

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 10-QSB**

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934 FOR THE QUARTER ENDED SEPTEMBER 30, 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 74-2142545  
(State or other jurisdiction of incorporation or organization) (IRS Employer Identification No.)

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

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

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

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

The number of shares outstanding of the registrant's common stock as of September 30, 2007 was 253,283,087.

Transitional Small Business Disclosure Format:  Yes  No

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

EnDevCo, Inc. and Subsidiaries  
Consolidated Balance Sheets  
September 30, 2007 Compared to December 31, 2006

	9/30/2007 (Unaudited)	12/31/2006 (Restated)
<u>ASSETS</u>		
Current Assets		
Cash	\$ 296,741	\$ 1,063,994
Accounts receivable	129,973	161,226
Accounts receivable - Joint	34,769	20,302
Accounts receivable - Other	53,408	25,000
Prepaid expense	3,687	-
Other - hedging	-	29,833
Total Current Assets	518,578	1,300,355
Property and Equipment		
Oil and gas properties and equipment under full cost method	20,179,780	18,184,686
Less accumulated depreciation depletion and amortization	(811,332)	(385,500)
Net Property and Equipment	19,368,448	17,799,186
Total Assets	\$ 19,887,026	\$ 19,099,541
<u>LIABILITIES</u>		
Current Liabilities		
Accounts payable	\$ 3,992,054	\$ 3,239,384
Accrued Liabilities	1,908,918	1,132,473
Hedging liability	468,140	-
Revenue payable	72,996	29,001
Taxes payable	254,333	242,170
Notes payable - related party	1,313,224	1,313,224
Total Current Liabilities	8,009,665	5,956,252
Long-Term Liabilities		
Notes payable	13,318,655	11,649,220
Note payable - related party	500,000	500,000
Total Long-Term Liabilities	13,818,655	12,149,220
Total Liabilities	21,828,320	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, 6,315,021 shares outstanding September 30, 2007 and December 31, 2006	63,151	63,151
Common Stock		
500,000,000 shares authorized, without par value, 253,283,087 shares outstanding September 30, 2007 and 249,283,087 shares outstanding December 31, 2006	38,393,852	38,253,852
Additional Paid in Capital	6,251,870	6,251,870
Retained Deficit	(49,650,167)	(46,574,804)
Total Stockholders' Deficit	(4,941,294)	(2,005,931)
Total Liabilities, Minority Interest and Stockholders' Deficit	\$ 19,887,026	\$ 19,099,541

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

EnDevCo, Inc. and Subsidiaries  
Consolidated Statements of Operations  
For the Three and Nine Months Ended September 30, 2007 and 2006  
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenues				
Oil Sales	\$ 274,034	\$ 547,532	\$ 999,812	\$ 1,310,597
Gas Sales	99,247	86,232	228,783	240,355
Pipeline Transmission	25,000	6,808	32,424	41,147
Total Revenues	398,281	640,572	1,261,019	1,592,099
Cost of Revenues				
Lease Operating Cost	296,165	487,048	806,851	774,016
Production Taxes	38,711	47,068	102,700	113,085
Depletion	147,901	30,000	425,832	90,000
Total Cost of Revenues	482,777	564,116	1,335,383	977,101
Gross Profit	(84,496)	76,456	(74,364)	614,998
Costs and Expenses				
General and administrative	110,066	518,495	545,035	1,420,675
Salaries and wages	198,000	240,500	594,000	666,500
Shareholder services	19,017	3,600	19,017	16,655
Total Costs and Expenses	327,083	762,595	1,158,052	2,103,830
Net (Loss) Income from Operations	\$ (411,579)	\$ (686,139)	\$ (1,232,416)	\$ (1,488,832)
Other Income and (Expenses)				
Other income	-	(24,413)	-	167,132
Lawsuit settlement	-	-	-	124,828
Hedging income (loss)	(119,120)	-	(486,094)	-
Interest income	5,160	8,995	23,313	17,501
Interest expense	(475,638)	(152,565)	(1,380,168)	(674,189)
Total Other Income(Expenses)	(589,598)	(167,983)	(1,842,949)	(364,728)
Net (Loss) Income	\$ (1,001,177)	\$ (854,122)	\$ (3,075,365)	\$ (1,853,560)
Basic and Diluted Loss Per Common Shares	\$ -	\$ -	\$ (0.01)	\$ -
Weighted average number of common shares used in basic and diluted loss per share calculations	253,283,087	231,019,754	251,083,087	221,953,752

