

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

FORM 10-K/A

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934 FOR THE YEAR ENDED DECEMBER 31, 2007.

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  
(State or other jurisdiction of incorporation or organization)

74-2142545  
(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 if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K/A or any amendment to this Form 10-K/A.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer   
Non-accelerated filer

Accelerated filer   
Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No .

The aggregate market value of common stock held by non-affiliates of the registrant at June 30, 2007, based upon the last closing price on the OTCBB on June 30, 2007, was \$7,718,853. As of April 4, 2008, there were 3,046,825 shares of Common Stock and 6,870,070 shares of Preferred Stock outstanding. The total number of Common shares authorized is 500,000,000 and the total number of Preferred shares authorized is 10,000,000.

Transitional Small Business Disclosure Format: Yes  No .

#### EXPLANATORY NOTE

EnDevCo., Inc. (the "Company") is filing this Amendment on Form 10-K/A (the "Amendment") which amends our Annual Report on Form 10-K for the fiscal year ended December 31, 2007, as initially filed with the Securities and Exchange Commission on April 15, 2008 (the "Initial 10-K"). This Amendment is being filed to:

- revise the Cover Page to conform to the new Form 10-K format;
- revise our Management's Discussion and Analysis to expand analysis our results of operations by discussing the reasons for variances observed and identifying known material trends, events, or uncertainties that would cause reported financial information not to be indicative of future operating results;
- revise the Controls and Procedures section to (i) disclose management's assessment of internal control over financial reporting as of December 31, 2007, (ii) clarify our disclosure in the Initial 10-K of material weaknesses in our internal controls, and (iii) revise our management's conclusions regarding the effectiveness of our disclosure controls and procedures as of December 31, 2007, in light of our failure to disclose management's assessment of internal control over financial reporting as of December 31, 2007 and our identified material weaknesses in our internal controls;
- add a note to our 2007 Financial Statements explaining the nature and the impact of the 2006 restatement of our Financial Statements;
- revise our disclosure under Note 1 to our Financial Statements to discuss the adoption of the provisions of FIN 48 accounting pronouncement and its impact on our financial statements;
- revise Note 6 to our Financial Statements to comply with the disclosure requirements of FIN 48;
- expand our disclosure in the Commitments and Contingencies section regarding the breach of contract case filed against our subsidiary by Basic Energy Services to state the claim amount asserted, the extent of our accrual for any probable loss, and our estimated range of reasonably possible loss.

No other changes are being made. Except as described in this Explanatory Note, this Amendment does not modify or update the disclosures in our Initial 10-K. Therefore, this Amendment does not reflect any other events that

occurred after the original April 15, 2008 filing date of the Initial 10-K. Forward-looking statements in this Amendment have also not been updated from the initial filing of the Initial 10-K.

**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. On March 11, 2008 the Company executed a reverse stock split and the trading symbol was changed to EDVC. EnDevCo, Inc., a shortened version of the "Energy Development Company", establishes an identity that is consistent with the Company's current business development activities. 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 South America. 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, 2009.

The Company has also entered into a farm-in agreement with Mariner Energy, Inc. which grants the Company an assignment of their operating rights down to a depth of 12,800 feet upon the initial commercial completion of the "OC" sand in East Cameron Block 71. Open Choke Exploration, 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 drill the East Cameron 71-9 well and attempt to complete the "OC" sand. In the event that this well is not successful, EnDevCo has the right to drill a replacement well to test the "OC" 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 December 31, 2008.

**Block XXIV, Peru** - Following an extensive bidding process, a consortium including EnDevCo was awarded the exclusive concession to develop the Block XXIV prospect area located in northwest Peru. EnDevCo owns 20% of the consortium. Covering more than 276 thousand acres, the block contains both onshore and offshore prospects. The area is bracketed by

recent discoveries to the immediate north (Olympic) and south (Olympic and Petrotech). The primary target horizon for the off shore area is the naturally fractured Amotape formation of Paleozoic age (quartzites, slates, etc.). This target formation boasts similar characteristics to those that have produced oil in the nearby Portachuelo Oilfield and, more recently, the offshore San Pedro discovery. The reinterpretation of well logs using new technology indicates pay in target formation. Northwest Peru has solid infrastructure and substantial power demand, creating a ready-market for gas. For EnDevCo, the region represents an excellent opportunity for an integrated gas-to-power project.

**Cleveland County, Oklahoma** - On April 13, 2006, the Company acquired a 98.712% working interest with a 70.085% net revenue interest in the West Short Junction Unit and a 100% working interest with a 71% 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, LLC 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, is the Operator for the Field which has an acquisition date of January 01, 2006.

Project financing was provided by GasRock Capital, LLC of Houston, Texas and takes the form of a \$50.0 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 fully unitized Field currently consists of 23 oil wells and 2 gas wells (all 25 wells were vertically drilled), 4 central collection and metering stages and 4 salt water disposal wells. The Field on December 31, 2007 was producing 175 barrels of oil equivalent (BOE) per day comprised of 105 barrels of oil and 420 Mcf of gas which represents over a 50% production increase from April 13, 2006 to December 31, 2007. The Company completed a horizontal well January 10, 2008 which is currently being tested to determine its optimum production rate.

Since acquiring the Field, the Company has methodically performed maintenance activities on all oil wells to include improved chemical and hot oil treatments; new pump jacks, existing pump jack re-alignment, bearing and rod replacement, beam compressor installation and pipeline integrity testing and cleanout. EnDevCo has also installed new pumps, a new water knockout and two new heater treaters for improved oil separation at the central collection and metering stages and terminated the re-injection of water into the Hunton reservoir by re-piping and installing a new salt water disposal well.

The Field purchase included 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 34 unplugged production well bores of which 26 are currently active. EnDevCo plans to continue a workover and recompletion program to further increase the current 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.

The DeGolyer & MacNaughton proved reserves evaluation for the Short Junction Field as of December 31, 2007 is 26,807,885 barrels of oil equivalent as follows:

<b><u>Reserves Classification</u></b>	<b><u>Gross Oil (Bbl)</u></b>	<b><u>Gross Gas (Mcf)</u></b>
Proved Developed Producing	1,099,490	513,937
Proved Developed Non-producing	394,207	5,691,032
Proved Undeveloped	<u>16,898,468</u>	<u>44,289,351</u>
<b>Total:</b>	<b>18,392,165</b>	<b>50,494,320</b>

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.

On June 5, 2007, EnDevCo entered into a farm-out agreement with an effective date of September 5, 2007, with Alliance Energy Corporation (AEC), a related party, whereby AEC will pay all costs to drill an initial well (the WSJU #109StH, which is in production testing at the time of filing this report) and up to 3 future development wells. After payout, EnDevCo will retain an 85% working interest and pro rata revenue interest with AEC retaining the remainder.

#### 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 five 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, Tel: (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. However, the Company currently has operations that provide working capital. The Company is also seeking further project based financing to develop its existing projects. There is no assurance that the Company will be able to secure adequate financing to fund those operations.

#### Insufficiency of Working Capital

As noted above, the Company has a historical working capital deficit which current operations are now reversing. In addition, a Securities Registration Statement will be prepared this year to allow for the sale of Common stock to raise additional working capital for the Company. 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 South America. 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 South America may be subject to embargo or other restrictions in support of U.S. Governmental policies.

#### Colombia and Peru

Colombia and Peru remain 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 those countries. However, any negative changes in the political climate of either Colombia or Peru 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, 2007:

As of June 1, 2007, the law firm of Phillips & Akers, P.C. ("A&P"), are the attorneys of record for the Company in a case styled: Cause No: 2006-34662; *Farzad Askari v. EnDevCo, Inc.*

Mr. Askari filed a breach of contract case claiming the Company (the Defendant) had not paid Mr. Askari (the Plaintiff) for work he did as an alleged consultant in 2002 for John W. Adair and Adair International Oil & Gas, Inc. The Company believed that Mr. Askari was never a consultant for the Company and never performed any work for the Company and therefore was not entitled to receive any compensation from the Company.

The case went to trial and the jury's verdict was that Mr. Askari was not entitled to any compensation and that judgment was entered on January 11, 2008. All of Mr. Askari's post trial motions to date have been unsuccessful; however, he has filed notice of appeal.

As of June 1, 2007, the law firm of Phillips & Akers, P.C. ("A&P"), are the attorneys of record for the Company in a case styled: Cause No: 2006-61144; *Ikechukwu Igbo v. EnDevCo, Inc.*

Mr. Igbo filed a breach of contract case claiming the Company (the Defendant) had not paid Mr. Igbo (the Plaintiff) for work he did as an alleged employee in 2002 for John W. Adair and Adair International Oil & Gas, Inc. The Company believes that Mr. Igbo was never an employee for the Company and never performed any work for the Company and therefore was not entitled to receive any compensation from the Company.

Summary judgment was granted in the Company's favor and that judgment is now final.

As of October 10, 2007, the law firm of Looney, Nichols & Johnson, P.L.L.C. ("LN&J"), are the attorneys of record for the Company in a case styled: Cause No: CJ 07 1859 L; *Basic Energy Services, LP v. EnDevCo Eureka, LLC. et al.*

Basic Energy Services has filed a breach of contract case claiming EnDevCo Eureka, LLC (the Defendant) has not paid for goods and services, totaling \$1,315,551.26, that are in dispute between the parties. The Company had accrued the entire amount pending an expected settlement. On June 20, 2008, the parties reached a settlement to the dispute resulting in the payment of \$1 million by the Company in five equal installments over the second half of 2008.

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 21, 2007. The Notice Date of this Proxy Statement is September 21, 2007. Proxy materials including the Proxy Statement, Proxy Ballot Card and the 2006 Form 10-KSB were mailed to all shareholders of record on or about September 21, 2007.

The Board of Directors of the Company fixed the close of business on September 14, 2007 as the record date for the determination of shareholders entitled to notice and to vote at the Annual Meeting. As of September 14, 2007, the Corporation had 253,283,087 outstanding shares of Common stock entitled to vote and 6,315,021 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 26, 2007 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 (1) director to the Board of Directors for a term of three (3) years.
- Ratification of the appointment of Killman, Murrell & Company, PC as the Corporation's independent accountants for fiscal 2007.

## 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 "EDVC." 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
2007	Dec 31	\$ 0.03	\$ 0.01
	Sep 30	\$ 0.03	\$ 0.01
	Jun 30	\$ 0.06	\$ 0.03
	Mar 31	\$ 0.05	\$ 0.02
2006	Dec 31	\$ 0.05	\$ 0.02
	Sep 30	\$ 0.05	\$ 0.03
	Jun 30	\$ 0.10	\$ 0.04
	Mar 31	\$ 0.06	\$ 0.03
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

On December 31, 2007, the last trading day of the year, the closing price for the Common Stock of the Company on the OTCBB was \$0.02. Also on that date, there were approximately 6,300 stockholders of record of the Common Stock, including broker/dealers holding shares beneficially owned by their customers.

