The New Encana:
the clear energy choice

Canadian Division | CBM

Stacy Knull, Vice-President, Clearwater Business Unit

encana
natural gas

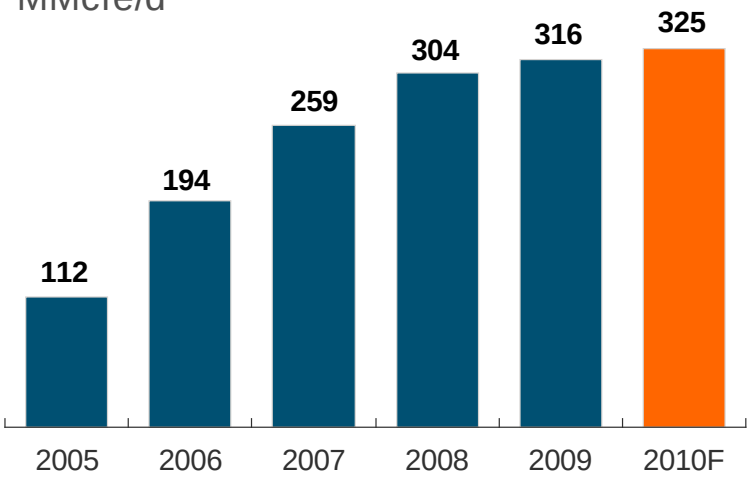
CBM Overview

- **Low risk**, predictable reservoir
- 4% production growth in 2009
- Most environmentally benign hydrocarbon resource
- Long life resource
  - Low declines and steady cash flow
- Proven resource, repeatable results & scalable development
  - Economies of scale with high activity levels
- ECA operated fee land, low burdens
  - 3,200 net sections; 83% fee land
- ECA owned infrastructure

