance - Resigned 02/28/05
Larry Swift	52	Chief Financial Officer, Assistant Corporate Secretary

At the Annual Shareholder Meeting held on September 12, 2003 the shareholders approved a proposal to establish staggered terms of service for Board of Director members and to increase the number of members of the Board of Directors to five (5). Two (2) members will serve three (3) years: Richard G. Boyce and Chris A. Dittmar. Two (2) members will serve two (2) years: John A. Brush and Charles R. Close. One (1) member will serve one (1) year: E. Barger Miller III. At the Annual Shareholder Meeting held on October 15, 2004 the shareholders reelected E. Barger Miller III to serve a three (3) year term. At the Annual Shareholder Meeting held on October 24, 2005 the shareholders reelected Charles R. Close and John A. Brush to each serve three (3) year terms. Once elected, Directors hold office until their term of service expires or until successors are elected and qualified. Officers serve at the discretion of the Board of Directors. Ernest B. Miller IV is the son of E. Barger Miller III. There are no other family relationships between or among any of the other directors and executive officers of the Company.

See 8-K filed March 2, 2005 Item 5.02. Departure of Directors or Principal Officers noticing the resignations of Chairman and Director E. Barger Miller III and Vice President of Finance Ernest B. Miller IV. Father and son left to pursue other business interests.

BIOGRAPHIES

Richard G. Boyce - Director and Chief Operating Officer - In addition to serving on the Board of Directors of EnDevCo, Inc. Mr. Boyce is also serving as the Chief Operating Officer with responsibility for all activities of the Company. In addition to his activities with the Company, Mr. Boyce maintains an active geological consulting practice in Dallas, Texas.

In 1998, under the auspices of his privately held company, Partners In Exploration, LLC ("PIE"), Mr. Boyce negotiated a Memorandum of Understanding ("MOU") relating to an exploration and production agreement with the Ministry of Oil and Mineral Resources in the Republic of Yemen on the highly competitive Blocks 20 and 42 located adjacent to major oil production. While looking for partners to join his efforts in Yemen, Mr. Boyce, responded to an AIGI press release in July 1999 that indicated that the Company had secured financing for exploration projects in Yemen. That contact resulted in PIE and AIGI signing a 50/50 joint venture agreement in July 1999, to pursue Yemen Block 20. This joint venture arrangement resulted in both companies signing a MOU with the Yemen Ministry of Oil in October 1999, which gave the companies an exclusive right to negotiate a Production Sharing Agreement ("PSA") for Yemen Block 20. Subsequently, Mr. Boyce merged his privately held company with Adair International Oil and Gas, Inc. and he became a substantial shareholder in the Company.

Prior to his involvement with the Company, Mr. Boyce began his career as a geophysicist for The Superior Oil

Company ("Superior") with early training at the Geoscience Laboratory in Houston, Texas. In 1980, Mr. Boyce transferred to Midland, Texas subsequently leaving Superior to work for both Conquest Exploration Inc. and Hunt Oil Company during his ten-year stay in the Permian Basin. In 1991, Mr. Boyce served as the Chief Geophysicist for Hunt Oil Company ("Hunt Oil") based in Dallas, Texas and in 1992 was appointed the Exploration Manager for the Yemen Hunt Oil Company ("Yemen Hunt"), the Operator of the Marib Production Sharing Area in Yemen which daily produces 140,000 barrels of oil. During this time he also served as the Exploration Vice President of the Hunt Oil subsidiaries, Ethiopia Hunt Oil and Jannah Hunt Oil. In addition to managing the daily exploration drilling operations and prospect generation activities, his responsibilities included the negotiation of international contracts, partner relationships, and representation of industry operating groups with foreign governments. Under Mr. Boyce's leadership of the Yemen-Jannah exploration program, several new fields were discovered, resulting in the addition of booked reserves of over 200 million barrels of oil. At Yemen Hunt, Mr. Boyce was responsible for the introduction of the first 3-D seismic program in the Marib Area, resulting in production increases of 50,000 barrels of oil per day. In 1996, Mr. Boyce left Hunt Oil and started Partners In Exploration, LLC, an exploration consulting partnership that provided seismic and geological interpretation services for clients on a worldwide basis.

Mr. Boyce graduated from the Colorado School of Mines in 1978 with a Bachelor of Science degree in Geophysical Engineering and currently maintains active membership in the American Association of Petroleum Geologists, the Society of Exploration Geophysicists and the Association of International Petroleum Negotiators professional organizations. Mr. Boyce is a registered geophysicist licensed by the State of Texas Board of Professional Geoscientists.

John A. Brush - Director - Currently Mr. Brush is employed as a Contract Attorney for CDX Gas Group, LLC located in Dallas, Texas. CDX Gas Group, LLC ("CDX") is a large oil and gas independent company that is a leader in the field of unconventional oil and gas drilling and completion technology and unconventional oil and gas exploration and production.

Prior to joining CDX, Mr. Brush was employed as Senior Contracts Administrator for Computer Sciences Corporation located in Houston, Texas for approximately 4 years. Computer Sciences Corporation ("CSC") is a large information technology corporation that is a leader in the field of outsourcing information technology to a worldwide client base.

Prior to joining CSC, Mr. Brush was in private practice for approximately five years. His clients included large and small oil and gas exploration and production companies, entrepreneurs and foreign government agencies. Earlier, Mr. Brush served as Vice President and General Counsel for Forcenergy Inc. While serving in this capacity, Mr. Brush designed and implemented corporate contract litigation strategies and managed day to day legal issues on a corporate level that included coordination of multiple outside legal firms in a wide variety of cases. In addition, Mr. Brush evaluated government marketing, transportation and royalty regulations that had a significant impact on company operations and profitability. During his tenure at Forcenergy, Mr. Brush coordinated a \$60 million dollar initial public offering ("IPO") of the company's stock and simultaneously coordinated the merger of the company with a privately held independent oil company.

Mr. Brush has extensive experience in business development activities having worked over nineteen years with several premier independent oil and gas companies including Apache Corporation, Hamilton Brothers Oil Co., The Superior Oil Company and Michigan Wisconsin Pipe Line Company. Areas of experience in this environment include dealing with multinational corporations, various U.S. and foreign government agencies and ministries, opposing counsels, co-venturers, insurers and financial institutions. Mr. Brush's legal experience during this time include joint operating agreements, oil and gas exploration concessions, natural gas, oil, sulfur and liquids sales royalties, processing plant agreements, joint bidding agreements, farmout agreements, settlement agreements, public offerings and private financing, risk management including hedging strategies, acquisitions, divestitures and mergers. Mr. Brush, also has extensive experience marketing oil, natural gas, liquids and sulfur in the United States, Asia, Canada and Europe, having been responsible for marketing over 12,500 barrels of crude oil and 120 million cubic feet of gas production daily that generated annual revenues in excess of \$175 million dollars.