#### NOTICE OF FURTHER DILUTION

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. 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.

## REVERSE STOCK SPLIT

On March 10, 2008 at 5:00 P.M. CST the Company executed a 1 for 100 reverse stock split. The proposal to implement a reverse stock split was voted on by the shareholders at the October 15, 2004 annual shareholder meeting and passed by a majority vote. An amendment to the Company's articles of incorporation reflecting the reverse stock split was filed with the Texas Secretary of State on February 22, 2008.

## 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 2007

During the years ended December 31, 2007 and December 31, 2006, 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, 2007 and December 31, 2006. 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, 2007			December 31, 2006		
	Common Stock	Preferred Stock	Amount	Common Stock	Preferred Stock	Amount
Officer's & Director's Compensation	--	157,500	\$ 157,500	--	195,000	\$ 195,000
Employee's Salaries	--	--	--	--	--	--
Other Costs & Expenses	8,012,000	397,550	617,790	31,340,004	30,000	1,512,300
Total Issued for Services	8,012,000	555,050	\$ 775,290	31,340,004	225,000	\$ 1,707,300
Issued for Investment	--	--	--	--	--	--
Totals	8,012,000	555,050	\$ 775,290	31,340,004	225,000	\$ 1,707,300

## ITEM 7. 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 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 South America. 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 and Block XXIV in Peru. 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, 2009.

The Company has also entered into a farm-in agreement with Mariner Energy, Inc. which grants the Company an assignment of their operating rights down to a depth of 12,800 feet upon the initial commercial completion of the "OC" sand in East Cameron Block 71. Open Choke Exploration, 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 drill the East Cameron 71-9 well and attempt to complete the "OC" sand. In the event that this well is not successful, EnDevCo has the right to drill a replacement well to test the "OC" 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 December 31, 2008.

**Block XXIV, Peru** - Following an extensive bidding process, a consortium including EnDevCo was awarded the exclusive concession to develop the Block XXIV prospect area located in northwest Peru. EnDevCo owns 20% of the consortium.

Covering more than 276 thousand acres, the block contains both onshore and offshore prospects. The area is bracketed by recent discoveries to the immediate north (Olympic) and south (Olympic and Petrotech). The primary target horizon for the off shore area is the naturally fractured Amotape formation of Paleozoic age (quartzites, slates, etc.). This target formation boasts similar characteristics to those that have produced oil in the nearby Portachuelo Oilfield and, more recently, the offshore San Pedro discovery. The reinterpretation of well logs using new technology indicates pay in target formation. Northwest Peru has solid infrastructure and substantial power demand, creating a ready-market for gas. For EnDevCo, the region represents an excellent opportunity for an integrated gas-to-power project.

**Cleveland County, Oklahoma** - On April 13, 2006, the Company acquired a 98.712% working interest with a 70.085% net revenue interest in the West Short Junction Unit and a 100% working interest with a 71% 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, LLC 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, is the Operator for the Field which has an acquisition date of January 1, 2006.

Project financing was provided by GasRock Capital, LLC of Houston, Texas and takes the form of a \$50.0 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 fully unitized Field currently consists of 23 oil wells and 2 gas wells (all 25 wells were vertically drilled), 4 central collection and metering stages and 4 salt water disposal wells. The Field on December 31, 2007 was producing 175 barrels of oil equivalent (BOE) per day comprised of 105 barrels of oil and 420 Mcf of gas which represents over a 50% production increase from April 13, 2006 to December 31, 2007. The Company completed a horizontal well January 10, 2008 which is currently being tested to determine its optimum production rate.

Since acquiring the Field, the Company has methodically performed maintenance activities on all oil wells to include improved chemical and hot oil treatments; new pump jacks, existing pump jack re-alignment, bearing and rod replacement, beam compressor installation and pipeline integrity testing and cleanout. EnDevCo has also installed new pumps, a new water knockout and two new heater treaters for improved oil separation at the central collection and metering stages and terminated the re-injection of water into the Hunton reservoir by re-piping and installing a new salt water disposal well.

The Field purchase included 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 34 unplugged production well bores of which 26 are currently active. EnDevCo plans to continue a workover and recompletion program to further increase the current 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.

The DeGolyer & MacNaughton proved reserves evaluation for the Short Junction Field as of December 31, 2007 is 26,807,885 barrels of oil equivalent as follows:

<b><u>Reserves Classification</u></b>	<b><u>Gross Oil (Bbl)</u></b>	<b><u>Gross Gas (Mcf)</u></b>
Proved Developed Producing	1,099,490	513,937
Proved Developed Non-producing	394,207	5,691,032
Proved Undeveloped	<u>16,898,468</u>	<u>44,289,351</u>
<b>Total:</b>	<b>18,392,165</b>	<b>50,494,320</b>

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.

On June 5, 2007, EnDevCo entered into a farm-out agreement with an effective date of September 5, 2007, with Alliance Energy Corporation (AEC), a related party, whereby AEC will pay all costs to drill an initial well (the WSJU #109StH, which is in production testing at the time of filing this report) and up to 3 future development wells. After payout, EnDevCo will retain an 85% working interest and pro rata revenue interest with AEC retaining the remainder.

## 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

EnDevCo's management team has extensive experience and expertise in the area of power plant development, operations and commercial management. The Company intends to leverage these capabilities by developing integrated gas-to-power and greenfield development projects in markets that create additional value through the gas-power delivery option.

## 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, 2007 COMPARED TO YEAR ENDED DECEMBER 31, 2006					
Line	Description	Year		Differences	Percent Change
		2007	2006		
-				-	
1	Revenues	\$ 1,785,259	\$ 1,919,184	\$ (133,925)	(7.0)%
2	Cost of Revenues	\$ 1,566,650	\$ 1,311,175	\$ 255,475	19.5%
3	Costs and Expenses	\$ 2,116,314	\$ 2,881,109	\$ (764,795)	(26.5)%
4	General and Administrative Expense	\$ 1,126,152	\$ 1,960,925	\$ (834,773)	(42.6)%
5	Salaries and Wages	\$ 949,500	\$ 877,000	\$ 72,500	8.3%
6	Shareholder Services	\$ 40,662	\$ 43,184	\$ (2,522)	(5.8)%

7	Other Income and (Expenses)	\$ (3,625,018)	\$ 367,506	\$ (3,992,524)	(1086.4)%
8	Interest and Other Income	\$ 86,608	\$ 1,423,965	\$ (1,337,357)	(93.9)%
9	Hedging Income(Loss)	\$ (1,595,010)	32,754	\$ (1,627,764)	(4969.7)%
10	Lawsuit Settlement	--	\$ 74,828	\$ (74,828)	(100.0)%
11	Interest Expense	\$ (2,116,616)	\$ (1,164,039)	\$ 952,577	81.8%

### *Analysis of Comparison*

Line 1 - During 2007 the Company generated from the Short Junction property \$1,416,448 in oil sales, \$336,842 in gas sales and \$31,969 from pipeline transmission. The overall decrease of \$133,925 consists of a \$194,782 decrease in oil production, a \$75,177 increase in gas production and a \$14,320 decrease in pipeline revenue.

Description	Year Ended December 31,		Difference	Percent Change
	2007	2006		
<b>Gross Production from Short Junction Property</b>				
Oil (Bbl)	29,872	33,132	(3,260)	(9.8)%
Natural Gas (mcf)	73,370	58,992	14,378	24.4%
<b>Average Sales Price</b>				
Oil (per Bbl)	\$57.46	\$52.01	\$5.45	10.5%
Natural Gas (per mcf)	\$5.81	\$5.20	\$0.61	11.7%
<b>Revenues</b>				
Oil	\$1,416,488	\$1,611,230	\$(194,782)	(12.1)%
Natural Gas	\$336,842	\$261,665	\$75,177	28.7%
Pipeline	\$31,969	\$46,289	\$(14,320)	(30.1)%
<b>TOTAL</b>	<b>\$1,785,259</b>	<b>\$1,919,184</b>	<b>\$(133,925)</b>	<b>(7.0)%</b>

Gross oil production from the Short Junction property decreased by 3,260 barrels in 2007, when compared to 2006. This lower production amount is primarily attributable to oil wells being taken out of service for work-over. As the company shifts focus away from work-overs to drilling horizontal wells, management does not believe that this trend will continue in the coming year. During 2006, gross production from the Short Junction property natural gas wells increased by 14,378 mcf. This increase is primarily due to the fact that work-over on these wells were completed in 2006. Management expects production at this level from the wells in the future.

Line 2 - Cost of Revenues during 2007 was due entirely to the costs of running the Short Junction property. Lease operating expenses were \$985,709, as compared to \$791,291 in 2006. The increased lease operating expenses are the direct result of increased activity under the work-over program. In the future, the Company will focus on increasing production by drilling additional wells. Management expects lease operating expenses to increase as more wells are brought on line. Production taxes and depletion expenses are a direct function of the gross production figures. In 2007, production taxes were \$126,201 and depletion was \$454,740.

Line 3 - Costs and Expenses overall decreased \$764,795 during 2007. The detail explaining this increase is shown on lines 4 through 6 below.

Line 4 - General and Administrative Expense decreased by \$916,773 in 2007 over the previous year primarily due to lower consulting fees. In 2007, the Company paid \$659,281 in consulting fees as compared to \$1,628,300 in 2006. As the management continues to implement its strategy for the Company, it will look to bring more resources in-house, reducing the need for external consultants.

Line 5 - Salaries and Wages increased by \$72,500 in 2007. As management continues to implement its strategy for the Company, it will look to bring more resources in-house, leading to increased salaries and wages in the future.

Line 6 - Shareholder Services decreased by \$2,522 because of reduced costs of the annual general meeting.

Line 7 - Expenses in Other Income and Expenses increased overall \$3,992,524 during 2007. The detail explaining this decrease is shown on lines 8 through 11 below.

Line 8 - Interest Income during 2007 was \$24,188 which was earned from the Company's money market account. Other Income of \$62,420 came from the reversal of an old account payable on which the statute of limitations had passed.

Line 9 - Hedging Loss during 2007 was \$1,595,010 as compared to a gain of \$32,754 in 2006. To mitigate revenue volatility associated with fluctuations in oil prices, the Company has put in place certain swap arrangements that remain in effect through December 2010. Any gain or loss under these instruments is a direct result of the changes in oil prices.