CBM

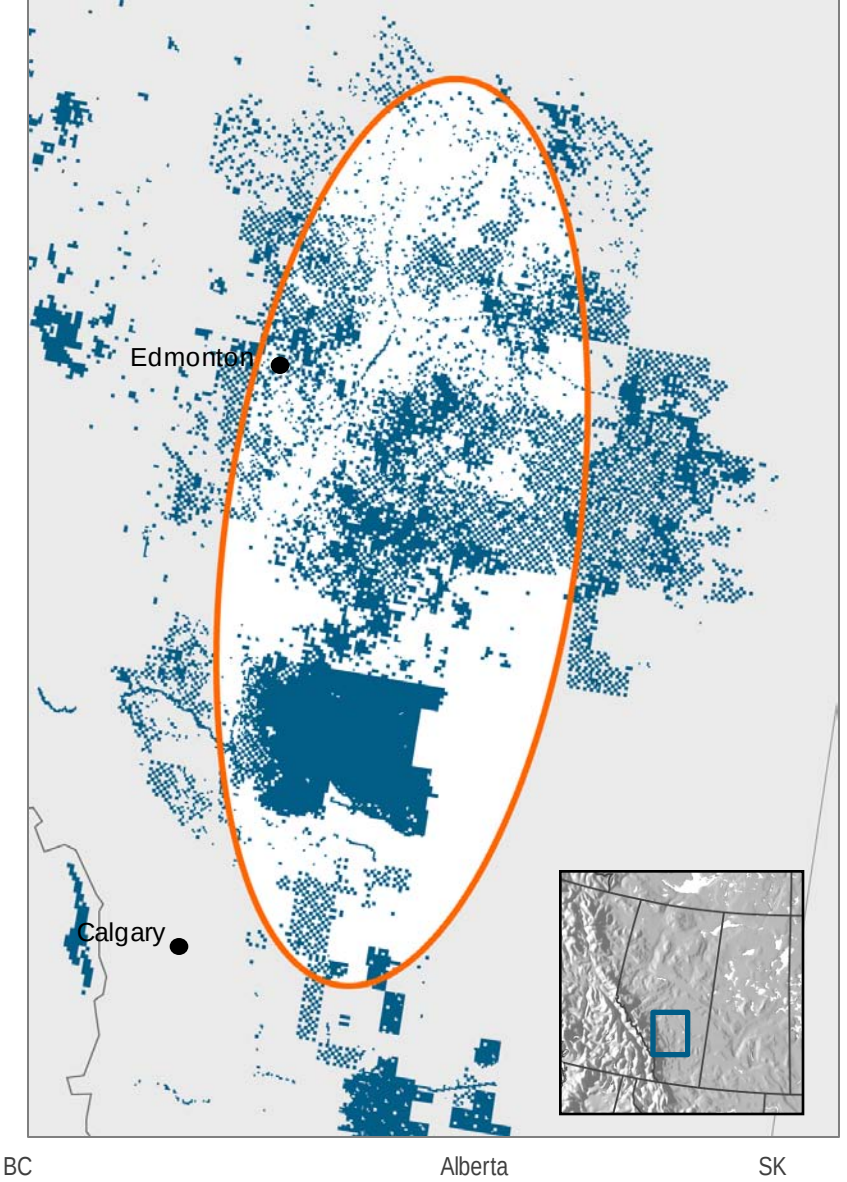
Production

MMcfe/d



2010 Objectives

- Continue to grow the Integrated Horseshoe Canyon (HSC) CBM
- Maintain operational efficiencies
- Continue to build surface land inventory

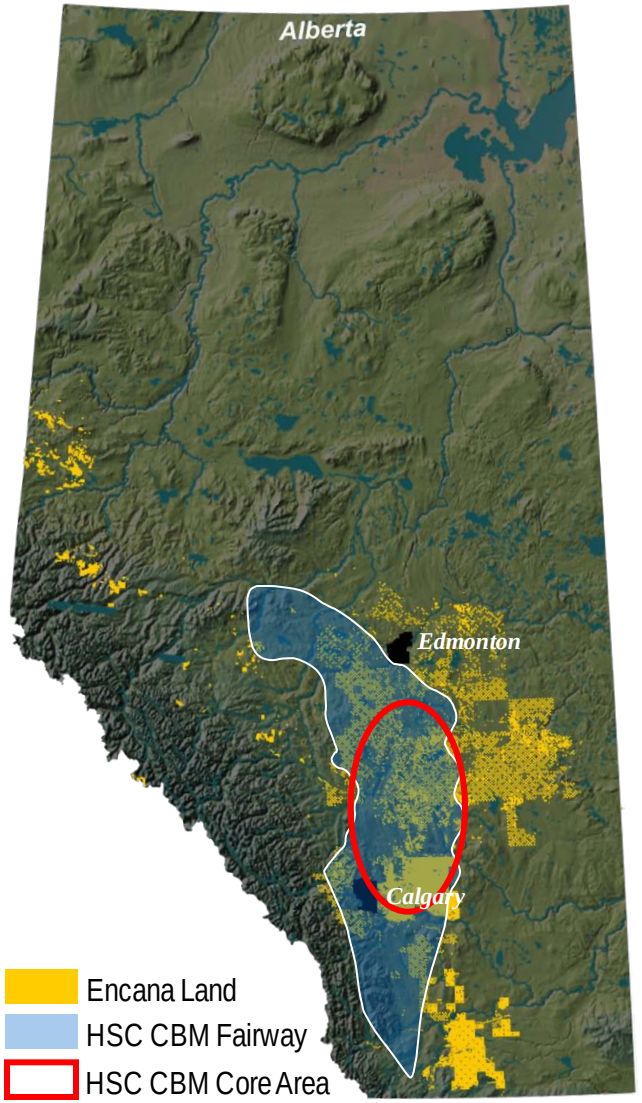


Encana Land (Dec. 31, 2009)