In addition to his domestic experience, Mr. Brush's international experience includes review and negotiation of deals in Albania, Aruba, Australia, Bangladesh, Belize, Brazil, Canada, Cameroon, Chile, Croatia, Dagestan, Ecuador,

Egypt, England, Equatorial Guinea, Eritrea, Gabon, Ghana, India, Indonesia, Malaysia, Netherlands, Norway, Peru, Scotland, Suriname, Thailand, Turkey and Venezuela.

John A. Brush graduated from the South Texas College of Law, Houston, Texas with a Juris Doctorate. Mr. Brush completed his undergraduate studies at the University of Michigan, receiving a Bachelor of Arts degree in Political Science. Mr. Brush has been admitted to the State Bar of Texas and is a member of the American Bar Association and the Houston Bar Association. He is also a member of the American Corporate Counsel Association, the American Association of Professional Landmen, the Association of International Petroleum Negotiators, the Natural Gas Association of Houston and New Orleans and the Houston Producers Forum.

Charles R. Close - Director - Mr. Close is the owner of Close & Associates, a Certified Public Accounting practice located in Houston, Texas that specializes in the energy industry. The business activities of Close & Associates focus on tax financial reporting issues, federal and state tax planning and compliance, transaction analysis and support, and federal and state audit support for several large public independent oil and gas companies and drilling and oilfield service companies. Close & Associates also provides full financial support for a privately owned energy service company, including the oversight and preparation of the daily accounting operations, preparation of the monthly financial package, preparation of annual operating budgets, and management of working capital. Other management duties include business development, contract negotiations, and strategic planning.

Prior to starting Close & Associates in 1993, Mr. Close enjoyed a successful tenure at Price Waterhouse in Texas. During his time at Price Waterhouse, Mr. Close advanced from the position of Staff Accountant through the positions of Consultant, Manager and ultimately served as the Senior Tax Manager in the Petroleum Industry Services Group. Responsibilities included tax planning, consultation and compliance for large oil and gas exploration and production companies and for a wide variety of oil field service companies.

Mr. Close graduated from the University of Texas in 1980 with a Bachelor's Degree of Business Administration (Accounting) and is a Certified Public Accountant. He is an active member of the American Institute of Certified Public Accountants and the Texas Society of Certified Public Accountants.

Chris A. Dittmar - Director, Chief Executive Officer and Corporate Secretary - In addition to serving on the Board of Directors, Mr. Dittmar is currently serving as Chief Executive Officer and Corporate Secretary of EnDevCo, Inc. Mr. Dittmar is also the Chief Executive Officer of Alliance Energy Corporation. Alliance is a privately held corporation currently engaged in oil and gas exploration and production activities, and power development on an international basis.

Mr. Dittmar was the Chairman, President and CEO of Xavier Corporation from 1993-1997. Xavier was an independent exploration and production corporation principally engaged in the acquisition and development of natural resources in the Former Soviet Union ("FSU"). It entered into joint ventures and technical service agreements with Russian entities for the exclusive exploration, development, production, processing and marketing of oil and gas reserves in excess of two billion barrels. While with Xavier, Mr. Dittmar developed the corporate business plan and raised \$100 million dollars of equity and debt equity financing for its implementation. Mr. Dittmar also has extensive experience recruiting and managing senior management teams required to implement large-scale international operations.

Prior to 1993, Mr. Dittmar operated a private investment entity for family oil and gas investments and has held previous positions as Assistant Controller for Occidental Chemical Company and Audit Manager for Occidental Petroleum Corporation as well as a Senior Accountant at Aluminum Company of America.

Mr. Dittmar graduated from Cleveland State University, Cleveland, Ohio with a Juris Doctor. Mr. Dittmar completed his undergraduate studies at Iowa State University graduating with a Bachelor of Science in Economics and Finance. He is an active member in the Association of International Petroleum Negotiators and the Houston World Affairs Council.

Larry Swift - Chief Financial Officer and Assistant Corporate Secretary - Mr. Swift is currently serving as Chief Financial Officer and Assistant Corporate Secretary of EnDevCo, Inc. Mr. Swift came to work at EnDevCo, Inc. in October 2000 as Assistant Controller and became Controller in August 2002. Mr. Swift became Chief Financial Officer in September 2003.

Prior to working at EnDevCo, Inc., Mr. Swift worked in public accounting for 9 years primarily doing tax work. Mr. Swift has also held positions as Internal Auditor for Harris County Texas, Field Tax Auditor for the State of Hawaii and Agent for the Nevada Gaming Control Board in Las Vegas, Nevada.

Mr. Swift graduated from Texas Tech with a Master of Science in Accounting in Tax and from the University of Nevada at Reno with a Bachelor of Science in Accounting. Mr. Swift is a Certified Public Accountant.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Richard G. Boyce, John A. Brush, Charles R. Close, Chris A. Dittmar and Larry Swift all filed FORM 5 reports during 2006 concerning receipt of Preferred stock as compensation from the Company.

ITEM 10. EXECUTIVE COMPENSATION

DIRECTOR COMPENSATION

Beginning in August 2002, Director's annual compensation has been set at \$30,000, such compensation to be payable with Preferred stock.

EXECUTIVE COMPENSATION

Executives have no 401(k) or retirement plan through the Company.

The following table reflects executive officer compensation for services to the Company for the year ended December 31, 2005.

SUMMARY COMPENSATION TABLE								
ANNUAL COMPENSATION					LONG TERM COMPENSATION			
NAME/POSITION	YEAR	SALARY	BONUS	TOTAL	RESTRICTED STOCK	SECURITIES	LTIP	OTHER
				CMPSN	AWARDS	OPTIONS/SARS	PAYOUTS	
Richard G. Boyce / COO	2005	\$240,000 (1)	----	\$240,000				
	2004	\$240,000 (1)	----	\$240,000	----	----	----	----
	2003	\$240,000 (1)	----	\$240,000	----	----	----	----
Chris A. Dittmar / CEO	2005	\$240,000 (1)		\$240,000				
	2004	\$240,000 (1)	----	\$240,000	----	----	----	----
	2003	\$240,000 (1)	----	\$240,000	----	----	----	----
Ernest B. Miller IV / Vice President Finance	2005	\$30,000 (2)	----	\$30,000	----	----	----	----
	2004	\$105,000 (3)	----	\$105,000	----	----	----	----
	2003	-----	----	-----	----	----	----	----
Larry Swift / CFO	2005	\$144,000 (4)	----	\$144,000	----	----	----	----
	2004	\$144,000 (5)	----	\$144,000	----	----	----	----
	2003	\$144,000 (5)	----	\$144,000	----	----	----	----

(1) 2005, 2004 and 2003 Salary paid in-kind with 240,000 shares of Preferred stock for Mr. Boyce and Mr. Dittmar.

(2) 2005 Salary paid in-kind with 30,000 shares of Preferred stock for Mr. Miller, which represents amount for employment during the first two months of the year.