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

EnDevCo, Inc. and Subsidiaries  
Consolidated Statement of Cash Flows

	Nine Months Ended September 30, (Unaudited)	
	<u>2007</u>	<u>2006</u>
<u>Cash Flows from Operating Activities</u>		
Net Loss	\$ (3,075,365)	\$ (1,853,560)
Adjustments to Reconcile Net Loss to Net Cash		
Provided by operating activities:		
Issuance of stock for expenses	-	62,500
Issuance of stock for consulting	140,000	1,170,500
Depletion	425,832	90,000
Changes in assets and liabilities		
Accounts receivable	31,255	(167,831)
Accounts receivable - joint interests	(14,467)	(57,538)
Accounts receivable - other	(28,408)	(14,177)
Prepaid expenses	(3,687)	(790,023)
Revenue payable	43,995	22,255
Accounts payable	752,670	754,213
Accrued Liabilities	776,445	672,948
Taxes payable	12,163	12,163
Hedging liability	497,973	-
Net cash used by operating activities	<u>(441,594)</u>	<u>(98,550)</u>
<u>Cash flows from investing activities</u>		
Purchase of oil and gas property	<u>(1,995,094)</u>	<u>(12,744,477)</u>
Net cash used by investing activities	<u>(1,995,094)</u>	<u>(12,744,477)</u>
<u>Cash flows from financing activities</u>		
Increase in notes payable	1,669,435	11,886,770
Capital contributions	-	3,000,000
Net cash provided by financing activities	<u>1,669,435</u>	<u>14,886,770</u>
Net Change in Cash	<u>(767,253)</u>	<u>2,043,743</u>
Cash and cash equivalents		
Cash Balance, Begin Period	<u>1,063,994</u>	<u>11,709</u>
Cash Balance, End Period	<u><u>296,741</u></u>	<u><u>2,055,452</u></u>
Supplemental Cash Flow Information		
Cash paid for interest	1,292,516	191,000
Stock issued for services	140,000	1,233,000

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

**EnDevCo, Inc. and Subsidiaries**  
Notes to Consolidated Financial Statements  
September 30, 2007

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

The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions of Regulation S-B. They do not include all information and footnotes required by generally accepted accounting principles for complete financial statements. However, except as disclosed herein, there has been no material change in the information from the Company's financial statements for the year ended December 31, 2006 included on the Company's Report on Form 10-KSB. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the nine-month period ended September 30, 2007 are not necessarily indicative of the results that may be expected for the year ending December 31, 2007.

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 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, Africa Energy Group, Inc. and EnDevCo Colombia S.A. (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, 2006. All subsidiaries except Superior Stock Transfer, Inc. were inactive at December 31, 2005.

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.

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.

Depletion expense for the nine months ending September 30, 2007 was \$425,832. Depletion expense for the nine months ending September 30, 2006 was \$90,000.

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

**EnDevCo, Inc. and Subsidiaries**  
Notes to Consolidated Financial Statements  
September 30, 2007

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

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.

**NOTE 2 - Preferred Stock**

The Board of Directors passed a Corporate Resolution that reads, "Pursuant to and in accordance with Article 2.13 of the Texas Business Corporation Act of the State of Texas the Company does hereby certify that, pursuant to the authority conferred on the Board of Directors by the Articles of Incorporation of the Corporation, and pursuant and in accordance with Article 2.13 of the Texas Business Corporation Act of the State of Texas, said Board of Directors, pursuant to unanimous written consent dated December 9, 2002, duly adopted a resolution providing for the authorization and issuance of 5,000,000 shares of Series A Convertible Preferred Stock, \$0.01 par value per share (the Series A Preferred Stock)". At the annual shareholders meeting held on October 15, 2004, the shareholders approved an increase in the total number of authorized Series A convertible preferred shares with a \$0.01 par value to 10,000,000. As of September 30, 2007 and 2006 there were 6,315,021 and 6,152,520 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 quarter ended September 30, 2007 no shares of preferred stock were issued.