Line 10 - No lawsuit proceeds were received in 2007.

Line 11 - During 2007 the Company incurred Interest Expense of \$2,116,616. Short Junction Field note payable interest was \$1,727,976. Interest on various outstanding obligations was \$388,640.

## LIQUIDITY AND CAPITAL RESOURCES

Sources and Uses of Cash		
	<u>2007</u>	<u>2006</u>
Net cash provided by/(used in)		
Operating activities	\$ (1,297,385)	\$ 1,852,810
Investing activities	(1,407,588)	(15,317,585)
Financing activities	1,642,114	14,517,060
Increase/(decrease) in cash and cash equivalents	<u>\$ (1,062,859)</u>	<u>\$ 1,052,285</u>
		At December 31
Cash and cash equivalents	<u>\$ 1,135</u>	<u>\$ 1,063,994</u>

### Cash Flow from Operating Activities

#### 2007

Cash used by operating activities totals \$1,297,385 in 2007, an increase of \$3,150,195 over 2006. Throughout 2007, the Company implemented a work-over program on the producing oil wells, which resulted in higher operating expenses and lower production and revenues. Additional factors contributing to the change in operating cash flow include:

- In 2006, the Company issued \$1,628,300 in stock for consulting services as compared to \$220,240 in 2007
- Interest expense increased by \$952,577 in 2007 over 2006; and
- In 2006, the Company's accounts payable increased by \$685,049 as compared to \$135,172 in 2007.

#### 2006

Cash provided by operating activities total \$1,852,810 in 2006, an increase of \$1,772,598 over 2005. This increase resulted from stock issued for consulting and accruing management salaries.

#### Cash Flow from Investing Activities

2007

Cash used by investing activities total \$1,407,588 in 2007, a decrease of \$13,909,997 when compared to the 2006 investment in the Short Junction Field project.

2006

Cash used by investing activities total \$15,317,585 in 2006, an increase of \$14,785,484 over 2005. This increase resulted from investment in the Short Junction Field project.

#### Cash Flow from Financing Activities

2007

Cash provided by financing activities total \$1,642,114 in 2007, a decrease of \$12,874,946 when compared to 2006 due to the borrowing required to close the Short Junction Field acquisition.

2006

Cash provided by financing activities total \$14,517,060 in 2006, an increase of \$14,053,836 when compared to 2005. This increase resulted from borrowing for the Short Junction Field acquisition on January 1, 2006.

#### Directors and Officers Compensation

The Company currently has cash reserves and cash flow from operations. Until December 31, 2005 the Company's Directors and Officers received payment in "Series A" Preferred stock in lieu of cash consideration for managing the Company. Beginning January 1, 2006, Officer salaries have been accrued.

#### 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 intends to raise 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 8. FINANCIAL STATEMENTS**

The information required hereunder is included in this report as set forth on pages 23 - 41.

### **ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

## ITEM 9A(T). CONTROLS AND PROCEDURES

### *Evaluation of Disclosure Controls and Procedures*

Company management has established and maintains a system of disclosure controls and procedures to provide reasonable assurances that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

The Company staff carried out an evaluation, under the supervision and with the participation of Company management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Exchange Act as of December 31, 2007. The Chief Executive Officer and the Chief Financial Officer have determined that, as a result of (i) the Company's failure to disclose Management's Report on Internal Control over Financial Reporting in our Annual Report on Form 10-K for the fiscal year ended December 31, 2007, as initially filed with the Securities and Exchange Commission on April 15, 2008 and (ii) the material weakness in internal control over financial reporting described below, our disclosure controls and procedures were not effective on December 31, 2007 to ensure that information required to be disclosed by us in reports that we file or submitted under the Exchange Act was recorded, processed, summarized and reported within the time periods specified in SEC rules and forms.

The disclosure of Management's Report on Internal Control over Financial Reporting was required due to changes in securities regulations applicable to the Company. As a result, we have taken measures to enhance the ability of our systems of disclosures controls and procedures to timely identify and respond to changes in securities filing regulations that are applicable to us. Our efforts to address the material weakness in internal control over financial reporting is described below. Our management, based upon the substantial work performed during the preparation of this amended report on Form 10-K/A, has concluded that information we are required to disclose in under the Exchange Act was accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, to allow decisions regarding required disclosures on this Form 10-K/A.

### *Management's Report on Internal Control over Financial Reporting*

Company management is responsible for establishing and maintaining adequate internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act). The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of our financial statements for external purposes in accordance with U.S. generally accepted accounting principles. The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Company's assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit timely preparation of the Company's financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of the management and Board of Directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on our financial statements.

In order to evaluate the effectiveness of our internal control over financial reporting as of December 31, 2007, as required by Section 404 of the Sarbanes-Oxley Act of 2002, management conducted an assessment, including testing, based on the criteria set forth in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management has reported to the Audit Committee the identification of two material weaknesses (as such term is defined under the Public Company Accounting Oversight Board Auditing Standard No. 2) in internal control over financial reporting. A material weakness is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected.

Management has identified the following material weaknesses:

1. The Company's accounting software does not allow for the printing of an accounts payable detail listing subsequent to the end of an accounting period. The software only allows for the printing of an accounts payable detail listing as of

the day it is being printed. Consequently, the software prevented Company staff from printing an accounts payable detail listing to compare to the general ledger after the end of the accounting period to allow for end of period adjustments. The management has determined that this condition constitutes a material weakness.

2. The Company entered into a farmout agreement in June 2007. However, well costs associated with the farmout were posted against the wrong well in our general ledger through March 2008. This oversight resulted in a material adjustment being recorded at December 31, 2007. The management has determined that this condition constitutes a material weakness.

Based on its evaluation, because of the material weaknesses described above, management concluded that effective internal control over financial reporting was not maintained as of December 31, 2007, based on the specified criteria.

This annual report does not include an attestation report from the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

*Remediation Plan*

The Company's management has taken the following actions that it believes will remedy these material weaknesses:

- 1 Purchase of a new general ledger accounting system.
2. Development of additional procedures to insure timely and accurate recording of development expenses associated with farmout activities.

This remediation plan was implemented as of March 31, 2008. Accordingly management concluded that the company's disclosure controls and procedures and internal control over financial reporting were effective as of March 31, 2008.

Correcting the identified material weaknesses, continuously strengthening our internal controls and financial reporting capabilities are our highest priorities. The Company's management and audit committee are committed to a sound internal control environment and will continue a review of all internal and disclosure controls to include our information technology and financial reporting systems to strengthen and improve them.

The changes described above are the only changes in the Company's internal controls over financial reporting for the fiscal quarter ended December 31, 2007, that have materially affected or are reasonably likely to materially affect the Company's internal controls over financial reporting.

## **PART III**

### **ITEM 10. 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	52	Director - Chief Operating Officer
John A. Brush	51	Director
Frederick Cedoz	33	Director
Charles R. Close	48	Director
Chris A. Dittmar	61	Director - Chief Executive Officer, 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). The shareholders approved the following: two (2) members to serve three (3) years; Richard G. Boyce and Chris A. Dittmar, two (2) members to serve two (2) years; John A. Brush and Charles R. Close and one (1) member to serve one (1) year; E. Barger Miller III. At the Annual Shareholder Meeting held on October 15, 2004 the shareholders re-elected E. Barger Miller III to serve a three (3) year term. At the Annual Shareholder Meeting held on October 24, 2005 the shareholders re-elected Charles R. Close and John A. Brush to each serve a three (3) year term. At the Annual Shareholder Meeting held on October 30, 2006 the shareholders re-elected Richard G. Boyce and Chris A. Dittmar to each serve a three (3) year term. At the Annual Shareholder Meeting held on October 26, 2007 the shareholders elected Frederick Cedoz to serve a three (3) year term. 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.

## BIOGRAPHIES

**Richard G. Boyce** - Director and Chief Operating Officer: Mr. Richard G. Boyce is currently serving a three year term as a Director and additionally serves as the Chief Operating Officer for the Corporation.

Mr. Boyce maintained an active geological/geophysical consulting practice in Dallas, Texas serving both major and independent oil and gas companies world wide from 1996 - 2006. He is an internationally recognized leader in the application of computer technological advances to the field of geoscience.

In 1996, Mr. Boyce started Partners In Exploration, LLC ("PIE"), an exploration consulting company that provided seismic and geological interpretation services. Mr. Boyce negotiated a memorandum of understanding with the Republic of Yemen in 1998 for exploration on Blocks 20 and 42. In 1999, Mr. Boyce signed a 50/50 joint venture agreement with the predecessor company to EnDevCo to pursue Yemen Block 20 and successfully negotiated a production sharing agreement with the Yemen government. Mr. Boyce merged PIE with what has now become EnDevCo and through that merger became a substantial shareholder in the Corporation.

Mr. Boyce began his career in 1979 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 ("Hunt Oil") during his ten-year stay in the Permian Basin. In 1991, Mr. Boyce served as the Chief Geophysicist for Hunt Oil Company 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 Area in Yemen which daily produces 140,000 barrels of oil. In addition to managing the daily Yemen Hunt 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 in the area. 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.

Mr. Boyce graduated from the Colorado School of Mines 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 (No. 2179) licensed by the State of Texas Board of Professional Geoscientists.

**John A. Brush** – Independent Director: Mr. John A. Brush is currently serving a two year term as a non-executive independent Director of the Corporation. Mr. Brush brings the experience of a distinguished twenty-two year career in oil and gas law to the Board of Directors.

Mr. Brush is currently in private practice as an attorney and consultant in the energy business whose clients include CDX Gas International, LLC and Express Drilling Systems, LLC and other 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 managed day to day corporate legal issues, designed

and implemented land acquisition and marketing strategies, coordinated an initial public offering, and evaluated government marketing, transportation and royalty regulations.

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, farm-out 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.

Mr. Brush's international experience includes review and negotiation of deals in Albania, Aruba, Australia, Bangladesh, Belize, Brazil, Canada, Cameroon, Chile, Croatia, Dagastan, 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 Degree. 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.

**Frederick Cedoz** – Independent Director: Mr. Frederick Cedoz is currently serving a three year term as a non-executive independent Director of the Corporation. Mr. Cedoz, a practicing attorney, is also Vice President for Operations and a Director of GWEST (Global Water & Energy Strategy Team). Mr. Cedoz is a co-founder of GWEST whose principal business is providing energy security policy analysis and business development consulting services to energy companies, financial institutions, and foreign governments.