(3) 2004 Salary paid in-kind with 105,000 shares of Preferred stock for Mr. Miller, which represents amount for seven months of employment beginning June 1, 2004 through December 31, 2004.

(4) 2005 Salary paid in-kind with 139,500 shares of Preferred stock and \$4,500 in cash for Mr. Swift.

(5) 2004 and 2003 Salary paid in-kind with 144,000 shares of Preferred stock for Mr. Swift.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information as of February 28, 2006 with respect to the beneficial ownership of shares of Common stock by (i) each person who is known to the Company to beneficially own more than 5% of the outstanding shares of Common stock, (ii) each director of the Company, (iii) each officer of the Company and (iv) all officers and directors of the Company as a group. Unless otherwise indicated, each stockholder has sole voting and investment power with respect to the shares shown.

Title of Class	Name and Address* of Beneficial Owner	Amount and Nature of Beneficial Owner	Percent of Class
Common Stock	Richard G. Boyce - Director, Chief Operating Officer	3,067,541	1.43%
Common Stock	John A. Brush - Director	None	0.0%
Common Stock	Charles R. Close - Director	None	0.0%
Common Stock	Chris A. Dittmar - Director, Chief Executive Officer	None	0.0%
Common Stock	E. Barger Miller III - Director, Chairman of the Board	None	0.0%
Common Stock	Ernest B. Miller IV - Vice President of Finance	25,000	0.01%
Common Stock	Larry Swift - Chief Financial Officer	None	0.0%

* The address for all Officers and Directors is 2425 Fountainview Drive, Suite 215, Houston, TX 77057.

All Officers and Directors of the Company as a group hold 3,092,541 shares of Common stock, which represents 1.44% of the total outstanding shares of Common stock. As of the date of this report, the Company knows of no arrangement or understanding that will result in a change of control within the Company.

The following table sets forth certain information as of February 28, 2006, with respect to the beneficial ownership of shares of Preferred stock by (i) each person who is known to the Company to beneficially own more than 5% of the outstanding shares of Preferred stock, (ii) each director of the Company, (iii) each officer of the Company and (iv) all officers and directors of the Company as a group. Unless otherwise indicated, each stockholder has sole voting and investment power with respect to the shares shown.

Title of Class	Name and Address* of Beneficial Owner	Amount and Nature of Beneficial Owner	Percent of Class
Preferred Stock	Richard G. Boyce - Director, Chief Operating Officer	922,500	15.15%
Preferred Stock	John A. Brush - Director	102,500	1.68%
Preferred Stock	Charles R. Close - Director	102,500	1.68%
Preferred Stock	Chris A. Dittmar - Director, Chief Executive Officer	890,000	14.61%
Preferred Stock	E. Barger Miller III - Director, Chairman of the Board	45,000	0.74%
Preferred Stock	Ernest B. Miller IV - Vice President of Finance	135,000	2.22%
Preferred Stock	Larry Swift - Chief Financial Officer	487,500	8.00%

* The address for all Officers and Directors is 2425 Fountainview Drive, Suite 215, Houston, TX 77057.

All Officers and Directors of the Company as a group hold 2,685,000 shares of Preferred stock, which represents 44.09% of the total outstanding shares of Preferred stock. As of the date of this report, the Company knows of no arrangement or understanding that will result in a change of control within the Company.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Board of Directors of the Company has adopted a policy that Company affairs will be conducted in all respects by standards applicable to publicly-held corporations and that the Company will not enter into loans between the Company and its officers or directors.

On December 9, 2002 the Company entered into a contract with Mirando Energy Corporation, a related party managed by Campbell Evans, to provide a line of credit. Mirando received 28,536 preferred shares during 2005 for payment of Company obligations. As of December 31, 2005, Mirando Energy Corporation owned 118,126 preferred shares, which is 1.94% of class. See Note 3 to the financial statements at page 33.

On September 25, 2003 the Company entered into a contract with Harvest Production Company, LLC, a related party managed by Campbell Evans, to acquire an option to participate in the acquisition and processing of 101 kilometers of 2D seismic, and a continuing option to participate on a joint venture basis in wells to be drilled after the interpretation of that seismic on the Rio Magdalena Association Contract comprising 58,546 hectares (144,600 acres) situated in the Upper Magdalena River region of Colombia.

On December 28, 2003 the Company entered into a contract with Pine Curtain Production Company, LLC, a related party managed by Campbell Evans to acquire an option to participate in an undivided interest of 50% in Eugene Island Block 294 and Chandeleur Block 14.

On June 7, 2004 (\$400,000), August 10, 2004 (\$950,000) and November 2, 2005 (\$500,000) the Company entered into these Notes Payable and received a total of \$1,950,000 from OCE Partners, LLC; OCE Interests, LLC; and OCE Advisors, LLC. See Note 11 to the financial statements at page 43. These entities are related parties managed by Campbell Evans. As of March 10, 2006 Chris A. Dittmar is the sole member of OCE Advisors, LLC.

On January 01, 2006 the Company entered into a farm-in agreement with BT Operating Co., a related party managed by Campbell Evans, wherein the Company will participate in the drilling and completion of four wells in Eugene Island Block 294 and/or Chandeleur Block 14 to earn a 50% working interest in each block.

As of April 11, 2006, Open Choke Energy Partners No. 1, LP and Chris A. Dittmar contributed \$3,000,000 in equity to EnDevCo Eureka, LLC in order for EnDevCo Eureka to complete its purchase of the Short Junction Field in Oklahoma. EnDevCo Eureka is owned 55% by EnDevCo, Inc., 30% by Open Choke Energy Partners and 15% by Chris A. Dittmar. Open Choke Energy Partners is a related party managed by Campbell Evans. The purchase of the Short Junction Field was completed April 13, 2006.

ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K

1. Exhibits:

See Index to Exhibits beginning on page 40 of this report.

2. On July 7, 2005, Clyde Bailey P.C., the Company's independent accountant resigned for health and other reasons. On July 8, 2005, the Company appointed Killman, Murrell & Company P.C. as accountants for Fiscal 2004. See registrant's Form 8K filed on July 12, 2005.

3. The following table details the events reported in Fiscal 2005 by the Company on Form 8-K. Each filing is incorporated herein by reference.

Filing Date	Description
02/16/2005	Item 8.01 Other Events - Settlement with John W. Adair, Jalal Alghani, Vivian Quintero
03/02/2005	Item 5.02 Departure of Principal Officers - Chairman and VP Finance resignations
07/11/2005	Item 8.01 Other Events - Jackson & Rhodes and US Stock Transfer settlements
07/12/2005	Item 4.01 Change in Accountants - Killman, Murrell and Co PC Appointed
10/28/2005	Item 5.02 Election of Directors - Charles R. Close and John A. Brush reelected to 3 year terms
10/28/2005	Item 8.01 Other Events - Ratification of Appointment of Independent Accountants
11/03/2005	Item 8.01 Other Events - EnDevCo Buys Oil and Gas Production
11/28/2005	Item 8.01 Other Events - EnDevCo Acquires Interest in Offshore Production Potential

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information relating to principal accountant fees and services is set forth under the caption "Directors' Proposal to ratify selection of Independent Public Account" on page 11 of the Company's 2005 proxy Statement. Such information is incorporated into this report by reference.

