



## **FREQUENTLY ASKED QUESTIONS**

### **Why Invest with Encore?**

Encore is a proven and bonded well operator with a 100% compliance record. Investor partners invest directly with the operator, not a middleman. This allows investors to benefit from lower well costs, a fixed level of investment, indemnification and access to real-time operations reports and other important information.

Encore is currently drilling a project that it believes to be one of the most prolific horizontal oil plays in the US. There exist extensive production data, geology etc. that supports years of development and production operations.

### **Does Encore Provide Production Data to Support its Operations?**

Encore's proposed horizontal well locations are located off-set to proven oil production, and the Company can provide you with a verified production schedule and maps that delineate off-set well production data. Encore classifies many of their proposed well locations as proven undeveloped (PUD) with a projected 90% success rate of achieving commercial oil production. Other proposed well locations are positioned off-set to recent drilling permit activity from other successful operators in the area.

### **Is my investment a 100% Tax Deduction Against All Forms of Income?**

YES!!

**Tax Example:** Assuming a federal rate of 37% and state rate of 10.85%, you would deduct 100% of a \$100,000 investment in 2018 resulting in an immediate tax savings of \$47,850 in 2018. Please be advised that Encore does not provide tax advice but can work with you and your tax advisor to maximize your benefit. The deduction is made from your AGI in the first year. However, you have the option to amortize the entire deduction across 5 years, if you choose to do so. As an investor, you will receive an annual depletion allowance tax deduction equal to 15% of gross revenue production. Encore's third-party accounting firm prepares the annual tax information for each partner and their tax advisor(s).

## **Does Alternative Minimum Tax (AMT) Apply?**

According to the new tax plan, AMT now only affects single filing tax payers with AGI > \$500,000 or married filers with AGI > \$1 million. However, investors can elect to amortize their 100% deduction over 5 years, if AMT were triggered.

## **What is the price for Crude Oil?**

Encore is confident that the price for crude oil should remain in the \$50 - \$70 range for many years. Encore currently utilizes \$40 oil as a conservative “base case price” for evaluating its projects.

## **What Price Does Encore and its Partners Receive for Oil?**

Encore’s crude oil is rated as high-quality refiner preferred and the Company and its partners receive a \$1.50 - \$3.00 premium (per barrel) to the All Plains WTI index. Encore’s projects are located in close proximity to refineries and multiple crude oil markets.

## **Does Encore’s Projects Provide Monthly Income?**

Yes. The net pro-rata share of partnership oil shipments made in the prior month shall be distributed to each investor partner, each month, directly from Encore’s corporate office. Although no assurances can be made, Encore’s partnerships are projected to provide up to 20 or more years of monthly income.

## **Who May Invest?**

Encore’s investor partners are SEC defined accredited investors who are sophisticated in making business / investment decisions and can afford the loss of their entire investment. Encore’s investors include sophisticated high net worth investors, investor groups, etc. that typically invest anywhere from \$100,000 - \$1 million in well project(s).

Encore shall accept investment subscriptions only from investors who qualify as SEC defined accredited investors.

**For more information, please contact Joseph Hooper at (270) 842-1242, ext. 224.**

**Cautionary Statement:** Oil and gas exploration and development involves a high degree of risk and uncertainty. No assurances can be made as it pertains to production, reserves, profit, income, timelines or any other similar estimates. The information herein may contain forward-looking statements and actual results may vary. Oil and gas investments are only suitable for high net worth and high-income investors who qualify as SEC defined accredited investors. Encore does not provide tax advice, and prospective investors should seek advice from their tax advisor(s).