**NOTE 3 – 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 September 30, 2007 was \$13,513,777, net of debt discount of \$195,123, and the Company paid interest of \$445,859 during the quarter ended September 30, 2007. The Company has approximately \$38,000,000 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 4 – Note Payable – Current – Related Party**

The Company has two current notes payable totaling \$1,313,224. Both notes accrue interest at the LIBOR monthly average interest coupon rate (5.72%) at September 30, 2007. The first is in the amount of \$363,224 and the second is in the amount of \$950,000. Both are due and payable December 31, 2007. The maker of each 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 5 - Note Payable – Long Term - Related Party**

The Company has one long term note payable in the amount of \$500,000 which accrues interest at the LIBOR monthly average interest coupon rate (5.72%) at September 30, 2007. It 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.

**EnDevCo, Inc. and Subsidiaries**  
September 30, 2007

**ITEM 2. 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 Colombia. The Company is also investigating investment in the development of new technologies for the enhancement of oil and gas production and the utilization of that technology to further acquire oil and gas production.

**OIL AND GAS EXPLORATION AND DEVELOPMENT**

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

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

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

The Company has also entered into a farm-in agreement with Noble Energy, Inc., Mariner Energy, Inc., and Entech Enterprises, Inc. which grants the Company an assignment of their operating rights down to a depth of 12,800 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 the Company 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.

**EnDevCo, Inc. and Subsidiaries**  
September 30, 2007

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont)**

*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.

*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 now 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 24 oil wells and 2 gas wells, 4 central collection and metering stages and 4 salt water disposal wells. The Field is currently 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 September 30, 2007.

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.

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, Inc. and Subsidiaries**  
September 30, 2007

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont)**

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

**ENERGY TECHNOLOGY DEVELOPMENT**

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

**POWER GENERATION**

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

**RESULTS OF OPERATIONS**

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

**EnDevCo, Inc. and Subsidiaries**  
September 30, 2007

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont)**

NINE MONTHS ENDED SEPTEMBER 30, 2007 COMPARED TO THE NINE MONTHS ENDED SEPTEMBER 30, 2006					
Line	Description	Nine Months Ended September 30,		Differences	Percent Change
		2007	2006		
1	Revenues	\$ 1,261,019	\$ 1,592,099	\$ (331,080)	(20.80)%
2	Cost of Revenues	\$ 1,335,383	\$ 977,101	\$ 358,282	36.67%
3	Costs and Expenses	\$ 1,158,052	\$ 2,103,830	\$ (945,778)	(44.96)%
4	General and Administrative Expense	\$ 545,035	\$ 1,420,675	\$ (875,640)	(61.64)%
5	Salaries and Wages	\$ 594,000	\$ 666,500	\$ (72,500)	(10.88)%
6	Shareholder Services	\$ 19,017	\$ 16,655	\$ 2,362	14.18%
7	Other Income and (Expenses)	\$(1,842,949)	\$ (364,728)	\$1,478,221	405.29%
8	Other Income	--	\$ 167,132	\$ (167,132)	(100.00)%
9	Lawsuit Settlement	--	\$ 124,828	\$ (124,828)	(100.00)%
10	Hedging Loss	\$ (486,094)	--	\$ (486,094)	100.00%
11	Interest Income	\$ 23,313	\$ 17,501	\$ 5,812	33.21%
12	Interest Expense	\$ (1,380,168)	\$ (674,189)	\$ 705,979	104.72%

Analysis of Nine Months Comparison

Line 1 - Revenue decreased overall \$331,080 during 2007. The Short Junction Field produced 32,659 boe and 42,778 boe during the first nine months of 2007 and 2006 respectively. This resulted in reduced revenue despite high prices for the product during 2007. A factor in the reduced production is the inclement weather and flooding in the Short Junction Field area during January 2007. The lease is making less oil because of the reworking and repair of wells which results in downtime. The lease didn't have this downtime last year in the first quarter. The lease currently has 24 producing oil wells and 2 producing gas wells.

Line 2 - Costs of revenues increased overall \$358,282 during 2007 due to more LOE because of reworking and repair on wells.