Total Horseshoe Canyon CBM Net Acres: 2.1 MM

CBM Resource Overview – Industry

- HSC CBM Fairway
  - NGIP: 84 Tcfe*
  - EUR: 30-40 Tcfe
- HSC CBM core area
  - NGIP: 36 Tcfe
  - EUR: 15-18 Tcfe
- CBM industry: 12,000+ wells producing 750+ MMcfe/d with EUR of 3.5 Tcf
  - 5,800+ Encana net wells producing 320 MMcfe/d
  - 97% of CBM wells targeted HSC
- Future industry development of ~37,000 wells with EUR of 11.5 Tcfe



* Source: CERI & CSUG Socio-Economic Impact of Horseshoe Canyon Coalbed Methane Development in Alberta, all other NGIP and EUR figures are Encana estimates

CBM Resource Overview

Total net well inventory

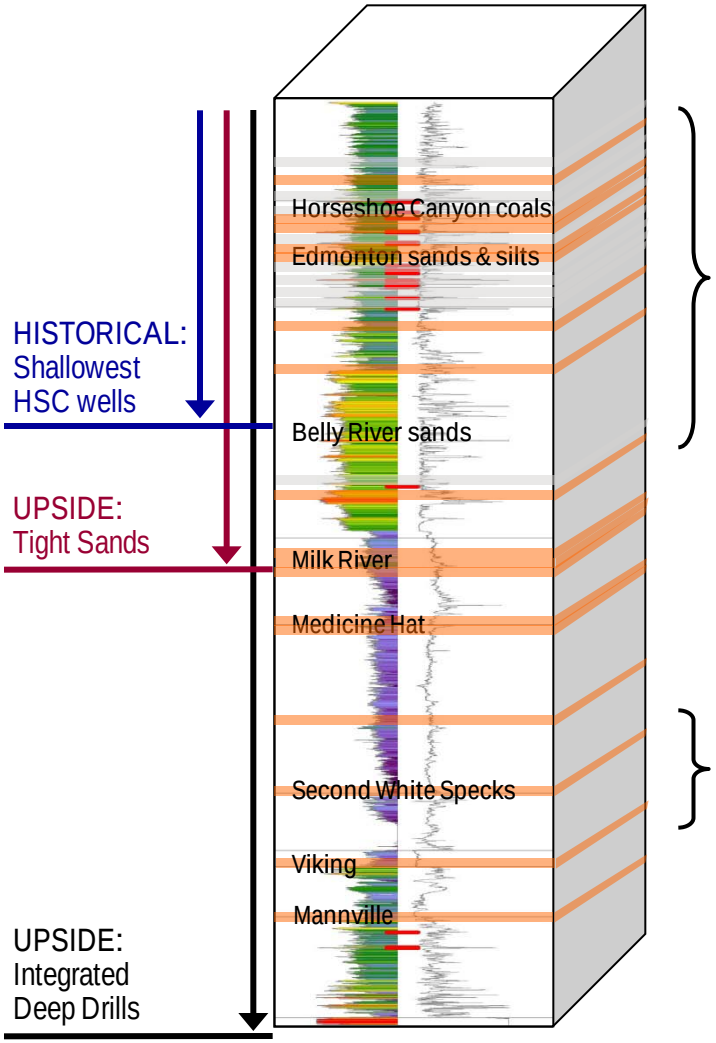
- 1P + 1C= 13,000

Reserves (Tcfe)		
1P	2P	3P
1.4	1.7	2.0
Economic Contingent Resources (Tcfe)		
1C	2C	3C
1.6	1.9	2.2

Resource estimates do not include additional upside that exists in emerging resource potential

- CBM is a large resource for Encana
- Current Encana development
  - 5,800+ producing net wells
  - 700+ new wells on stream in 2010
- Future Encana development
  - Proved CBM reserves of 1.4 Tcfe
    - 3,000+ proven undeveloped locations
  - 13,000+ locations across fairway for full development
    - Average F&D of $1.48/Mcfe

CBM Emerging Resources



Current Resource: "Gas in the Box"