SIGNATURES

In accordance with the requirements of Section 13 of 15(d) of the Exchange Act, the Registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on March 31, 2006.

EnDevCo, Inc.

CHRIS A. DITTMAR

CHRIS A. DITTMAR
CHIEF EXECUTIVE OFFICER AND DIRECTOR

Pursuant to the requirements of the Exchange Act, this report has been signed below by the following persons in the capacities and on the dates indicated:

<u>RICHARD G. BOYCE</u>	<u>JOHN A. BRUSH</u>	<u>CHARLES R. CLOSE</u>
RICHARD G. BOYCE	JOHN A. BRUSH	CHARLES R. CLOSE
CHIEF OPERATING OFFICER AND DIRECTOR	DIRECTOR	DIRECTOR
March 31, 2006	March 31, 2006	March 31, 2006

<u>CHRIS A. DITTMAR</u>	<u>LARRY SWIFT</u>
CHRIS A. DITTMAR	LARRY SWIFT
CHIEF EXECUTIVE OFFICER AND DIRECTOR	CHIEF FINANCIAL OFFICER
March 31, 2006	March 31, 2006

FINANCIAL STATEMENTS
(RE: PART II. ITEM 7)

EnDevCo, Inc. and Subsidiaries
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DECEMBER 31, 2005

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
EnDevCo, Inc.
Houston, Texas

We have audited the accompanying consolidated balance sheet of EnDevCo, Inc. and Subsidiaries (the "Company") as of December 31, 2005, and the related consolidated statements of operations, changes in stockholders' deficit and cash flows for the years ended December 31, 2005 and 2004. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of EnDevCo, Inc. and Subsidiaries as of December 31, 2005, and the consolidated results of their operations and their cash flows for the years ended December 31, 2005 and 2004, in conformity with United States generally accepted accounting principles.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 9 to the consolidated financial statements, the Company has suffered recurring losses from operations, has limited capital resources and the need to raise substantial amounts of money to develop the oil and gas leases currently owned raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are described in Note 9. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/Killman, Murrell & Company, P.C.
KILLMAN, MURRELL & COMPANY, P.C.
Odessa, Texas
March 31, 2006

EnDevCo, Inc. and Subsidiaries
Consolidated Balance Sheet
As of December 31, 2005

ASSETS

Current Assets

Cash	\$ 11,709	
Prepaid expense	609	
Total Current Assets		\$ 12,318

Property and Equipment

Oil and gas properties and equipment under full cost method		2,867,101
Total Assets		\$ 2,879,419

LIABILITIES

Current Liabilities

Accounts payable	\$ 2,554,335	
Accrued interest	96,154	
Taxes payable	225,908	
Accrued expenses	93,435	
Total Current Liabilities		\$ 2,969,832

Non-current Liabilities

Notes payable - related party		1,863,224
Total Liabilities		\$ 4,833,056

STOCKHOLDERS' DEFICIT

"Series A" Convertible Preferred Stock

10,000,000 shares authorized, \$0.01 par value,		
6,090,020 shares outstanding	60,901	

Common Stock

500,000,000 shares authorized, without par value,		
214,059,750 shares outstanding	36,625,552	
Additional Paid in Capital	6,029,120	
Retained Deficit	(44,669,210)	
Total Stockholders' Deficit		(1,953,637)
Total Liabilities and Stockholders' Deficit		\$ 2,879,419

The accompanying notes are integral part of the consolidated financial statements.

EnDevCo, Inc. and Subsidiaries
Consolidated Statements of Operations

	Years Ended December 31,	
	2005	2004
<u>Revenues</u>		
Consulting fees	\$ --	\$ --
Other revenue	713	--
Total Revenues	713	--
 <u>Cost of Revenues</u>		
Subcontractors	--	120,227
Gross Profit	--	(120,227)
 <u>Costs and Expenses</u>		
General and administrative	179,317	3,710,945
Salaries and wages	827,000	951,000
Shareholder services	15,429	29,942
Loss on abandonment of assets	--	1,350,000
Total Expenses	1,021,746	6,041,887
 Net loss from operations	\$ (1,021,033)	\$ (6,162,114)
 <u>Other Income and Expenses</u>		
Interest and other income	--	1007
Lawsuit settlement, net of \$412,321 in expenses	452,679	--
Interest expense	(133,029)	(99,243)
 Total Other Income (Expenses)	319,650	(98,236)
Net Loss	\$ (701,383)	\$ (6,260,350)
 Basic and Diluted Loss Per Common Share	\$ (0.00)	\$ (0.04)
Weighted Average Number of Common Shares		
Used in Basic and Diluted Loss Per Share Calculations	202,444,365	172,538,462

The accompanying notes are integral part of the consolidated financial statements.

EnDevCo, Inc. and Subsidiaries
Consolidated Statements of Changes in Shareholders' Deficit
For the Years Ended December 31, 2005 and 2004

	Preferred Stock		Common Stock		Additional Paid-In-Capital	Retained Earnings	Stockholders' Equity
	Shares	Amount	Shares	Amount			
Balance, December 31, 2003	4,150,495	\$ 41,505	150,000,000	\$ 33,228,461	\$ 4,108,990	\$ (37,707,477)	\$ (328,521)
Issuances of Preferred Shares:							
For Salaries and Directors' Fees	951,000	9,510			941,490		951,000
For Company Obligations	137,489	1,375			136,114		137,489
Issuance of Common Shares:							
For Company Obligations			47,000,000	3,077,500			3,077,500
Net (Loss)						(6,260,350)	(6,260,350)
Balance, December 31, 2004	5,238,984	\$ 52,390	197,000,000	\$ 36,305,961	\$ 5,186,594	\$ (43,967,827)	\$ (2,422,882)
Issuances of preferred shares:							
For Salaries and Directors Fees	822,500	8,225			814,275		822,500
For Company Obligations	28,536	286			28,251		28,537
Issuance of Common Shares:							
For Investment			15,000,000	285,000			285,000
For Company Obligations			2,059,750	34,591			34,591
Net (Loss)						(701,383)	(701,383)
Balance, December 31, 2005	6,090,020	\$ 60,901	214,059,750	\$ 36,625,552	\$ 6,029,120	\$ (44,669,210)	\$ (1,953,637)

The accompanying notes are integral part of the consolidated financial statements.