Line 3 - Total costs and expenses decreased overall \$945,778 during 2007. The detail explaining this decrease is shown on lines 4 and 5 below.

Line 4 - This decrease of \$876,640 is due to reduced consulting fees and engineering costs.

Line 5 - This decrease of \$72,500 is due to one additional officer during the previous period.

Line 6 - This increase is due to a timing difference.

**EnDevCo, Inc. and Subsidiaries**  
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**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont)**

Line 7 – Total other income and expenses decreased overall by \$1,842,949 in expenses during 2007. The detail explaining this increase is shown on lines 8 through 12 below.

Line 8 – No other income during 2007.

Line 9 – No lawsuit proceeds were received during 2007.

Line 10 – Hedging loss during 2007 was \$486,094.

Line 11 – Interest income increased during 2007 due to interest earned on the Short Junction money market account.

Line 12 – Interest expense increased by \$705,979 during 2007 due to interest on the Short Junction Field.

THREE MONTHS ENDED SEPTEMBER 30, 2007 COMPARED TO THE THREE MONTHS ENDED SEPTEMBER 30, 2006					
Line	Description	Three Months Ended September 30,		Differences	Percent
		2007	2006		Change
1	Revenues	\$ 398,281	\$ 640,572	\$ (242,291)	(37.82)%
2	Cost of Revenues	\$ 482,777	\$ 564,116	\$ (81,339)	(14.42)%
3	Costs and Expenses	\$ 327,083	\$ 762,595	\$ (435,512)	(57.11)%
4	General and Administrative Expense	\$ 110,066	\$ 518,495	\$ (408,429)	(78.77)%
5	Salaries and Wages	\$ 198,000	\$ 240,500	\$ (42,500)	(17.67)%
6	Shareholder Services	\$ 19,017	\$ 3,600	\$ 15,417	428.25%
7	Other Income and (Expenses)	\$ (589,598)	\$ (167,983)	\$ 421,615	250.99%
8	Other Income	--	\$ (24,413)	\$ 24,413	(100.00)%
9	Hedging Loss	\$ (119,120)	--	\$ 119,120	100.00%
10	Interest Income	\$ 5,160	\$ 8,995	\$ (3,835)	42.63%
11	Interest Expense	\$ (475,638)	\$ (152,565)	\$ 323,073	211.76%

**Analysis of Three Months Comparison**

Line 1 - Revenue decreased overall \$242,291 during 2007. See Line 1 under Nine Months Comparison above.

Line 2 - Costs of revenues decreased overall \$81,339 during 2007 due to lower production.

Line 3 - Total costs and expenses decreased overall \$435,512 during 2007. The detail explaining this decrease is shown on lines 4 and 5 below.

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**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont)**

Line 4 – This decrease of \$408,429 is due to reduced consulting fees and engineering costs.

Line 5 - This decrease of \$42,500 is due to one additional officer during the previous period.

Line 6 – This decrease is due to a timing difference.

Line 7 – Total other income and expenses increased overall by \$421,615 in expenses during 2007. The detail explaining this increase is shown on lines 8 through 12 below.

Line 8 – No other income was received during 2007. The other income during 2006 was from the settlement of a company lease obligation.

Line 9 – Hedging loss during 2007 was \$119,120.

Line 10 – Interest income decreased during 2007 due to a smaller balance in the Eureka money market account.

Line 11 – Interest expense increased by \$323,073 during 2007. This is due to the increased balance on the Short Junction Field note payable.

**LIQUIDITY AND CAPITAL RESOURCES**

Sources and Uses of Cash		Nine Months Ended September 30,	
		<u>2007</u>	<u>2006</u>
Net cash provided by/(used in)			
	Operating activities	\$ (441,594)	\$ (98,550)
	Investing activities	(1,995,094)	(12,744,476)
	Financing activities	<u>1,669,435</u>	<u>14,886,770</u>
Increase/(decrease) in cash and cash equivalents		\$ (767,253)	\$ 2,043,743
		=====	=====
Cash and cash equivalents		\$ 296,741	\$ 2,055,452
		=====	=====

Cash Flow from Operating Activities

2007

Cash used by operating activities totaled \$441,594 during 2007, cash used by operating activities during 2006 was \$98,550. Contributing to this increase was \$140,000 in consulting fees paid for in common stock, depletion of \$425,832, a \$31,255 decrease in accounts receivable, a \$14,467 increase in accounts receivable – joint interest, a \$28,408 increase in accounts receivable – other, a \$3,687 increase in prepaid expenses, a \$43,995 increase in revenue payable, a \$752,670 increase in accounts payable, a \$776,445 increase in accounts payable, a \$12,163 increase in taxes payable and hedging liability of \$497,973.