- NGIP: 84 Tcf (1)
- HSC CBM, Edmonton sands, Belly River sands

2010 upside: develop additional HSC coal seams and deepen more wells to capture tight sands

Emerging Resource

- NGIP: 35 Tcf (2)
- Second White Specks & Viking (non-conventional sands and shales)

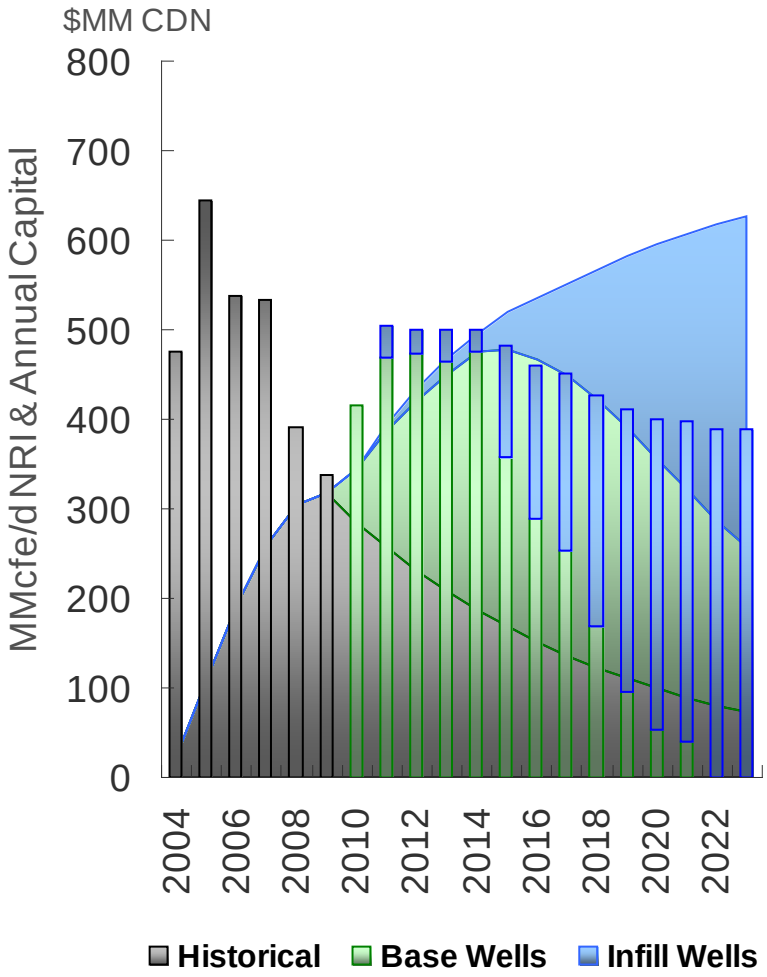
2010 upside: deepen more wells to evaluate additional resource potential

(1) Source: CERI & CSUG Socio-Economic Impact of Horseshoe Canyon Coalbed Methane Development in Alberta
(2) Source: Encana

