

ENCORE ACQUISITION CO

Form 8-K

February 22, 2006

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549
FORM 8-K
CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 15, 2006

ENCORE ACQUISITION COMPANY

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

001-16295

(Commission
File Number)

75-2759650

(IRS Employer
Identification No.)

777 Main Street, Suite 1400, Fort Worth, Texas

(Address of principal executive offices)

76102

(Zip Code)

Registrant's telephone number, including area code: **(817) 877-9955**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement

On February 15, 2006, the Compensation Committee (the Compensation Committee) of the Board of Directors (the Board) of Encore Acquisition Company (the Company) approved the following compensation with respect to the Company's named executive officers:

| Name and Current Position | Compensation with respect to 2005 | | | |
|--|-----------------------------------|------------|----------------------------|---|
| | 2006 Base Salaries(1) | Cash Bonus | Number of Stock Options(2) | Number of Shares of Restricted Stock(3) |
| I. Jon Brumley Chairman of the Board | \$ 350,000 | \$ 700,000 | | 67,254 |
| Jon S. Brumley President and Chief Executive Officer | \$ 475,000 | \$ 525,000 | 29,949 | 33,762 |
| Tom H. Olle Senior Vice President, Asset Management | \$ 245,000 | \$ 160,000 | 9,127 | 10,289 |
| Robert S. Jacobs Senior Vice President, Administration | \$ 225,000 | \$ 125,000 | 7,131 | 8,039 |
| Donald P. Gann Senior Vice President, North Region and Drilling | \$ 225,000 | \$ 135,000 | 7,701 | 8,682 |

- (1) 2006 base salaries are effective March 1, 2006.
- (2) The exercise price is \$31.10 per share, which was the closing sales price of the Company's common stock on the New York Stock Exchange on February 15, 2006. The options vest in three equal annual installments beginning February 15, 2007, subject to earlier vesting on a change in control or the termination of an employee's employment due to death or disability and to such other terms as are set forth in the award agreement.
- (3) Restricted stock awards vest in four equal annual installments beginning February 15, 2007, subject to the achievement of performance objectives and to earlier vesting on a change in control or the termination of an employee's employment due to death or disability and to such other terms as are set forth in the award agreement.

Also on February 15, 2006, the Compensation Committee increased the base salary for L. Ben Nivens, the Company's Senior Vice President, Chief Financial Officer, Treasurer and Corporate Secretary, to \$215,000 for 2006 and, with respect to 2005 performance, awarded Mr. Nivens a cash bonus of \$100,000, 6,431 shares of restricted stock and 5,705 stock options. The terms of Mr. Nivens' restricted stock and stock options are the same as for the named executive officers described above.

On February 16, 2006, based on the recommendation of the Compensation Committee, the Company's Board of Directors approved the terms of the compensation to be paid to each non-management director of the Board in respect of his service on the Board. A summary describing the elements of such compensation is filed as Exhibit 10.1 to this report and is hereby incorporated by reference.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits

10.1 Description of Compensation Payable to Non-Management Directors

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ENCORE ACQUISITION COMPANY

Date: February 21, 2006

By: /s/ Robert C. Reeves
Robert C. Reeves
Senior Vice President, Chief Accounting
Officer and Controller