In addition to writing on Alberta's oil sands projects and the importance of U.S.-Canadian energy relations, Mr. Cedoz was recently the keynote speaker at the world's largest oil and gas trade show, Calgary's Global Petroleum Show in June of 2006. He was also the keynote speaker for the Independent Power Producers Society of Alberta's Tenth Annual Conference in Banff in March of 2004. Since then he has made many presentations to prestigious groups on U.S. energy security issues including the New York Society of Security Analysts and the Heritage Foundation in Washington, DC.

In December 2005 he was interviewed on camera by Emmy winner Bob Simon of CBS News 60 Minutes for a story on the Albertan oil sands.

He has also been interviewed on several television and radio programs including Calgary's Global TV and the CBC, and for many publications including Canada's National Post and Macleans, and has written for others including the South China Morning Post and Alberta Oil Magazine. In March 2006, Mr. Cedoz's article "Thinking Beyond OPEC," which provides recommendations for American energy security and foreign policy strategy, was featured in the prestigious Journal of International Security Affairs. Portions of the article were featured in the 25th Anniversary issue of Oil and Gas Investor magazine.

**Charles R. Close** - Independent Director: Mr. Charles R. Close is currently serving a two year term as a non-executive independent director of the Corporation. Mr. Close brings the experience of a distinguished career in accounting and taxation expertise specific to the energy business to the Board of Directors.

Mr. Close is the owner of C. R. Close & Associates, PC ("Close & Associates"), a certified public accounting practice located in Houston, Texas specializing in the energy industry. Mr. Close has been continuously employed in that practice for thirteen years. 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. The client base includes large public independent oil and gas companies, a public multi-national pipeline company and energy related service companies.

Close & Associates also provides full financial support for a privately owned domestic oil and gas company and an energy service company. Duties for the domestic oil and gas company include oversight and preparation of the monthly financials and joint interest billings, cash management, tax planning and compliance and coordination of banking relationships. Duties for the private energy service company include the oversight of daily accounting operations, preparation of the monthly financial package for investors, oversight and coordination of the annual operating budget, interaction and coordination of banking relationships, and management of working capital. Other management duties include business development, compensation planning to include structuring of employee non-qualified compensation plans, contract negotiations, international tax structuring, coordination and management of legal issues, and long term strategic planning.

Prior to starting Close & Associates in 1993, Mr. Close enjoyed a successful twelve year tenure with Price Waterhouse in Texas. During his time at Price Waterhouse, Mr. Close advanced to the position of Senior Tax Manager in the Petroleum Industry Services Group. Responsibilities included tax planning, transactional analysis, consultation and compliance for both multi-national and domestic oil and gas exploration and production companies and for several oil field service companies.

Mr. Close's international experience includes negotiation and financial structuring to include financial reporting and tax compliance of deals in Argentina, Canada, Kazakhstan, Mexico, and Peru.

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 a member of the American Institute of Certified Public Accountants and the Texas Society of Certified Public Accountants.

**Chris A. Dittmar** - Director, Chief Executive Officer: Mr. Chris A. Dittmar is currently serving a three year term as a Director and additionally is serving as Chief Executive Officer and Corporate Secretary of the Corporation.

Prior to his involvement with the Corporation, Mr. Dittmar served as CEO of Alliance Energy Corporation ("Alliance"), a privately held family corporation organized to acquire and develop vertically integrated energy assets. Alliance currently holds interests onshore Texas and Oklahoma and off shore Louisiana.

In 2006, Mr. Dittmar in his capacity as limited partner and financial advisor to East Cameron Partners, LP. completed the first ever Sharia-compliant securitized market financing of assets ("Sukuk") based in the United States. The \$165.7 million dollar Sukuk securitized Gulf of Mexico leasehold interests and reserves in a producing natural gas and condensate field 20 miles offshore the State of Louisiana. The offering was led by Merrill Lynch as sole book runner, structured by BSEC, a Lebanese based investment bank and rated by Standard & Poor's. The Sukuk was structured so that Islamic investors effectively received a fixed rate of return while being considered owners of the underlying assets. The transaction attracted Islamic as well as several conventional investors in the United States and Europe.

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. 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 financing for the Corporation. Mr. Dittmar also has extensive experience recruiting and managing senior management teams required to implement large-scale international operations.

Prior to 1993, Mr. Dittmar managed 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 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 World Affairs Council of Houston.

**Larry Swift** - Chief Financial Officer (through February 24, 2008) and Assistant Corporate Secretary - 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.

Mr. Swift has responsibility for all financial reporting, oil and gas accounting, audit and tax matters as well as transfer agent activities for the Company. He has over 20 years of individual and corporate accounting, audit and tax experience.

Prior to working at the Company, 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.

**Joseph Lessard** has joined EnDevCo, Inc. as Chief Financial Officer and Vice President Americas as of February 25, 2008.

#### 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 during 2005.

### ITEM 11. 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, 2007.

SUMMARY COMPENSATION TABLE								
ANNUAL COMPENSATION					LONG TERM COMPENSATION			
NAME/POSITION	YEAR	SALARY	BONUS	TOTAL	RESTRICTED STOCK AWARDS	SECURITIES OPTIONS/SARS	LTIP PAYOUTS	OTHER
	-	-	-	CMPSN				-
Richard G. Boyce / COO	2007	\$240,000 (1)	----	\$240,000				
	2006	\$240,000 (1)	----	\$240,000	----	----	----	----
	2005	\$240,000 (2)	----	\$240,000	----	----	----	----
Chris A. Dittmar / CEO	2007	\$240,000 (1)		\$240,000				
	2006	\$240,000 (1)	----	\$240,000	----	----	----	----
	2005	\$240,000 (2)	----	\$240,000	----	----	----	----
James C. Row /	2007	---	----	----	----	----	----	----

CFO								
	2006	\$75,000 (3)	-----	\$75,000	-----	-----	-----	-----
	2005	-----	-----	-----	-----	-----	-----	-----
Larry Swift / CFO	2007	\$144,000 (4)	-----	\$144,000	-----	-----	-----	-----
	2006	\$144,000 (4)	-----	\$144,000	-----	-----	-----	-----
	2005	\$144,000 (5)	-----	\$144,000	-----	-----	-----	-----

(1) 2007 and 2006 Salary accrued for Mr. Boyce and Mr. Dittmar.

(2) 2005 Salary paid in-kind with 240,000 shares of Preferred stock for Mr. Boyce and Mr. Dittmar.

(3) 2006 Salary paid in-kind with 75,000 shares of Preferred stock for Mr. Row, which represents amount for employment during the period May through October of the year.

(4) 2007 and 2006 Salary accrued for Mr. Swift.

(5) 2005 Salary paid in-kind with 139,500 shares of Preferred stock and \$4,500 in cash for Mr. Swift.

## ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information as of January 25, 2008, 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 Ownership	Percent of Class
Common Stock	Richard G. Boyce – Director, Chief Operating Officer	3,067,541	1.20%
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	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 3,067,541 shares of Common stock, which represents 1.20% 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 January 25, 2008, 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 Ownership	Percent of Class
Preferred Stock	Richard G. Boyce – Director, Chief Operating Officer	982,500	14.30%
Preferred Stock	John A. Brush – Director	172,500	2.51%
Preferred Stock	Frederick Cedoz - Director	37,500	0.55%
Preferred Stock	Charles R. Close – Director	174,500	2.54%
Preferred Stock	Tom Cloutier – Investor Relations Director	150,000	2.18%
Preferred Stock	Chris A. Dittmar – Director, Chief Executive Officer	950,000	13.83%
Preferred Stock	Larry Swift – Chief Financial Officer	487,500	7.10%

\*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 2,954,500 shares of Preferred stock, which represents 43.01 % 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 13. 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 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 \$1,850,000 from OCE Partners, LLC; OCE Interests, LLC; and OCE Advisors, LLC. See Note 8 to the financial statements at page 36. These entities are all related parties initially managed by Campbell Evans. As of March 10, 2006 Chris A. Dittmar is the sole member and manager 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.

On June 5, 2007, EnDevCo entered into a farm-out agreement with an effective date of September 5, 2007, with Alliance Energy Corporation (AEC), a related party, whereby AEC will pay all costs to drill an initial well (the WSJU #109StH, which is in production testing at the time of filing this report) and up to 3 future development wells. After payout, EnDevCo will retain an 85% working interest and pro rata revenue interest with AEC retaining the remainder.

## **ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

Principal accountant fees during 2007 were \$121,359. Services provided were limited to annual audit and quarterly reviews.

## **ITEM 15. EXHIBITS**

1. Exhibits:

See Index to Exhibits beginning on page 46 of this report.

2. Form 8-K.

None

## **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 October 14, 2008.

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:

RICHARD G. BOYCE

RICHARD G. BOYCE

CHIEF OPERATING  
OFFICER AND DIRECTOR

October 14, 2008

JOHN A. BRUSH

JOHN A. BRUSH

DIRECTOR

October 14, 2008

FREDERICK CEDOZ

FREDERICK CEDOZ

DIRECTOR

October 14, 2008

CHARLES R. CLOSE

CHARLES R. CLOSE

DIRECTOR

October 14, 2008

CHRIS A. DITTMAR

CHRIS A. DITTMAR

CHIEF EXECUTIVE  
OFFICER AND  
DIRECTOR

October 14, 2008

JOSEPH LESSARD

JOSEPH LESSARD

CHIEF FINANCIAL  
OFFICER

October 14, 2008

**FINANCIAL STATEMENTS**  
(RE: PART II. ITEM 7)

EnDevCo, Inc. and Subsidiaries  
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DECEMBER 31, 2007

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**Killman, Murrell & Company, P.C.**  
**Certified Public Accountants**

1931 E. 37<sup>th</sup> Street, Suite 7  
Odessa, Texas 79762  
(432) 363-0067  
Fax (432) 363-0376

3300 N. A Street, Bldg. 4, Suite 200  
Midland, Texas 79705  
(432) 686-9381  
Fax (432) 684-6722

2626 Royal Circle  
Kingwood, Texas 77339  
(281) 359-7224  
Fax (281) 359-7112

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholders  
EnDevCo, Inc.  
2425 Fountain View, Suite 215  
Houston, Texas 77057

We have audited the accompanying consolidated balance sheets of EnDevCo, Inc. as of December 31, 2007 and 2006 and the related consolidated statements of operations, changes in stockholders' deficit and cash flows for the years then ended. 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 audits.