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**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont)**

2006

Cash used by operating activities totaled \$98,550 during 2006, cash provided by operating activities during 2005 was \$719. Contributing to this increase was \$62,500 in issuance of stock for salary, \$1,170,500 in issuance of stock for consulting, \$90,000 in depletion, a \$790,023 increase in prepaid expenses, a \$167,831 increase in accounts receivable, a \$57,538 increase in accounts receivable – joint interest, a \$14,177 increase in accounts receivable – other, a \$67,388 increase in accrued interest, a \$754,213 increase in accounts payable, a \$11,560 increase in accrued expenses, a \$594,000 increase in accrued salaries and a \$12,163 increase in taxes payable.

Cash Flow from Investing Activities

2007

The Company purchased oil and gas property during 2007 in the amount of \$1,995,094 for the Short Junction Field.

2006

The Company purchased oil and gas property during 2006 in the amount of \$12,744,476 for the Short Junction Field.

Cash Flow from Financing Activities

2007

The Company increased its note payable for the Short Junction project by \$1,669,435.

2006

The Company received capital contributions of \$3,000,000 from private parties and has a note payable of \$11,936,770 to purchase the Short Junction project.

Directors and Officers Compensation

The Company currently has nominal cash reserves and cash flow from operations. Until such time as the financial condition of the Company improves, the Company's Directors and Officers have agreed to have their salaries 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 3. CONTROLS AND PROCEDURES**

As required by Rule 13a-15(b), Company's executive management, including the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer, conducted an evaluation as of the end of the period covered by this report, of the

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**ITEM 3. CONTROLS AND PROCEDURES (cont)**

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

**PART II - OTHER INFORMATION**

**ITEM 1. LEGAL PROCEEDINGS**

Legal Proceedings for the Quarter Ended September 30, 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 has filed a breach of contract case claiming the Company (the Defendant) has not paid Mr. Askari (the Plaintiff) promised stock shares and \$33,000 in wages for work he did as an alleged consultant in 2002 for John W. Adair and Adair International Oil & Gas, Inc. The Company believes that Mr. Askari was never a consultant for the Company and never performed any work for the Company and therefore is not entitled to receive any compensation.

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 has filed a breach of contract case claiming the Company (the Defendant) has not paid Mr. Igbo (the Plaintiff) promised \$8,000 in wages 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 is not entitled to receive any compensation.

As of October 10, 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: 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 that are in dispute between the parties. The Company believes that upon review of all disputed invoices, a settlement will be reached between the parties.

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 2. CHANGES IN SECURITIES**

None.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

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

None.

**ITEM 5. OTHER INFORMATION**

None.

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**ITEM 6. EXHIBITS AND REPORTS ON FORM 8 -K**

(a) Exhibits

31.1 Certification by CEO and CFO pursuant to Section 302 of Sarbanes-Oxley Act of 2002.

32.2 Certification by CEO and CFO pursuant to Section 906 of Sarbanes-Oxley Act of 2002.

(b) Reports on 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 November 14, 2007.

ENDEVCO, INC.

