Canadian Division | CUTBANK RIDGE & BIGHORN
Mike McAllister, Vice-President, Canadian Deep Basin Business Unit
Canadian Deep Basin
Overview

Land holdings
- ~1,872,000 net acres
- 2,925 net sections

Key Resource Play Production
- ~1,800 producing wells
- 3,754 km of pipelines
- ~630 MMcf/d processing capacity
Canadian Deep Basin

Resource Area

Massive Resource Opportunity

Extensive Location Inventory

Montney Shale Gas Fairway ~ 40 Twp.*

Montney Tight Gas Fairway ~ 475 Twp.*

Total Resource

<table>
<thead>
<tr>
<th>Reserves (Tcfe)</th>
<th>1P</th>
<th>2P</th>
<th>3P</th>
</tr>
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<tbody>
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<td>2.36</td>
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<table>
<thead>
<tr>
<th>Economic Contingent Resources (Tcfe)</th>
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</thead>
<tbody>
<tr>
<td>1C</td>
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<tr>
<td>2C</td>
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<tr>
<td>3C</td>
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<td>7.78</td>
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<td>11.8</td>
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</table>
Montney Tight Gas/Shale Gas Play

Total Resource

Montney Shale Gas
- Covers 40 Twps.
- Total estimated NGIP 87 Tcfe*

Montney Tight Gas
- Covers 475 Twps.
- Total mapped NGIP 900 Tcfe*

Highgraded Fairway: 170 Twp (~600 Tcf NGIP)

*1 Twp ~ 23,040 acres

*Encana estimates
Cutbank Ridge
Portfolio of Montney Assets
Cutbank Ridge

- Enhancing Horizontal Drilling Technology
  - Improved repeatability
    - Upper Montney Sand Plug Design
    - Lower Montney OH Packer Design
  - Increased HZ length & fracs per well (fpw)
    - Executed 2400m laterals with up to 14 fpw
  - Leveraging experience into other plays

Potential B-A83-B Results
13mmcf/d
Cutbank Ridge
Cost Improvement Initiatives

- Execution excellence
  - Load leveled-operations
  - Repeatable well designs
  - Optimizing frac design
  - Continuous improvement
- Drilled longer wells
  - More intervals/well
  - Economies of scale
- Lower service costs
- Net impact
  - Reduced per well costs by $1 million in 2009
  - Lowered supply cost by 48% since 2006
Bighorn
Total Cretaceous Resource

Deep Basin Cretaceous Tight Gas

- Total mapped NGIP 500 Tcfe*
- 40 Tcfe* on Encana lands

*Encana estimate

460,000 Net Acres

Cretaceous NGIP (TCF)

- <20.00
- 20.01 - 40.00
- 40.01 - 60.00
- 60.01 - 80.00
- 80.01 - 100.00
- 100.01 - 120.00
- >120.00
Bighorn Cretaceous Stack

- Vertical wells
  - Focus on entire Cretaceous stack
  - Up to 20+ zones per well
  - High heat content, liquids rich
- Hz wells in thick sections of stack
  - Resource play within a resource play
Distributed Temperature Sensor

Verifying Production from All Zones in Stack

- All pay zones contributing
- Increased confidence in resource capture
- Influence completion design

Kakwa NGIP

Other 8%
Gething 5%
Bluesky 2%
Dunvegan 17%
Cadotte 22%
Falher 46%

Falher 30%
Gething 9%
Bluesky 15%
Dunvegan 26%
Cadotte 12%
Other 8%
Bighorn
Cost Improvement Initiatives

• Execution excellence
  • Load leveled-operations
  • Concurrent completions
  • Optimized frac designs
  • Continuous improvement
• Lower service costs
• Net impact
  • Reduced per well costs by $1 million in 2009
  • Lowered supply cost by 30% since 2006
Bighorn – The Next Phase
Horizontal Drilling

- Apply Cutbank KRP technology & experience
- Target thick sections of the stack
  - Dunvegan, Falher, Cadotte
  - >20 Bcf/Section NGIP
- AB deep gas royalty holiday
  - $3+ MM credit for wells >4,000m MD
- Encouraging results to date
  - Kakwa 14-28 Falher HZ

![Graph showing gas production over days](image-url)
Canadian Deep Basin Disciplined Growth

- Resource knowledge
- Resource capture
- Supply cost reduction
- Execution excellence
- Extensive Well Inventory

KRP Production Growth

MMcfe/d

- Cutbank
- Bighorn
- Montney