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. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. According, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 financial position of EnDevCo, Inc. as of December 31, 2007 and 2006, and the results of its operations and its cash flows for the years then ended, 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 11 to the consolidated financial statements, the Company has a significant working capital deficit, has recognized significant operating losses for the two (2) year period ended December 31, 2007, and will need significant amounts of investment funds to fully develop its oil and gas leases. Management's plans in regard to these matters are described in Note 11. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/KILLMAN, MURRELL & COMPANY, P.C.  
April 4, 2008  
Odessa, Texas

EnDevCo, Inc. and Subsidiaries  
Consolidated Balance Sheets

	December 31,	
	2007	2006 (Restated)
<u>ASSETS</u>		
Current Assets		
Cash	\$ 1,135	\$ 1,063,994
Accounts receivable	131,662	161,226
Accounts receivable - Joint	27,715	20,302
Accounts receivable - Other	71,393	25,000
Prepaid expense	3,687	-
Other - hedging	-	29,833
Total Current Assets	235,592	1,300,355
Property and Equipment		
Oil and gas properties and equipment under full cost method	19,592,274	18,184,686
Less accumulated depreciation depletion and amortization	(840,240)	(385,500)
Net Property and Equipment	18,752,034	17,799,186
Total Assets	\$ 18,987,626	\$ 19,099,541
<u>LIABILITIES</u>		
Current Liabilities		
Accounts payable	\$ 3,374,556	\$ 3,239,384
Cash overdraft	27,538	-
Accrued Liabilities	2,370,013	1,132,473
Hedging liability	1,471,334	-
Revenue payable	31,435	29,001
Taxes payable	258,432	242,170
Payable to related party	20,548	-
Notes payable - related party	-	1,313,224
Total Current Liabilities	7,553,856	5,956,252
Long-Term Liabilities		
Notes payable	13,373,910	11,649,220
Note payable - related party	1,813,224	500,000
Total Long-Term Liabilities	15,187,134	12,149,220
Total Liabilities	22,740,990	18,105,472
Minority Interest	3,000,000	3,000,000
<u>STOCKHOLDERS' DEFICIT</u>		
Preferred Stock		
10,000,000 shares authorized, \$0.01 par value, 6,870,070 shares outstanding December 31, 2007 and 6,315,021 shares outstanding December 31, 2006	68,701	63,151
Common Stock		
500,000,000 shares authorized, without par value, 2,572,951 shares outstanding December 31, 2007 and 2,492,831 shares outstanding December 31, 2006	38,474,092	38,253,852
Additional Paid in Capital	6,801,370	6,251,870
Retained Deficit	(52,097,527)	(46,574,804)
Total Stockholders' Deficit	(6,753,364)	(2,005,931)
Total Liabilities, Minority Interest and Stockholders' Deficit	\$ 18,987,626	\$ 19,099,541

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

EnDevCo, Inc. and Subsidiaries  
Consolidated Statements of Operations

	Years Ended December 31,	
	<u>2007</u>	<u>2006</u>
Revenues		
Oil Sales	\$ 1,416,448	\$ 1,611,230
Gas Sales	336,842	261,665
Pipeline Transmission	31,969	46,289
Total Revenues	1,785,259	1,919,184
Cost of Revenues		
Lease Operating Cost	985,709	791,291
Production Taxes	126,201	134,384
Depletion	454,740	385,500
Total Cost of Revenues	1,566,650	1,311,175
Gross Profit	218,609	608,009
Costs and Expenses		
General and administrative	1,126,152	1,960,925
Salaries and wages	949,500	877,000
Shareholder services	40,662	43,184
Total Costs and Expenses	2,116,314	2,881,109
Net (Loss) Income from Operations	(1,897,705)	(2,273,100)
Other Income and (Expenses)		
Interest and other income	86,608	1,423,963
Lawsuit settlement	-	74,828
Hedging income (loss)	(1,595,010)	32,754
Interest expense	(2,116,616)	(1,164,039)
Total Other Income(Expenses)	(3,625,018)	367,506
Net (Loss) Income	\$ (5,522,723)	\$ (1,905,594)
Basic and Diluted Loss Per Common Shares	\$ (2.14)	\$ (0.82)
Weighted average number of common shares used in basic and diluted loss per share calculations	2,572,950	2,357,877

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, 2007 and 2006

	Preferred Stock		Common Stock		Additional Paid-In-Capital	Retained Earnings	Stockholders' Equity
	Shares	Amount	Shares	Amount			
Balance, December 31, 2005	6,090,020	\$ 60,901	2,140,598	\$ 36,625,552	\$ 6,029,120	\$ (44,669,210)	\$ (1,953,637)
Issuances of preferred shares:							
For Salaries & Director Fees	195,000	1,950			193,050		195,000
For Company Obligations	30,000	300			29,700		30,000
Issuances of common shares							
For Investment							
For Company Obligations			352,233	1,628,300			1,628,300
Net Loss						(1,905,594)	(1,905,594)
Balance, December 31, 2006 (Restated)	6,315,020	\$ 63,151	2,492,831	\$ 38,253,852	\$ 6,251,870	\$ (46,574,804)	\$ (2,005,931)
Issuances of preferred shares:							
For Salaries & Director Fees	157,500	1,575			155,925		157,500
For Company Obligations	397,550	3,975			393,575		397,550
Issuances of common shares							
For Investment							
For Company Obligations			80,120	220,240			220,240
Net Loss						(5,522,723)	(5,522,723)
Balance, December 31, 2007	6,870,070	\$ 68,701	2,572,951	\$ 38,474,092	\$ 6,801,370	\$ (52,097,527)	\$ (6,753,364)

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

EnDevCo, Inc. and Subsidiaries  
Consolidated Statement of Cash Flows

	Years Ended December 31,	
	2007	2006
<u>Cash Flows from Operating Activities</u>		
Net Loss	\$ (5,522,723)	\$ (1,905,594)
Adjustments to Reconcile Net Loss to Net Cash		
Provided by operating activities:		
Issuance of stock for expenses	555,050	225,000
Issuance of stock for consulting	220,240	1,628,300
Depletion	454,740	385,500
Amortization of loan fees	123,236	82,160
Changes in assets and liabilities		
Accounts receivable	(24,242)	(206,528)
Prepaid expenses	(3,687)	609
Revenue payable	2,434	29,001
Accounts payable	135,172	685,049
Cash overdraft	27,538	-
Accrued liabilities	1,237,540	942,884
Taxes payable	16,262	16,262
Hedging asset	29,833	(29,833)
Hedging liability	1,471,334	-
Payable to related party	(20,112)	-
Net cash used by operating activities	(1,297,385)	1,852,810
<u>Cash flows from investing activities</u>		
Purchase of oil and gas property	(1,407,588)	(15,317,585)
Net cash used by investing activities	(1,407,588)	(15,317,585)
<u>Cash flows from financing activities</u>		
Note payable payment	(216,483)	(160,790)
Increase in notes payable	1,858,597	12,047,560
Loan fees	-	(369,710)
Capital contributions	-	3,000,000
Net cash provided by financing activities	1,642,114	14,517,060
Net Change in Cash	(1,062,859)	1,052,285
Cash and cash equivalents		
Cash Balance, Begin Period	1,063,994	11,709
Cash Balance, End Period	\$ 1,135	\$ 1,063,994
Supplemental Cash Flow Information		
Cash paid for interest	\$ 1,670,134	\$ 972,632
Income taxes paid	\$ -	\$ -
Noncash Investing and Financing Activities:		
Stock issued for services	\$ 220,240	\$ 1,853,300
Interest payment paid by related party	\$ 40,660	\$ -

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

**EnDevCo, Inc. and Subsidiaries**  
Notes To Consolidated Financial Statements  
December 31, 2007

**NOTE 1 - Summary of Significant Accounting Policies**

Basis of Presentation -- EnDevCo, Inc. was originally incorporated under the laws of the state of Texas on November 7, 1980 as Roberts Oil and Gas, Inc. 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 subsidiaries, EnDevCo Eureka LLC, Superior Stock Transfer, Inc., EnDevCo Minerals, Inc., EnDevCo Refining Corporation, EnDevCo Colombia S.A., EnDevCo Eureka del Peru S.A.C., Quachita Gas Company and Africa Energy Group, Inc. (the "Company") All material inter-Company balances and transactions have been eliminated in consolidation. All subsidiaries except EnDevCo Eureka LLC and Superior Stock Transfer, Inc. (the Company's transfer agent) were inactive at December 31, 2007 and 2006.

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.

Derivative instruments - The Company makes limited use of derivative instruments. The Company does not engage in speculative derivative activities or derivative trading activities nor does it use derivatives with leverage features. When the Company does enter into derivative transactions, it is to offset exposures associated with hydrocarbon prices that arise from existing assets, liabilities and transactions. The gains and losses resulting from changes in the fair value of derivatives are recorded in operations. The estimated fair value of derivatives outstanding and recorded on the balance was a net payable of \$(1,471,334) at December 31, 2007 and a net receivable of \$29,833 at December 31, 2006. This is the amount that the Company would have paid to, or received from, third parties if these derivatives had been settled in the open market. The Company recognized a before tax loss of \$(1,595,010) related to the hedging derivative during 2007 and a before tax income of \$32,754 related to the hedging derivative during 2006. These amounts are in the financial statements and approximate their fair values.

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.

In addition, the capitalized costs are subject to a "ceiling test," which basically limits such costs to the aggregate of the "estimated present value," discounted at a 10-percent interest rate of future net revenues from proved reserves, based on current economic and operating conditions, plus the lower of costs or fair market value of unproved properties.

Sales of proved and unproved properties are accounted for as adjustments of capitalized costs with no gain or loss recognized, unless such adjustments would significantly alter the relationship between capitalized costs and proved reserves of oil and gas, in which case the gain or loss is recognized in income.

Abandonments of properties are accounted for as adjustments of capitalized costs with no loss recognized

Depletion expense for the year ending December 31, 2007 was \$454,740. Depletion expense for the year ending December 31, 2006 was \$385,500.

**EnDevCo, Inc. and Subsidiaries**  
Notes To Consolidated Financial Statements  
December 31, 2007

**NOTE 1 - Summary of Significant Accounting Policies (cont)**

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.

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.

Newly issued accounting pronouncements - In July 2006, the FASB issued Interpretation No. 48 (FIN 48) "Accounting for Uncertainty in Income Taxes," which prescribes a recognition threshold and measurement process for recording in the financial statements uncertain tax positions taken or expected to be taken in a tax return. Additionally, FIN 48 provides guidance on the derecognition, classification, accounting in interim periods and disclosure requirements for uncertain tax positions. The provisions of FIN 48 were adopted effective in the current fiscal year for the Company. The adoption of FIN 48 did not have a material impact on the Company's financial statements.