CHRIS A. DITTMAR  
CHIEF EXECUTIVE OFFICER AND DIRECTOR

RICHARD G. BOYCE  
CHIEF OPERATING OFFICER AND DIRECTOR

LARRY SWIFT  
CHIEF FINANCIAL OFFICER

JOHN A. BRUSH  
NON-EXECUTIVE DIRECTOR

CHARLES R. CLOSE  
NON-EXECUTIVE DIRECTOR

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**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**

In connection with the Quarterly Report of EnDevCo, Inc. (the "Company") on Form 10QSB (the "Report") for the quarter ended September 30, 2007 (the "Reporting Period"), as filed with the Securities Exchange Commission on the date hereof under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the undersigned, Chris A. Dittmar, Chief Executive Officer of the Company, certifies pursuant to Rule 13a-14(a) or 15d-14(a) under the Exchange Act that:

1. I have reviewed the Report.
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 they are made, not misleading with respect to the Reporting Period.
3. Based on my knowledge, the consolidated financial statements and other financial information included in the Report fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of the date and for the periods reported therein.
4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) for the Company and internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) for the Company, and we have:
  - (a) designed those disclosure controls and procedures, or caused them 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 controls over financial reporting, or caused them to be designed under our supervision, to provide reasonable assurances 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 the Report our conclusions about the effectiveness of those disclosure controls and procedures, as of the end of the Reporting Period based on that evaluation; and
  - (d) disclosed in the Report any change in the Company's internal control over financial reporting that occurred during the last fiscal quarter of the Reporting Period that has materially affected or is reasonably likely to materially affect the Company's internal control over financial reporting.

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**EXHIBIT 31.1 (cont)**

5. Based on our most recent evaluation of internal control over financial reporting, the Company's other certifying officer and I have disclosed to the Company's auditors and the audit committee of the Company's board of directors:

(a) all significant deficiencies and material weaknesses in the design or operation of internal controls 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.

CHRIS A. DITTMAR  
CHIEF EXECUTIVE OFFICER  
November 14, 2007

**EnDevCo, Inc. and Subsidiaries**  
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**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**

In connection with the Quarterly Report of EnDevCo, Inc. (the "Company") on Form 10QSB (the "Report") for the quarter ended September 30, 2007 (the "Reporting Period"), as filed with the Securities Exchange Commission on the date hereof under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the undersigned, Larry Swift, Chief Financial Officer of the Company, certifies pursuant to Rule 13a-14(a) or 15d-14(a) under the Exchange Act that:

1. I have reviewed the Report.
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 they are made, not misleading with respect to the Reporting Period.
3. Based on my knowledge, the consolidated financial statements and other financial information included in the Report fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of the date and for the periods reported therein.
4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) for the Company and internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) for the Company, and we have:
  - (a) designed those disclosure controls and procedures, or caused them 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 controls over financial reporting, or caused them to be designed under our supervision, to provide reasonable assurances 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 the Report our conclusions about the effectiveness of those disclosure controls and procedures, as of the end of the Reporting Period based on that evaluation; and
  - (d) disclosed in the Report any change in the Company's internal control over financial reporting that occurred during the last fiscal quarter of the Reporting Period that has materially affected or is reasonably likely to materially affect the Company's internal control over financial reporting.

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**EXHIBIT 31.2 (cont)**

5. Based on our most recent evaluation of internal control over financial reporting, the Company's other certifying officer and I have disclosed to the Company's auditors and the audit committee of the Company's board of directors:

(a) all significant deficiencies and material weaknesses in the design or operation of internal controls 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.

LARRY SWIFT  
CHIEF FINANCIAL OFFICER  
November 14, 2007

**EnDevCo, Inc. and Subsidiaries**  
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**EXHIBIT 32.1**

**CERTIFICATION OF CHIEF EXECUTIVE 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**

In connection with the Quarterly Report of EnDevCo, Inc. (the "Company") on Form 10QSB (the "Report") for the quarter ended September 30, 2007, as filed with the Securities Exchange Commission on the date hereof under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the undersigned, Chris A. Dittmar, Chief Executive Officer, certifies 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, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; 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.

CHRIS A. DITTMAR  
CHIEF EXECUTIVE OFFICER  
November 14, 2007

**EnDevCo, Inc. and Subsidiaries**  
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**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**

In connection with the Quarterly Report of EnDevCo, Inc. (the "Company") on Form 10QSB (the "Report") for the quarter ended September 30, 2007, as filed with the Securities Exchange Commission on the date hereof under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the undersigned, Larry Swift, Chief Financial Officer of the Company, certifies 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, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; 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.

LARRY SWIFT  
CHIEF FINANCIAL OFFICER  
November 14, 2007