EnDevCo, Inc. and Subsidiaries
Consolidated Statements of Cash Flows

	Years Ended December 31,	
	2005	2004
<u>Cash flows from operating activities:</u>		
Net loss	\$ (701,383)	\$ (6,260,350)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Issuance of stock for expenses	854,628	3,214,989
Issuance of stock for consulting	31,000	951,000
Changes in assets and liabilities		
Accounts receivable	--	527,080
Investment account	--	705,812
Prepaid expenses	(609)	2,364
Unearned revenue	--	(527,080)
Accounts payable	(27,498)	514,231
Taxes payable	23,387	39,788
Accrued interest	46,325	49,829
Accrued expenses	(145,638)	213,741
Net cash provided (used) in operating activities	\$ 80,212	\$ (568,596)
<u>Cash flows from investing activities:</u>		
Purchase of oil and gas property	(532,101)	--
Pledged investment account	--	--
Net cash used by investing activities	\$ (532,101)	\$ --
<u>Cash flows from financing activities:</u>		
Reduction in notes payable	(36,776)	(781,458)
Increase in notes payable	500,000	1,350,000
Net cash provided by financing activities	\$ 463,224	\$ 568,542
Net increase (decrease) in cash	11,335	(54)
Cash and cash equivalents		
Cash Balance, Begin Period	374	428
Cash Balance, End Period	\$ 11,709	\$ 374
Supplemental Cash Flow information		
Cash paid for interest	63,318	--
Cash paid for income taxes	--	--
Stock issued for oil and gas leases	\$ 285,000	
Stock issued for services	\$ 885,628	
Note payable	\$ 50,000	\$ 4,165,989

The accompanying notes are integral part of the consolidated financial statements.

EnDevCo, Inc. and Subsidiaries
Notes To Consolidated Financial Statements
December 31, 2005

NOTE 1 - Summary of Significant Accounting Policies

Basis of Presentation -- EnDevCo, Inc. (formerly Adair International Oil and Gas, Inc.) was incorporated under the laws of the State of Texas on November 7, 1980. On September 30, 2003, the Company filed a "Restated" Articles of Incorporation with the Secretary of State of the State of Texas to change its name from Adair International Oil and Gas, Inc. to EnDevCo, Inc.

Principles of Consolidation -- The consolidated financial statements include the accounts of EnDevCo, Inc. and its wholly owned subsidiaries, EnDevCo Minerals, Inc., EnDevCo Refining Corporation, Superior Stock Transfer, Inc., EnDevCo Eureka, LLC, Africa Energy Group, Inc. and Adair Colombia Oil and Gas, S.A. (the "Company") All material inter-Company balances and transactions have been eliminated in consolidation. All subsidiaries except Superior Stock Transfer, Inc. (the Company's transfer agent) were inactive at December 31, 2005 and 2004.

Cash and cash equivalents -- The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Fair value of financial instruments - Management estimates that the carrying value of financial instruments reported in the financial statements approximates their fair values.

Reclassifications - Certain reclassifications were made to the 2005 financial statement presentation in order to conform to the 2004 financial statement presentation.

Oil and Gas Properties -- The Company follows the full cost method of accounting for its oil and gas properties. Accordingly, all costs associated with acquisition, exploration and development of oil and gas reserves, including directly related overhead costs, are capitalized. All capitalized costs of oil and gas properties, including the estimated future costs to develop proved reserves, are amortized on the unit-of-production method using estimates of proved reserves. Depletion of oil and gas properties is computed using all capitalized costs and estimated future development and abandonment costs, exclusive of oil and gas properties not yet evaluated, on a unit of production method based on estimated proved reserves.

No depreciation and amortization was expensed for the years ending December 31, 2005 and 2004.

Income Taxes -- The Company accounts for income taxes pursuant to the asset and liability method of computing deferred income taxes. Deferred tax assets and liabilities are established for the temporary differences between the financial reporting bases and the tax bases of the Company's assets and liabilities at enacted tax rates expected to be in effect when such amounts are realized or settled. When necessary, valuation allowances are established to reduce deferred tax assets to the amount expected to be realized.

Loss Per Share -- Basic loss per share is computed by dividing the loss by the weighted average number of common shares outstanding.

Diluted loss per share is computed using the weighted average number of common shares and the dilutive securities outstanding. Dilutive securities having an anti-dilutive effect on diluted loss per share are excluded from the calculation.

Use of Estimates -- Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

EnDevCo, Inc. and Subsidiaries
Notes To Consolidated Financial Statements
December 31, 2005

NOTE 1 - Summary of Significant Accounting Policies (cont)

Long-Lived Assets - The Company routinely evaluates the carrying value of its long-lived assets. The company records impairment losses when events or circumstances indicate that a long-lived asset's carrying value may not be recovered. The Company recognized impairment loss of \$1,350,000 during the year ended December 31, 2004 in connection with leases it had acquired and was unable to fund or develop.

Newly issued accounting pronouncements - In November 2004, the FASB issued SFAS No. 151, Inventory Costs. SFAS No. 151 is an amendment of Accounting Research Bulletin ("ARB") No. 43, chapter 4, paragraph 5 that deals with inventory pricing. SFAS No. 151 clarifies the accounting for abnormal amounts of idle facility expenses, freight, handling costs and spoilage.

Under previous guidance, paragraph 5 of ARB No. 43, chapter 4, items such as idle facility expense, excessive spoilage, double freight, and re-handling costs might be considered to be so abnormal, under certain circumstances, as to require treatment as current period charges. This Statement eliminates the criterion of "so abnormal" and requires that those items be recognized as current period charges. Also, SFAS No. 151 requires that allocation of fixed production overheads to the cost of conversion be based on the normal capacity of the production facilities. SFAS No. 151 is effective for fiscal years beginning after June 15, 2005. The Company is analyzing the requirements of SFAS No. 151 and believes that its adoption will not have any significant impact on the Company's financial position, results of operations or cash flows.

In December 2004, the FASB issued SFAS No. 123R, Share-Based Payment. SFAS No. 123R is a revision of SFAS No. 123, Accounting for Stock-Based Compensation, and supersedes APB 25. Among other items, SFAS No. 123R eliminates the use of APB 25 and the intrinsic value method of accounting and requires companies to recognize the cost of employee services received in exchange for awards of equity instruments, based on the grant date fair value of those awards in the financial statements.

NOTE 2 - Oil & Gas Operations

Gulf of Mexico - The Company has entered into a farm-in agreement with BT Operating Co. wherein the Company will participate in the drilling and completion of four wells in Eugene Island Block 294 and/or Chandeleur Block 14 to earn a 50% working interest in each block prior to December 31, 2007.

The Company has also entered into a farm-in agreement with Noble Energy, Inc., Mariner Energy, Inc., and Entech Enterprises, Inc. which grants the Company an assignment of their operating rights down to a depth of 12,600 feet upon the initial commercial completion of the "OC" pay sand. Open Choke Energy, LLC has a 67% interest in the farm-in agreement and EnDevCo has the remaining 33% interest.

The Company has designated Open Choke as the project Operator who will re-enter the existing East Cameron 71-7 well and attempt to complete the "OC" pay sand. In the event that this re-entry is not successful, EnDevCo has the right to drill a replacement well to test the "OC" pay sand within a reasonable time frame.