In September 2006, the Securities and Exchange Commission issued SAB No. 108 "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements." SAB No. 108 addresses quantifying the financial statement effects of misstatements, specifically, how the effects of prior year uncorrected errors must be considered in quantifying misstatements in the current year financial statements. The provisions of SAB No. 108 are effective in the current fiscal year for the Company. The adoption of SAB No. 108 did not have a material impact on the Company's financial statements.

In February 2007, the Financial Accounting Standards Boards ("FASB") issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities," including an amendment of FASB Statement No. 115. This statement provides companies with an option to report selected financial assets and liabilities at fair value. This statement is effective for fiscal years beginning after November 15, 2007 with early adoption permitted. The Company has fully adopted the provisions of SFAS No.159 beginning fiscal year 2008 and does not anticipate any material impact on its consolidated financial position and results of operations.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." This statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and requires additional disclosures about fair value measurements. This statement does not require any new fair value measurements, but the application of this statement could change current practices in determining fair value. The Company has adopted this guidance effective January 1, 2008 and does not anticipate any material impact on its consolidated financial position and results of operations.

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**NOTE 1 - Summary of Significant Accounting Policies (cont)**

In September 2006, the staff of the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin ("SAB") No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements.". The interpretations in this SAB express the staff's views regarding the process of quantifying financial statement misstatements. Specifically, the SEC staff believes that registrants must quantify the impact on current period financial statements of correcting all misstatements, including both those occurring in the current period and the effect of reversing those that have accumulated from prior periods. This SAB should be applied beginning with the first fiscal year ending after November 15, 2006, with early adoption encouraged. Since the Company's method for quantifying financial statement misstatements already considers those occurring in the current period and the effect of reversing those that have accumulated from prior periods, the adoption of SAB No. 108 had no effect to the financial position or results of operations of the Company.

In February 2006, the FASB issued SFAS No. 155, "Accounting for Certain Hybrid Instruments." This statement provides an election, on an instrument by instrument basis, to measure at fair value an entire hybrid financial instrument that contains an embedded derivative requiring bifurcation, rather than measuring only the embedded derivative on a fair value basis. This statement also eliminates an exception from the requirement to bifurcate an embedded derivative feature from beneficial interests in securitized financial assets. The Company has used this exception for investments the Company has made in securitized financial assets in the normal course of operations, and thus has not previously had to consider whether such investments contain an embedded derivative. The new requirement to identify embedded derivatives in beneficial interests will be applied on a prospective basis only to beneficial interests acquired, issued, or subject to certain remeasurement conditions after the adoption of the guidance. The Company expects to adopt this guidance effective January 1, 2007. The Company's adoption of this guidance is not expected to have a material effect on the Company's consolidated financial position or results of operations.

In November 2005, the FASB issued FSP FAS 115-1 and FAS 124-1, "The Meaning of Other-Than-Temporary Impairment and its Application to Certain Investments." This FSP provides impairment models for determining whether to record impairment losses associated with investments in certain equity and debt securities, primarily by referencing existing accounting guidance. It also requires income to be accrued on a level-yield basis following an impairment of debt securities, where reasonable estimates of the timing and amount of future cash flows can be made. The Company adopted this guidance effective January 1, 2006, and it did not have a material effect on the Company's consolidated financial position or results of operations.

In June 2005, the FASB issued Statement No. 133 Implementation Issue No. B39, "Embedded Derivatives: Application of Paragraph 13(b) to Call Options That are Exercisable Only by the Debtor." Implementation Issue No. B39 indicates that debt instruments where the right to accelerate the settlement of debt can be exercised only by the debtor do not meet the criteria of Paragraph 13(b) of Statement No. 133, and therefore should not individually lead to such options being considered embedded derivatives. Such options must still be evaluated under paragraph 13(a) of Statement No. 133. This implementation guidance is effective for the first fiscal quarter beginning after December 15, 2005. The Company's adoption of this guidance effective January 1, 2006 did not have a material effect on the Company's consolidated financial position or results of operations as the guidance is consistent with the Company's existing accounting policy.

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**NOTE 2 - Non-monetary Stock Transactions**

Included in the Company's consolidated statement of operations for the periods ended December 31, 2007 and December 31, 2006 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, 2007 and 2006. See Item 12 Certain Relationships and Related Transactions at page 21 and Note 8 to these financial statements at page 37.

	December 31, 2007			December 31, 2006		
	Common	Preferred	Value	Common	Preferred	Value
For Salaries	--	157,500	\$ 157,500	--	195,000	\$ 195,000
Other Obligations	80,120	397,550	617,790	352,233	30,000	1,658,300
<b>Total</b>	<b>80,120</b>	<b>555,050</b>	<b>\$ 775,290</b>	<b>352,233</b>	<b>225,000</b>	<b>\$ 1,853,300</b>

**NOTE 3 - Stockholders' Equity**

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, 2007 and 2006 there were 6,870,070 and 6,315,020 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, 2007 a total of 555,050 shares of preferred stock was issued for salaries and recorded at the rate of \$1.00 per share as approved by the Board of Directors.

On March 10, 2008, the Company effected a 1 for 100 reverse stock split of its common stock. The Board of Directors' resolution included the following provision:

"RESOLVED, that no fractional shares or less than an even hundred round lot of common stock shall be issued as a result of the Reverse Split."

This provision has the effect of altering the ownership percentage of each shareholder. The outstanding number of common shares on March 10, 2008, was 257,295,087 which would convert to 2,572,951 shares of common stock, except that all shareholders are to receive even one hundred share lots. The rounding up of split shares to one hundred share lots resulted in an additional 473,725 shares of common stock being issued, with a fair value of \$2,368,625 (March 11, 2008, opening trading value \$5.00). The fair value of the extra common shares issued will be recognized as a charge to operations on March 10, 2008. The consolidated statement of changes in stockholders' deficit, the weighted average number of common shares outstanding reflected in the statements of operations and the loss per share have been restated to reflect the reverse stock split.

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**NOTE 4 - Commitments and Contingencies**

Legal Proceedings for the Quarter Ended December 31, 2007:

As of June 1, 2007, the law firm of Phillips & Akers, P.C. (“A&P”), are the attorneys of record for the Company in a case styled: Cause No: 2006-34662; *Farzad Askari v. EnDevCo, Inc.*

Mr. Askari filed a breach of contract case claiming the Company (the Defendant) had not paid Mr. Askari (the Plaintiff) for work he did as an alleged consultant in 2002 for John W. Adair and Adair International Oil & Gas, Inc. The Company believed that Mr. Askari was never a consultant for the Company and never performed any work for the Company and therefore was not entitled to receive any compensation from the Company.

The case went to trial and the jury’s verdict was that Mr. Askari was not entitled to any compensation and that judgment was entered on January 11, 2008. All of Mr. Askari’s post trial motions to date have been unsuccessful; however, he has filed notice of appeal.

As of June 1, 2007, the law firm of Phillips & Akers, P.C. (“A&P”), are the attorneys of record for the Company in a case styled: Cause No: 2006-61144; *Ikechukwu Igbo v. EnDevCo, Inc.*

Mr. Igbo filed a breach of contract case claiming the Company (the Defendant) had not paid Mr. Igbo (the Plaintiff) for work he did as an alleged employee in 2002 for John W. Adair and Adair International Oil & Gas, Inc. The Company believes that Mr. Igbo was never an employee for the Company and never performed any work for the Company and therefore was not entitled to receive any compensation from the Company.

Summary judgment was granted in the Company’s favor and that judgment is now final.

As of October 10, 2007, the law firm of Looney, Nichols & Johnson, P.L.L.C. (“LN&J”), are the attorneys of record for the Company in a case styled: Cause No: CJ 07 1859 L; *Basic Energy Services, LP v. EnDevCo Eureka, LLC. et al.*

Basic Energy Services has filed a breach of contract case claiming EnDevCo Eureka, LLC (the Defendant) has not paid for goods and services, totaling \$1,315,551.26, that are in dispute between the parties. The Company has accrued the entire amount pending and expects a settlement in approximately the same amount.

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.

**EnDevCo, Inc. and Subsidiaries**  
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**NOTE 4 - Commitments and Contingencies (cont)**

**Concentrations of Credit Risk**

The Company has financial instruments that are exposed to concentrations of credit risk and consist primarily of cash and accounts receivable. The Company routinely maintains cash and temporary cash investments at certain financial institutions in amounts substantially in excess of FDIC insurance limits; however, management believes that these financial institutions are of high quality and the risk of loss is minimal. At December 31, 2007, the Company had no cash balances in excess of the FDIC limits. The accounts receivable represent balances due from oil and gas purchasers and are collected within thirty (30) days.

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.

**NOTE 5 - Earnings Per Share**

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

	2007			2006		
	(Loss)	Common Shares	Loss Per Share	(Loss)	Common Shares	Loss Per Share
Net Income	\$(5,552,723)	2,572,950	(\$2.14)	\$(1,905,594)	2,337,877	(\$.82)

As of December 31, 2007 a total of 6,870,070 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.

**EnDevCo, Inc. and Subsidiaries**  
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**NOTE 6 - Income Taxes**

The provision for income taxes has been calculated based on federal statutory rates of 34%.

	Years ended December 31,	
	2007	2006
Income tax benefit calculated		
using the statutory rates	\$ 1,877,726	\$ 647,902
Nondeductible expenses	(53,550)	(66,300)
Changes in valuation allowance	(1,824,176)	(581,602)
	\$ --	\$ --
Temporary differences, which give rise to deferred tax assets and liabilities are as follows:		
	Years ended December 31,	
	2007	2006
Deferred Tax Liabilities		
Oil and Gas Properties	\$(1,957,931)	\$(1,337,499)
	(1,957,931)	(1,337,499)
Deferred Tax Asset		
Hedging Activity	500,254	
Officer Salaries	497,760	228,481
Operating losses	15,598,383	13,923,308
Total Deferred Tax Asset	16,596,397	14,151,789
Valuation allowance	(14,638,466)	(12,814,290)
	\$ --	\$ --

Net operating losses are subject to IRS Sec 382 limitations because of greater than 50% ownership changes in 1997 and 2002. Unused net operating losses may be carried forward for 20 years from the year incurred and affect future income subject to IRS Sec 382 limitations. Because of the uncertainty of realization, the Company's management established a valuation allowance equal to the deferred tax asset.