CBM Projected Development Plan

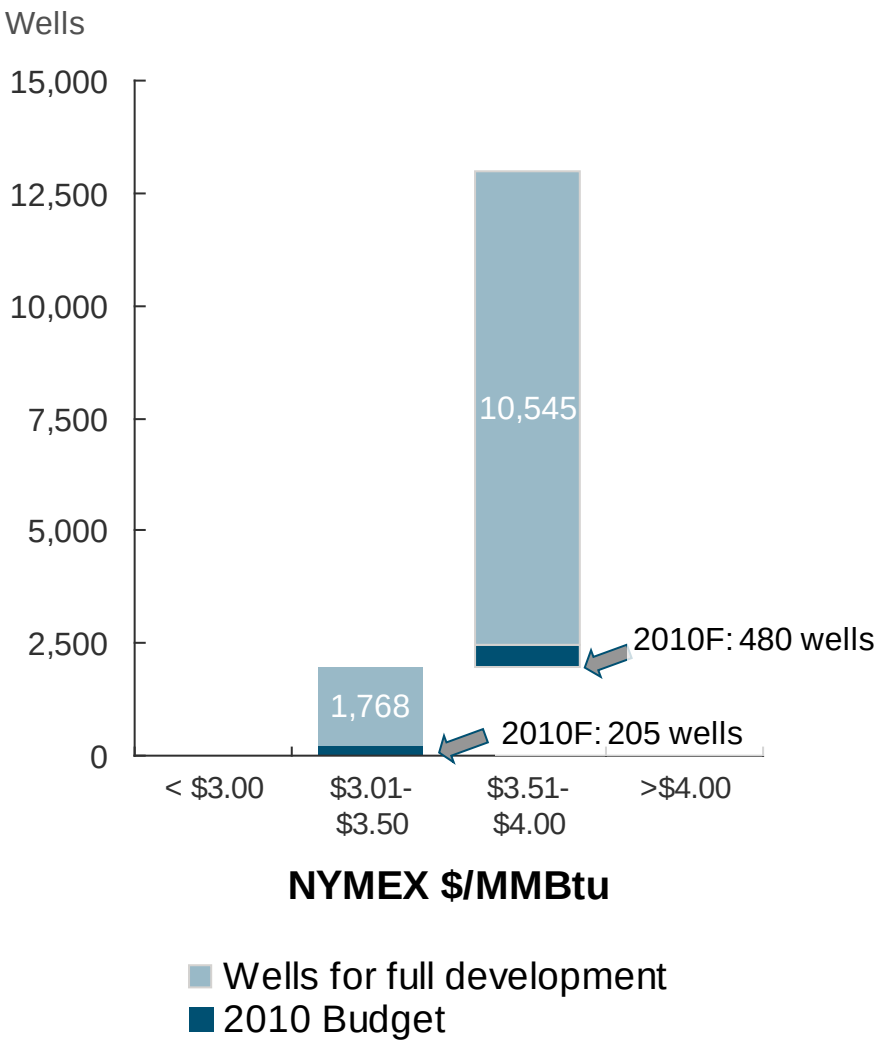
- Huge CBM growth opportunity on Encana land
  - Full development plan with an additional 13,000+ locations
  - 685 net wells drilled in 2010
- Low risk resource play
  - Proven reservoir and technology
  - Repeatable results and scalable development
  - Proven historical execution of 1000+ wells per year
  - Costs controlled & improved

Future CBM Opportunity
$500MM & 1,000 wells per year



Full Development Plan Drilling Inventory

- Supply cost estimate for 13,000+ locations is very competitive
  - Average of $3.00-$4.00/MMBtu
- Supply cost estimate for 2010 program: $3.00-$4.00/MMBtu
- Capital cost improvements and operational efficiencies will continue to decrease the supply cost for CBM