Pursuant to a joint participation agreement between EnDevCo and Open Choke, the Company will have access to the production platforms on East Cameron Block 71/72 Field which are equipped with all necessary production facilities and pipelines to support increased oil and gas production resulting from drilling and completing new wells.

Upper Magdalena River Region, Colombia - On September 25, 2003, the Company purchased from Harvest Production Company, LLC an option to participate in the acquisition and processing of 101 kilometers of 2D seismic, and a continuing option to participate on a joint venture basis in wells to be drilled after the interpretation of

EnDevCo, Inc. and Subsidiaries
Notes To Consolidated Financial Statements
December 31, 2005

NOTE 2 - Oil & Gas Operations (cont)

that seismic on their Rio Magdalena Association Contract comprising 58,546 hectares (144,600 acres) situated in the Upper Magdalena River region of Colombia. On June 25, 2005 the Company acquired an option from Harvest Production Company, LLC to purchase 50% of seller's interest in the assets covered by the September 25, 2003 option, proven undeveloped reserves in the block and seller's proprietary data previously acquired over the lease acreage described above, in consideration of the Company securing financing for development. This option expires June 30, 2007.

Cleveland County, Oklahoma - On April 13, 2006, the Company has acquired a 98.712% working interest with a 76.9954% net revenue interest in the West Short Junction Unit and a 100% working interest with a 78% net revenue interest in the Central Short Junction Unit hereinafter referred to as the ("Short Junction Field and/or the Field") located in Oklahoma City, Oklahoma through its subsidiary EnDevCo Eureka, LLC for a purchase price of \$11.5 million. EnDevCo Eureka is owned 55% by its parent EnDevCo, Inc. and 45% by private investors who are related parties. These investors contributed \$3.0 million in equity to enable EnDevCo to consummate the transaction. EnDevCo Eureka, LLC, managed by EnDevCo personnel, will be the Operator for the project with an acquisition date of January 01, 2006.

The 12,000 acre leasehold is fully unitized and is comprised of 19 active wells that are currently producing 100 barrels of oil per day from the Hunton limestone reservoir and 300 mcf of gas per day from the Red Fork sand reservoir. The purchase includes a total of 270 well bores of which approximately 40 will ultimately be reactivated and includes full ownership rights to a field wide gas pipeline and gathering system that offers two independent taps to the interstate gas transmission system.

Short Junction Field was originally developed by Conoco using vertical wells drilled on a 40 acre well spacing, resulting in oil and gas production from 270 active wells within the 12,000 acre leasehold. The Field currently contains 31 unplugged well bores of which 19 are currently active. EnDevCo plans an aggressive workover and recompletion program prior to December 31, 2006 which should significantly increase the daily production.

Historically the primary zone of interest has remained the Hunton formation for oil production. However, above the Hunton, the Bartlesville, Prue, Red Fork and Skinner Sandstones along with the Pink Lime zones are present and most are indicated as productive based on well log analysis.

Current bottom hole pressures recently measured in the Hunton indicate that formation pressure today is essentially the same as when the Field was originally placed on production. This unique characteristic occurs as a result of the fact that Conoco instituted a water flood pressure maintenance program in the early stages of developing the field. As a result of this pressure maintenance, the original gas cap in the Hunton reservoir has never been produced.

EnDevCo plans to implement a 3D seismic program over the leasehold later this year in order to pursue an aggressive horizontal drilling program in the Hunton formation to increase oil and gas production from that reservoir and to develop identified shallow gas sand reservoirs indicated on the subsurface well control.

NOTE 3 - Non-monetary Stock Transactions

Included in the Company's consolidated statement of operations for the periods ended December 31, 2005 and December 31, 2004 were expenses that were paid with Company stock. The Company issued stock in lieu of cash in transactions summarized as follows for the year ended December 31, 2005 and 2004. The preferred shares issued for other obligations during 2005 and 2004 were issued to Mirando Energy Corporation, a related party managed by Campbell Evans. See Item 12 Certain Relationships and Related Transactions at page 22 and Note 11 to these financial statements at page 39.

EnDevCo, Inc. and Subsidiaries
Notes To Consolidated Financial Statements
December 31, 2005

NOTE 3 - Non-monetary Stock Transactions (cont)

	December 31, 2005			December 31, 2004		
	Common	Preferred	Value	Common	Preferred	Value
For Salaries	--	822,500	\$ 822,500	--	951,000	\$ 951,000
Other Obligations	2,059,750	28,536	\$ 63,128	47,000,000	137,489	\$ 3,214,989
Investment	15,000,000	--	\$ 285,000	--	--	--
Total	17,059,750	851,036	\$ 1,170,628	47,000,000	1,088,489	\$ 4,165,989

NOTE 4 - Revenues

The Company recognized \$713 of revenue for a farmout agreement payment.

NOTE 5 - Preferred Stock

The Board of Directors passed a Corporate Resolution that reads, "Pursuant to and in accordance with Article 2.13 of the Texas Business Corporation Act of the State of Texas the Company does hereby certify that, pursuant to the authority conferred on the Board of Directors by the Articles of Incorporation of the Corporation, and pursuant and in accordance with Article 2.13 of the Texas Business Corporation Act of the State of Texas, said Board of Directors, pursuant to unanimous written consent dated December 9, 2002, duly adopted a resolution providing for the authorization and issuance of 5,000,000 shares of "Series A" Convertible Preferred Stock, \$0.01 par value per share (the "Series A" Preferred Stock). At the annual shareholders meeting held on October 15, 2004, the shareholders approved an increase in the total number of authorized "Series A" convertible preferred shares with a \$0.01 par value to 10,000,000. As of December 31, 2005 and 2004 there were 6,090,020 and 5,238,984 shares outstanding respectively.

Each share of "Series A" Preferred Stock outstanding shall at the sole election of the holder be converted into fully paid and non-assessable shares of Common Stock of the Corporation at a conversion rate of 1,000 shares of Common Stock for each share of "Series A" Preferred Stock. The holders of the issued and outstanding shares of Preferred Stock shall have the equivalent of 1,000 Common Stock votes for each share of "Series A" Preferred Stock.

If all preferred shareholders wanted to convert, the Company would execute a reverse stock split which has already been approved by the shareholders at the annual general shareholders meeting held on October 15, 2004.

During the year ended December 31, 2005 a total of 851,036 shares of preferred stock was issued and recorded at the rate of \$1.00 per share as approved by the Board of Directors. The shares were issued for salaries and directors' fees and other Company obligations.