**EnDevCo, Inc. and Subsidiaries**  
Notes To Consolidated Financial Statements  
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**NOTE 7 – Note Payable – GASROCK CAPITAL LLC**

The Company entered into an advancing term credit agreement for \$30,000,000 on April 13, 2006 through its subsidiary EnDevCo Eureka, LLC with GasRock Capital, LLC to fund the purchase of the Short Junction Field in Cleveland County Oklahoma. This agreement was increased to \$50,000,000 on April 2, 2007. The interest rate is 12% and the loan terminates on April 13, 2010. The balance at December 31, 2007 was \$13,343,910, net of debt discount of \$164,313, and the Company paid interest of \$422,910 during the quarter ended December 31, 2007. The Company has approximately \$36,500,000 left to draw on this agreement. The Company's ability to draw down money under this agreement terminates on April 30, 2009. The note is secured by all of EnDevCo Eureka's assets and certain personal assets owned by Chris A. Dittmar.

**NOTE 8 - Notes Payable – Long Term - Related Party**

The Company has three long term notes payable totaling \$1,813,224. All three notes accrue interest at the LIBOR monthly average coupon rate (5.24%) at December 31, 2007. The first two notes are in the amounts of \$363,224 and \$950,000 respectively and are due and payable December 31, 2009. The third note is in the amount of \$500,000 and is due and payable June 30, 2009. The maker of this note consists of the following related parties managed by Campbell Evans: OCE Partners, LLC, and OCE Interests, LLC; and OCE Advisors, LLC, managed by Chris A. Dittmar. All notes are unsecured.

**NOTE 9 – Interest and Other Income**

Interest Income during 2007 was \$24,188 which was earned from the Company's money market account. Other Income of \$62,420 came from the reversal of an old account payable on which the statute of limitations had passed. This account payable were accrued during operations under previous management prior to the successful proxy fight waged by current management. The Company has determined it is no longer responsible for them due to the passage of time and they have been reversed.

**NOTE 10 - Payable to Related Party**

On June 5, 2007, the Company entered in to a farmout agreement with Alliance Energy Corporation ("Alliance"), which is owned by the CEO of the Company. The farmout agreement covers a well to be drilled in the Short Junction Field which is owned by the Company. Drilling activity began in September 2007 and continued to January 2008. At December 31, 2007, recoverable drilling and exploration costs on well WSJU #109StH were approximately \$2,693,750. After all drilling, development and production costs have been recovered by Alliance, all working interest and net revenue interest in the well will revert to the Company, except for a fifteen percent (15%) working interest and pro rata net revenue interest which will be retained by Alliance.

At December 31, 2007, the amount payable to Alliance is \$20,548.

**NOTE 11 – Going Concern**

The Company has reported operating losses aggregating \$7,428,000 for the two (2) year period ended December 31, 2007. At December 31, 2007, the consolidated balance sheet reported a working capital deficit of \$7,318,000. The Company must raise significant amounts of cash to pay its current liabilities and to provide investment funds to continue development of its oil and gas leases. There can be no assurance the Company's management will be able to secure funding.

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**NOTE 12 – Financial Statement Restatement**

The December 31, 2006 consolidated financial statements of the Company as filed on April 4, 2007 in Form 10-KSB/A have been restated as follows -

	As Originally <u>Reported</u>	<u>Change</u>	As <u>Restated</u>	
<b><u>Balance Sheet</u></b>				
Accounts Receivable	181,529	\$ 24,999	\$ 206,528	
Prepaid Expenses	148,925	(148,925)	--	(1)
Hedging Asset	--	29,833	29,833	
Oil and Gas Properties and Equipment	18,612,915	(428,229)	18,184,686	(2)
Accumulated Depletion	552,410	(166,910)	385,500	
Accounts Payable	3,100,874	138,510	3,239,384	(2)
Revenue Payable	17,086	11,915	29,001	
Accrued Expenses	106,238	148,835	255,073	(3)
Note Payable	11,745,770	(96,550)	11,649,220	(1)
Common Stock	38,107,852	146,000	38,253,852	(4)
Retained Deficit	45,870,682	704,122	46,574,804	
<b><u>Statement of Operation</u></b>				
Oil Sales	1,718,006	(106,776)	1,611,230	(5)
Gas Sales	306,816	(45,151)	261,665	(5)
Lease Operating Cost	1,076,877	(285,586)	791,291	(2)
Production Taxes	147,570	(13,186)	134,384	(5)
Depletion	552,410	(166,910)	385,500	
Hedging Income	--	32,754	32,754	
General and Administrative	1,842,494	118,431	1,960,925	(4)
Interest and Other Income	1,320,372	103,593	1,423,965	
Lawsuit Settlement	124,828	(50,000)	74,828	
Interest Expense	178,248	985,791	1,164,039	(6)
Net Loss	1,201,472	704,122	1,905,594	
<b><u>Statement of Cash Flow</u></b>				
Operating Activities Provided	2,102,020	(249,210)	1,852,810	(7)
Investing Activities Used	15,745,814	(428,229)	15,317,585	(7)
Financing Activities Provided	14,696,079	(179,019)	14,517,060	(7)

The material and significant changes are explained below -

- (1) Reclassification of debt issue costs to note payable, plus correction of debt issue cost amortization.
- (2) Increased accrual of accounts payable applicable to oil and gas equipment and development costs and reclassification of certain intangible development costs from lease operating costs.
- (3) Reclassification of accounts payable to accrued expenses.
- (4) Record the issuance of 3,883,330 shares of common stock valued at \$146,000 not previously recognized.
- (5) Correction of over riding royalty interest payments.
- (6) Capitalized interest of \$1,015,576 on the oil and gas property acquisition was reversed and expensed. A portion of the lease acquired was productive and depletion was being recognized, which precludes the capitalization of interest.
- (7) Changes result from adjustments to the assets and liabilities.

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**NOTE 13 - Supplemental Oil and Gas Information (Unaudited)**

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

Description	Harvest	Pine Curtain	Short Junction	Total
Oil and Gas Properties	\$ 1,000,000	\$ 1,000,000	\$ 16,184,686	\$ 18,184,686
Less Accumulated Depr/Depl	--	--	\$ 385,500	\$ 385,500
Total, December 31, 2006	\$ 1,000,000	\$ 1,000,000	\$ 15,799,186	\$ 17,799,186
Oil and Gas Properties	\$ 1,000,000	\$ 1,000,000	\$ 17,592,274	\$ 19,592,274
Less Accumulated Depr/Depl	--	--	\$ 840,240	\$ 840,240
Total, December 31, 2007	\$ 1,000,000	\$ 1,000,000	\$ 16,752,034	\$ 18,752,034

***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, 2009.

The Company has also entered into a farm-in agreement with Mariner Energy, Inc., which grants the Company an assignment of their operating rights down to a depth of 12,800 feet upon the initial commercial completion of the "OC" sand in East Cameron Block 71. Open Choke Exploration, 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 drill the East Cameron 71-9 well and attempt to complete the "OC" sand. In the event that this well is not successful, EnDevCo has the right to drill a replacement well to test the "OC" 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 December 31, 2008.

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**NOTE 13 - Supplemental Oil and Gas Information (Unaudited)**

**Block XXIV, Peru** - Following an extensive bidding process, a consortium including EnDevCo was awarded the exclusive concession to develop the Block XXIV prospect area located in northwest Peru. EnDevCo owns 20% of the consortium. Covering more than 276 thousand acres, the block contains both onshore and offshore prospects. The area is bracketed by recent discoveries to the immediate north (Olympic) and south (Olympic and Petrotech). The primary target horizon for the off shore area is the naturally fractured Amotape formation of Paleozoic age (quartzites, slates, etc.). This target formation boasts similar characteristics to those that have produced oil in the nearby Portachuelo Oilfield and, more recently, the offshore San Pedro discovery. The reinterpretation of well logs using new technology indicates pay in target formation. Northwest Peru has solid infrastructure and substantial power demand, creating a ready-market for gas. For EnDevCo, the region represents an excellent opportunity for an integrated gas-to-power project.

**Cleveland County, Oklahoma** - On April 13, 2006, the Company acquired a 98.712% working interest with a 70.085% net revenue interest in the West Short Junction Unit and a 100% working interest with a 71% 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, LLC 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, is the Operator for the Field which has an acquisition date of January 01, 2006.

Project financing was provided by GasRock Capital, LLC of Houston, Texas and takes the form of a \$50.0 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.

Since acquiring the Field, the Company has methodically performed maintenance activities on all oil wells to include improved chemical and hot oil treatments; new pump jacks, existing pump jack re-alignment, bearing and rod replacement, beam compressor installation and pipeline integrity testing and cleanout. EnDevCo has also installed new pumps, a new water knockout and two new heater treaters for improved oil separation at the central collection and metering stages and terminated the re-injection of water into the Hunton reservoir by re-piping and installing a new salt water disposal well.

The Field purchase included 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 34 unplugged production well bores of which 26 are currently active.

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**  
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**NOTE 13 - Supplemental Oil and Gas Information (Unaudited) (cont)**

**EnDevCo, Inc.**  
**Supplemental Information**  
**Year Ended December 31, 2007**  
**(Unaudited)**

	<b>Full Cost</b>
<u>Capitalized Costs Relating to Oil and Gas Producing Activities at December 31, 2007</u>	
Unproved oil and gas properties	\$ 2,000,000
Proved oil and gas properties	16,843,953
Support equipment and facilities	<u>748,321</u>
	19,592,274
Less accumulated depreciation, depletion, amortization, and impairment	<u>840,240</u>
Net capitalized costs	<u>\$ 18,752,034</u>
 <u>Costs Incurred in Oil and Gas Producing Activities for the Year Ended December 31, 2007</u>	
Property acquisition costs	
Proved	\$ 6,722
Unproved	-
Exploration costs	1,503,264
Development costs	88,954
Amortization rate per equivalent barrel of production	\$ 15.18
 <u>Results of Operations for Oil and Gas Producing Activities for the Year Ended December 31, 2007</u>	
Oil and gas sales	\$ 1,785,259
Gain on sale of oil and gas properties	-
Gain on sale of oil and gas leases	-
Production costs	1,111,910
Exploration costs	-
Depreciation, depletion, and amortization	<u>454,740</u>
	218,609
Income tax expense	<u>-</u>
Results of operations for oil and gas producing activities (excluding corporate overhead and financing costs)	<u>\$ 218,609</u>

Reserve Information

The following estimates of proved and proved developed reserve quantities and related standardized measure of discounted net cash flow are estimates only, and do not purport to reflect realizable values or fair market values of the Company's reserves. The Company emphasizes that reserve estimates are inherently imprecise and that estimates of new discoveries are more imprecise than those of producing oil and gas properties. Accordingly, these estimates are expected to change as future information becomes available. All of the Company's reserves are located in the United States.