NOTE 6 - Commitments and Contingencies

Legal Proceedings for the Year Ended December 31, 2005:

As of December 31, 2005, the law firm of Ware, Jackson, Lee & Chambers, L.L.P. ("WJLC"), along with the law

EnDevCo, Inc. and Subsidiaries
Notes To Consolidated Financial Statements
December 31, 2005

NOTE 6 - Commitments and Contingencies (cont)

firm of G. Wesley Urquhart, P.C., were and remain the attorneys of record for the Company in a case styled: Cause No: 2001-63909; *Adair International Oil & Gas, Inc., et al. v. Chase Mellon Shareholder Services, Inc., et al.*

The Company's original claims in this lawsuit against John W. Adair ("Adair"), Jalal Alghani ("Alghani") and Vivian Quintero ("Quintero") involved allegations of fraud, conspiracy, and breach of fiduciary duties owed to the Company by Adair and Alghani while they were officers and directors of the Company. The Company's claims against Quintero involved allegations of fraud, conspiracy, and breach of fiduciary duties while she was employed by the Company as office manager and personal assistant to Adair during the time he served as Chairman of the AIGI Board of Directors. The Company has settled each of the above-mentioned claims against Adair, Alghani, and Quintero.

In June 2003, the Company sued, and thus, added certain stock transfer agents, brokerage firms, and auditing firms to the lawsuit. These transfer agents, brokerage firms and auditing firms are currently the only remaining defendants in this lawsuit of which the Company's claims include negligence, gross negligence, fraud, conspiracy, and breach of fiduciary duty. The Company settled its claims in mediation against (1) auditor, Jackson & Rhodes, and (1) transfer agent, U.S. Stock Transfer Corp.

The Company settled its claims against the remaining Defendants, which were (3) auditors, Malone & Bailey, Jack Sisk & Company, Braden Bennick, Goldstein, Gazaway & Company; (2) transfer agents, Chase & Mellon Shareholder Services, Inc. and Mellon Investor Services, LLC and (2) stockbroker firms, Union Securities Ltd. and Merrill Lynch after mediation, but before trial.

The Company has settled with all defendants and will receive any additional settlement proceeds prior to May 31, 2006. No further litigation with any party regarding this case is anticipated at this time.

The Company is a party to various claims, but is not a party to any other litigation at this time. Although no assurances can be given, the Company believes based on its experience to date, that the ultimate resolution of such items, individually or in the aggregate, would not have a material adverse impact on the Company's financial position or results of operations.

Concentrations

The Company maintains a cash balance at a financial institution. At certain times, the Company's cash balances exceed the federally insured amounts. The Company has not experienced losses relating to its cash.

The Company's current and contemplated activities are in the areas of oil and gas exploration and production, and power generation. Federal, state and local laws and regulations have been enacted regulating these activities. Moreover, "toxic tort" litigation has increased markedly in recent years as persons allegedly injured by chemical contamination seek recovery for personal injuries or property damage. These legal developments present a risk of liability should the Company be deemed to be responsible for contamination or pollution. There can be no assurance that the Company's policy of establishing and implementing proper procedures for complying with environmental regulations will be effective at preventing the Company from incurring a substantial environmental liability. If the Company were to incur a substantial uninsured liability for environmental damage, its financial condition could be materially adversely affected.

EnDevCo, Inc. and Subsidiaries
Notes To Consolidated Financial Statements
December 31, 2005

NOTE 7 - Supplemental Oil and Gas Information (Unaudited)

Costs Incurred and Capitalized Costs in Oil and Gas Producing Activities are as follows:

Description	Harvest	Pine Curtain	Sicily	Short Junction	Total
Total, December 31, 2003	\$ 1,000,000	\$ 1,000,000	\$ --	\$ --	\$ 2,000,000
Oil and Gas Properties	\$ 1,000,000	\$ 1,000,000	\$ 1,350,000	--	\$ 3,350,000
Less Accumulated Depr/Depl	--	--	--	--	--
Loss on Abandonment			(1,350,000)	--	(1,350,000)
Total, December 31, 2004	\$ 1,000,000	\$ 1,000,000	\$ --	\$ --	\$ 2,000,000
Oil and Gas Properties	\$ 1,000,000	\$ 1,000,000	\$ --	\$ 867,101	\$ 2,867,101
Less Accumulated Depr/Depl	--	--	--	--	--
Total, December 31, 2005	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ --</u>	<u>\$ 867,101</u>	<u>\$ 2,867,101</u>

Gulf of Mexico - The Company has entered into a farm-in agreement with BT Operating Co. wherein the Company will participate in the drilling and completion of four wells in Eugene Island Block 294 and/or Chandeleur Block 14 to earn a 50% working interest in each block prior to December 31, 2007.

The Company has also entered into a farm-in agreement with Noble Energy, Inc., Mariner Energy, Inc., and Entech Enterprises, Inc. which grants the Company an assignment of their operating rights down to a depth of 12,600 feet upon the initial commercial completion of the "OC" pay sand. Open Choke Energy, LLC has a 67% interest in the farm-in agreement and EnDevCo has the remaining 33% interest.

The Company has designated Open Choke as the project Operator who will re-enter the existing East Cameron 71-7 well and attempt to complete the "OC" pay sand. In the event that this re-entry is not successful, EnDevCo has the right to drill a replacement well to test the "OC" pay sand within a reasonable time frame.

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Upper Magdalena River Region, Colombia - On September 25, 2003, the Company purchased from Harvest Production Company, LLC an option to participate in the acquisition and processing of 101 kilometers of 2D seismic, and a continuing option to participate on a joint venture basis in wells to be drilled after the interpretation of that seismic on their Rio Magdalena Association Contract comprising 58,546 hectares (144,600 acres) situated in the Upper Magdalena River region of Colombia. On June 25, 2005 the Company acquired an option from Harvest Production Company, LLC to purchase 50% of seller's interest in the assets covered by the September 25, 2003

EnDevCo, Inc. and Subsidiaries
Notes To Consolidated Financial Statements
December 31, 2005

NOTE 7 - Supplemental Oil and Gas Information (Unaudited) (cont)

option, proven undeveloped reserves in the block and seller's proprietary data previously acquired over the lease acreage described above, in consideration of the Company securing financing for development. This option expires June 30, 2007.

Cleveland County, Oklahoma - On April 13, 2006, the Company has acquired a 98.712% working interest with a 76.9954% net revenue interest in the West Short Junction Unit and a 100% working interest with a 78% net revenue interest in the Central Short Junction Unit hereinafter referred to as the ("Short Junction Field and/or the Field") located in Oklahoma City, Oklahoma through its subsidiary EnDevCo Eureka, LLC for a purchase price of \$11.5 million. EnDevCo Eureka is owned 55% by its parent EnDevCo, Inc. and 45% by private investors who are related parties. These investors contributed \$3.0 million in equity to enable EnDevCo to consummate the transaction. EnDevCo Eureka, LLC, managed by EnDevCo personnel, will be the Operator for the project with an acquisition date of January 01, 2006.

The 12,000 acre leasehold is fully unitized and is comprised of 19 active wells that are currently producing 100 barrels of oil per day from the Hunton limestone reservoir and 300 mcf of gas per day from the Red Fork sand reservoir. The purchase includes a total of 270 well bores of which approximately 40 will ultimately be reactivated and includes full ownership rights to a field wide gas pipeline and gathering system that offers two independent taps to the interstate gas transmission system.

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Historically the primary zone of interest has remained the Hunton formation for oil production. However, above the Hunton, the Bartlesville, Prue, Red Fork and Skinner Sandstones along with the Pink Lime zones are present and most are indicated as productive based on well log analysis.

Current bottom hole pressures recently measured in the Hunton indicate that formation pressure today is essentially the same as when the Field was originally placed on production. This unique characteristic occurs as a result of the fact that Conoco instituted a water flood pressure maintenance program in the early stages of developing the field. As a result of this pressure maintenance, the original gas cap in the Hunton reservoir has never been produced.

EnDevCo plans to implement a 3D seismic program over the leasehold later this year in order to pursue an aggressive horizontal drilling program in the Hunton formation to increase oil and gas production from that reservoir and to develop identified shallow gas sand reservoirs indicated on the subsurface well control.

EnDevCo, Inc. and Subsidiaries
Notes To Consolidated Financial Statements
December 31, 2005

NOTE 8 - Earnings Per Share

The following reconciles the components of the earnings per share (EPS) computation:

	2005			2004		
	(Loss)	Common Shares	Loss Per Share	(Loss)	Common Shares	Loss Per Share
Net Income	(\$701,838)	202,444,365	(\$.00)	(\$6,260,350)	172,538,462	(\$.04)
Effect of Dilutive Securities:						
"Series A" Preferred Stock						
	(\$701,838)	202,444,365	(\$.00)	(\$6,260,350)	172,538,462	(\$.04)

As of December 31, 2005 a total of 6,090,020 shares of preferred stock have been issued and recorded at the rate of \$1.00 per share as approved by the Board of Directors. Each share of "Series A" Preferred Stock which is then outstanding shall at the sole election of the holder be converted into fully paid and non-assessable shares of Common Stock of the Corporation at a conversion rate of 1,000 shares of Common Stock for each share of "Series A" Preferred Stock. These shares are not included in the calculation of diluted EPS as they would be considered anti-dilutive.

NOTE 9 - Going Concern

The Company's financial statements are prepared using generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. In 2004, the Company borrowed \$1,350,000 and used the funds to purchase an oil and gas lease in Sicily and subsequently lost the lease due to the Company's inability to raise an additional \$38,150,000 in drilling and development funds. The Company must raise a minimum of \$5,000,000 to drill and develop the three leases currently owned. The Company is currently in the process of raising the required funds, but there can be no assurance, that funds can be secured. The Company is currently in default on numerous contracts, leases and judgments all dated prior to August 05, 2002. The matters described above raise substantial doubt about the Company's ability to continue as a going concern.

EnDevCo, Inc. and Subsidiaries
December 31, 2005

INDEX TO EXHIBITS	
3(i)	Restatement of the Articles of Incorporation, as restated September 19, 2003 incorporated by reference to the registrant's Form 8K filed on June 2, 2004.
3(ii)	Bylaws, as revised to May 1, 2004, incorporated by reference to registrant's Form 10KSB filed on September 9, 2005
16	Letter on Change in Certifying Accountant incorporated by reference to the registrant's Form 8K filed on July 12 2005.
21	Subsidiaries of the Registrant, see page 41 of this report.
31.1	Certification per Rule 13a-14(a) by Chief Executive Officer, see page 41 of this report.
31.2	Certification per Rule 13a-14(a) by Chief Financial Officer, see page 42 of this report.
32.1	Certification per Section 1350 by Chief Executive Officer, see page 44 of this report.
32.2	Certification per Section 1350 by Chief Financial Officer, see page 44 of this report.

EnDevCo, Inc. and Subsidiaries
December 31, 2005

Exhibit 21 - Subsidiaries of the Registrant

	Name	Jurisdiction of Incorporation	DBA
1.	Superior Stock Transfer, Inc. (FKA) Superior Geophysical, Inc.	Texas	Same
2.	EnDevCo Minerals, Inc. (FKA) Adair Exploration, Inc.	Texas	Same
3.	EnDevCo Refining Corporation (FKA) Adair Yemen Exploration Ltd.	Bahamas	Same
4.	Adair Colombia Oil & Gas, S.A.	Panama	Same
5.	Africa Energy Group, Inc.	Bahamas	Same

EXHIBIT 31.1
CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO RULE 13A-14(A) OR 15D-14(A)
UNDER THE SECURITIES EXCHANGE ACT OF 1934

I, Chris A. Dittmar, certify that:

1. I have reviewed this Annual Report on Form 10KSB of EnDevCo, Inc. (the "Company");
2. Based on my knowledge, the Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the consolidated financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f)) for the Company, and we have:
 - (a) designed those disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by other personnel employed by the Company and its subsidiaries, particularly within the Reporting Period;

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(b) designed those internal control over financial reporting, or caused such internal control to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the Company's internal control over financial reporting that occurred during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

March 31, 2006

CHRIS A DITTMAR

CHRIS A DITTMAR
CHIEF EXECUTIVE OFFICER

EXHIBIT 31.2
CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO RULE 13A-14(A) OR 15D-14(A)
UNDER THE SECURITIES EXCHANGE ACT OF 1934

I, Larry Swift, certify that:

1. I have reviewed this Annual Report on Form 10KSB of EnDevCo, Inc. (the "Company");

2. Based on my knowledge, the report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the consolidated financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f)) for the Company, and we have:

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(a) designed those disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by other personnel employed by the Company and its subsidiaries, particularly within the Reporting Period;

(b) designed those internal control over financial reporting, or caused such internal control to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the Company's internal control over financial reporting that occurred during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

March 31, 2006

LARRY SWIFT

LARRY SWIFT
CHIEF FINANCIAL OFFICER

EnDevCo, Inc. and Subsidiaries
December 31, 2005

EXHIBIT 32.1
CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO RULE 13A-14(B) OR 15D-14(B)
UNDER THE SECURITIES EXCHANGE ACT OF 1934 AND SECTION 1350 OF CHAPTER 63 OF
TITLE 18 OF THE UNITED STATES CODE

I, Chris A. Dittmar, Chief Executive Officer of EnDevCo, Inc. (the "Company"), certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The report on Form 10KSB for the period ended December 31, 2005 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the date and for the periods reported therein.

March 31, 2006

CHRIS A. DITTMAR

CHRIS A. DITTMAR
CHIEF EXECUTIVE OFFICER

EXHIBIT 32.2
CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO RULE 13A-14(B) OR 15D-14(A)
UNDER THE SECURITIES EXCHANGE ACT OF 1934 AND SECTION 1350 OF CHAPTER 63 OF
TITLE 18 OF THE UNITED STATES CODE

I, Larry Swift, Chief Financial Officer of EnDevCo, Inc. (the "Company"), certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The report on Form 10KSB for the period ended December 31, 2005 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the date and for the periods reported therein.

March 31, 2006

LARRY SWIFT

LARRY SWIFT
CHIEF FINANCIAL OFFICER