**EnDevCo, Inc. and Subsidiaries**  
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**NOTE 13 - Supplemental Oil and Gas Information (Unaudited) (cont)**

Proved reserves are estimated reserves of crude oil (including condensate and natural gas liquids) and natural gas that geological and engineering data demonstrate with reasonable certainty to be recoverable in future years

from known reservoirs under existing economic and operating conditions. Proved developed reserves are those expected to be recovered through existing wells, equipment, and operating methods.

The standardized measure of discounted future net cash flows is computed by applying year-end prices of oil and gas (with consideration of price changes only to the extent provided by contractual arrangements) to the estimated future production of proved oil and gas reserves, less estimated future expenditures (based on year-end costs) to be incurred in developing and producing the proved reserves, less estimated future income tax expenses (based on year-end statutory tax rates, with consideration of future tax rates already legislated) to be incurred on pretax net cash flows less tax basis of the properties and available credits, and assuming continuation of existing economic conditions. The estimated future net cash flows are then discounted using a rate of 10 percent a year to reflect the estimated timing of the future cash flows.

	Oil (Bbls)	Gas (Mcf)
Proved developed and undeveloped reserves		
Beginning of year	13,266,361	37,853,759
Revisions of previous estimates	(187,378)	(1,946,360)
Improved recovery	-	-
Purchases of minerals in place	-	-
Extensions and discoveries	-	-
Production	(20,554)	(56,444)
Sales of minerals in place	-	-
End of year	13,058,429	35,850,955
Proved developed reserves		
Beginning of year	814,544	685,722
End of year	780,638	364,895
Standardized Measure of Discounted Future Net Cash Flows at December 31, 2006		
Future cash inflows		\$1,497,286,000
Future production costs		(220,592,000)
Future development costs		(271,290,000)
Future income tax expenses		(341,840,000)
		663,564,000
Future net cash flows		
10% annual discount for estimated timing of cash flows		(451,224,000)
Standardized measures of discounted future net cash flows relating to proved oil and gas reserves		\$ 212,340,000

**EnDevCo, Inc. and Subsidiaries**  
Notes To Consolidated Financial Statements  
December 31, 2007

**NOTE 13 - Supplemental Oil and Gas Information (Unaudited) (cont)**

The following reconciles the change in the standardized measure of discounted future net cash flow during 2006.

Beginning of year	\$ 118,708,966
Sales of oil and gas produced, net of production costs	(673,000)
Net changes in prices and production costs	437,851,000
Extensions, discoveries, and improved recovery, less related costs	-
Development costs incurred during the year which were previously estimated	(1,867,000)
Net change in estimated future development costs	(35,750,000)
Revisions of previous quantity estimates	(25,533,000)
Net change from purchases and sales of minerals in place	
Accretion of discount	(153,224,000)
Net change in income taxes	(127,172,000)
Other	(966)
End of year	<u>\$ 212,340,000</u>

**EnDevCo, Inc. and Subsidiaries**  
December 31, 2007

INDEX TO EXHIBITS	
-	
3(i)	Amendment to the Restated Articles of Incorporation dated May 12, 2005, see page 47 of this report.
3(ii)	Articles of Amendment to the Articles of Incorporation of EnDevCo, Inc., incorporated by reference to the registrant's Form 8K filed on March 12, 2008.
3(iii)	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(iv)	Material Modification to Rights of Security Holders, Amendments to Articles of Incorporation, incorporated by reference to registrant's Form 8K filed on March 12, 2008.
3(v)	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 49 of this report.
31.1	Certification per Rule 13a-14(a) by Chief Executive Officer, see page 50 of this report.
31.2	Certification per Rule 13a-14(a) by Chief Financial Officer, see page 51 of this report.
32.1	Certification per Section 1350 by Chief Executive Officer, see page 52 of this report.
32.2	Certification per Section 1350 by Chief Financial Officer, see page 52 of this report.

**EnDevCo, Inc. and Subsidiaries**  
December 31, 2007

**Exhibit 3(i).**

**EnDevCo, Inc.**

Amendment  
To The  
Restated Articles Of Incorporation

EnDevCo, Inc., pursuant to the provisions of Article 4.01- 4.06 of the Texas Business Corporation Act, hereby adopts the following Articles of Amendment to its Restated Articles of Incorporation.

**Article I**

The name of the Corporation is EnDevCo, Inc.

**Article II**

The amendment changes Article IV of the Restated Articles of Incorporation as follows:

From:

The corporation shall have authority to issue two classes of shares; to be designated respectively “preferred shares” and “common shares”. The total number of shares, which the Corporation is authorized to issue, is 505,000,000 shares. The number of preferred shares is 5,000,000 shares and the par value of each share is \$0.01. The number of common shares authorized is 500,000,000 shares without par value.

Upon this amendment becoming effective pursuant to the Texas Business Corporation Act of the State of Texas (the “Effective Time”), a number of shares in the sole discretion of the Corporation’s Board of Directors, of the Corporation’s common stock, no par value per share (the “Old Common Stock”), issued and outstanding immediately prior to the Effective Time, will be automatically reclassified as and converted into one share of common stock, no par value per share, of the Corporation (the “New Common Stock”) hereinafter referred to as a (“Reverse Stock Split”).

Notwithstanding the immediately preceding sentence, no fractional shares of New Common Stock shall be issued to the holders of record of Old Common Stock in connection with the foregoing reclassification of shares of Old Common Stock. If the Reverse Stock Split produces a result where a shareholder holds a fractional share and/or less than an even hundred round lot of common stock, the shareholder’s holding will be rounded up to the next even hundred round lot of stock of New Common Stock at no cost to the shareholder, such shares of stock to be issued to the shareholder of record at the Effective Time of the reclassification.

Each stock certificate held in electronic form that, immediately prior to the Effective Time, represented shares of Old Common Stock shall, from and after the Effective Time, automatically and without the necessity of presenting the same for exchange, represent that number of whole shares of New Common Stock into which the shares of Old Common Stock represented by such certificate shall have been reclassified. Each holder of record of a physical stock certificate that represented shares of Old Common Stock shall receive, upon the required surrender of such physical stock certificate to the Corporation’s stock transfer agent, a new stock certificate representing the number of whole shares of New Common Stock into which the shares of Old Common Stock represented by such certificate shall have been reclassified.

To:

The Corporation shall have authority to issue two classes of shares; to be designated respectively “preferred shares” and “common shares”. The total number of shares, which the Corporation is authorized to issue, is 510,000,000 shares. The

**EnDevCo, Inc. and Subsidiaries**

December 31, 2007

**Exhibit 3(i) (cont).**

number of preferred shares is 10,000,000 shares and the par value of each share is \$0.01. The number of common shares authorized is 500,000,000 shares without par value.

Upon this amendment becoming effective pursuant to the Texas Business Corporation Act of the State of Texas (the "Effective Time"), a number of shares in the sole discretion of the Corporation's Board of Directors, of the Corporation's common stock, no par value per share (the "Old Common Stock"), issued and outstanding immediately prior to the Effective Time, will be automatically reclassified as and converted into one share of common stock, no par value per share, of the Corporation (the "New Common Stock") hereinafter referred to as a ("Reverse Stock Split").

Notwithstanding the immediately preceding sentence, no fractional shares of New Common Stock shall be issued to the holders of record of Old Common Stock in connection with the foregoing reclassification of shares of Old Common Stock. If the Reverse Stock Split produces a result where a shareholder holds a fractional share and/or less than an even hundred round lot of common stock, the shareholder's holding will be rounded up to the next even hundred round lot of stock of New Common Stock at no cost to the shareholder, such shares of stock to be issued to the shareholder of record at the Effective Time of the reclassification.

Each stock certificate held in electronic form that, immediately prior to the Effective Time, represented shares of Old Common Stock shall, from and after the Effective Time, automatically and without the necessity of presenting the same for exchange, represent that number of whole shares of New Common Stock into which the shares of Old Common Stock represented by such certificate shall have been reclassified. Each holder of record of a physical stock certificate that represented shares of Old Common Stock shall receive, upon the required surrender of such physical stock certificate to the Corporation's stock transfer agent, a new stock certificate representing the number of whole shares of New Common Stock into which the shares of Old Common Stock represented by such certificate shall have been reclassified.

**Article III**

These Articles of Amendment were adopted by the shareholders of the Corporation at the 2004 annual meeting held on October 14, 2004

**Article IV**

These Articles of Amendment have been approved in the manner required by the Texas Business Corporation Act and by the constituent documents of the Corporation.

**Article V**

These Articles of Amendment do not change the stated capital of the Corporation.

**Article VI**

The undersigned signs this document subject to the penalties imposed by law for the submission of a false or fraudulent document.

**IN WITNESS WHEREOF**, the undersigned has executed these Restated Articles of Incorporation on this 12th day of May, A.D., 2005.

EnDevCo, Inc.

By: LARRY SWIFT  
Name: LARRY SWIFT  
Title: CFO

**EnDevCo, Inc. and Subsidiaries**  
December 31, 2007

**Exhibit 21 - Subsidiaries of the Registrant**

	Name	Jurisdiction of Incorporation	DBA
1.	Superior Stock Transfer, Inc. (FKA) Superior Geophysical, Inc.	Texas	Same
2.	EnDevCo Eureka, LLC	Delaware	Same
3.	EnDevCo Minerals, Inc. (FKA) Adair Exploration, Inc.	Texas	Same
4.	EnDevCo Refining Corporation (FKA) Adair Yemen Exploration Ltd.	Bahamas	Same
5.	EnDevCo Colombia, S.A. (FKA) Adair Colombia Oil & Gas, SA	Panama	Same
6.	EnDevCo Eureka del Peru S.A.C.	Peru	Same
7.	Quachita Gas Company	Delaware	Same
8.	Africa Energy Group, Inc.	Bahamas	Same

**EnDevCo, Inc. and Subsidiaries**

December 31, 2007

**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 10K 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;
  - (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.

October 14, 2008

CHRIS A DITTMAR  
CHRIS A DITTMAR  
CHIEF EXECUTIVE OFFICER

**EnDevCo, Inc. and Subsidiaries**  
December 31, 2007

**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, Joseph Lessard, certify that:

1. I have reviewed this Annual Report on Form 10K 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;
  - (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.

October 14, 2008

JOSEPH LESSARD  
JOSEPH LESSARD  
CHIEF FINANCIAL OFFICER

**EnDevCo, Inc. and Subsidiaries**  
December 31, 2007

**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 10K for the period ended December 31, 2007 (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.

October 14, 2008

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, Joseph Lessard, 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 10K for the period ended December 31, 2007 (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.

October 14, 2008

JOSEPH LESSARD  
JOSEPH LESSARD  
CHIEF FINANCIAL OFFICER