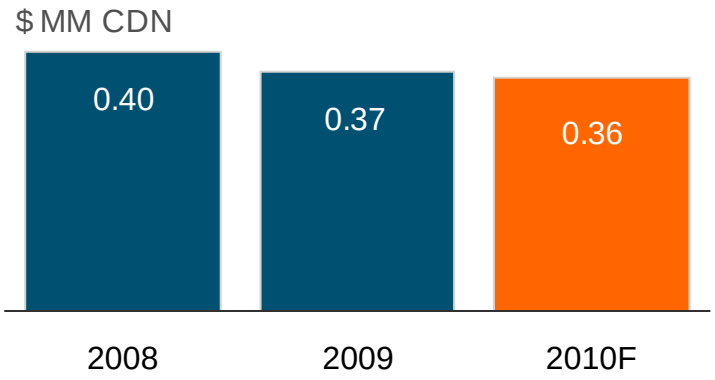


Cost Management Initiatives

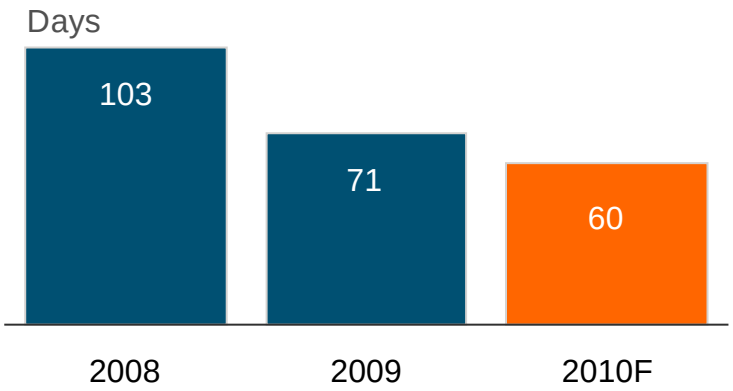
Factors driving down costs:

- Q4/Q1 load leveled drilling activity
  - Non-peak service pricing in Q4
  - Mitigated inflationary pressures by executing programs in non-peak times
- Pre-pipelined locations
  - Summer activity requires less time, equipment and clean-up
- Improved activity planning created opportunity for vendor negotiation
- Operational efficiencies & new technology
  - Efficiencies also improved cycle times

DC&T Capital per Well



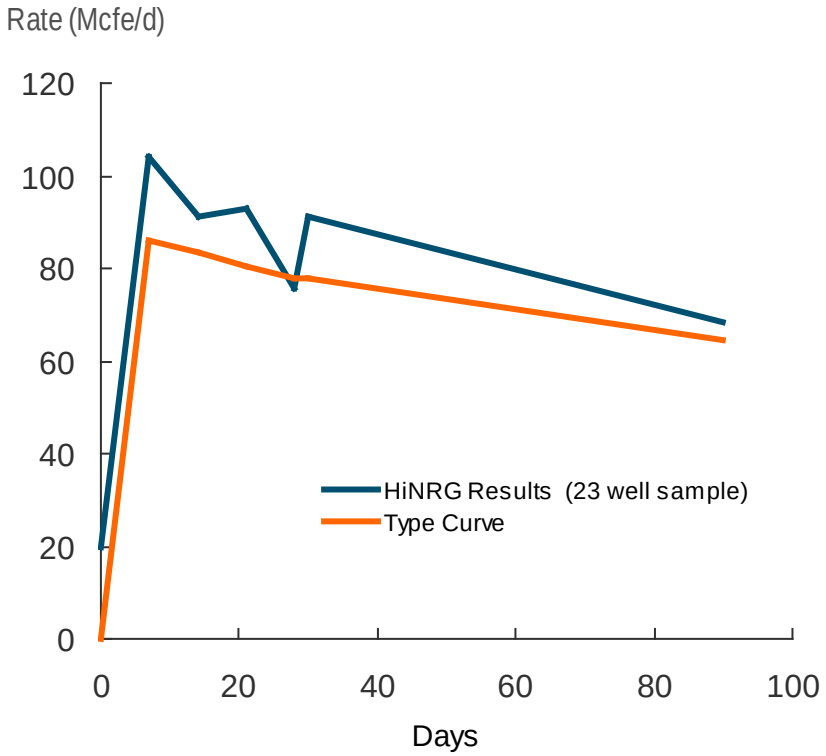
Cycle Time per Well



Technology Advancements - HiNRG

- High Impact N_2 Release (HiNRG):
  - N_2 is pressured up in CT and released instantaneously
  - No leak-off so pressure is applied across the entire interval simultaneously
  - Greater surface area is exposed creating greater geometry
- 250+ HiNRG stimulations in 2009/2010 YTD
  - Results match or exceed gas rates of offset wells
- Save 50+% of stimulation costs
  - Requires less N_2; minimal to no on-site storage; reduced set-up cost

HiNRG stimulations increase well performance

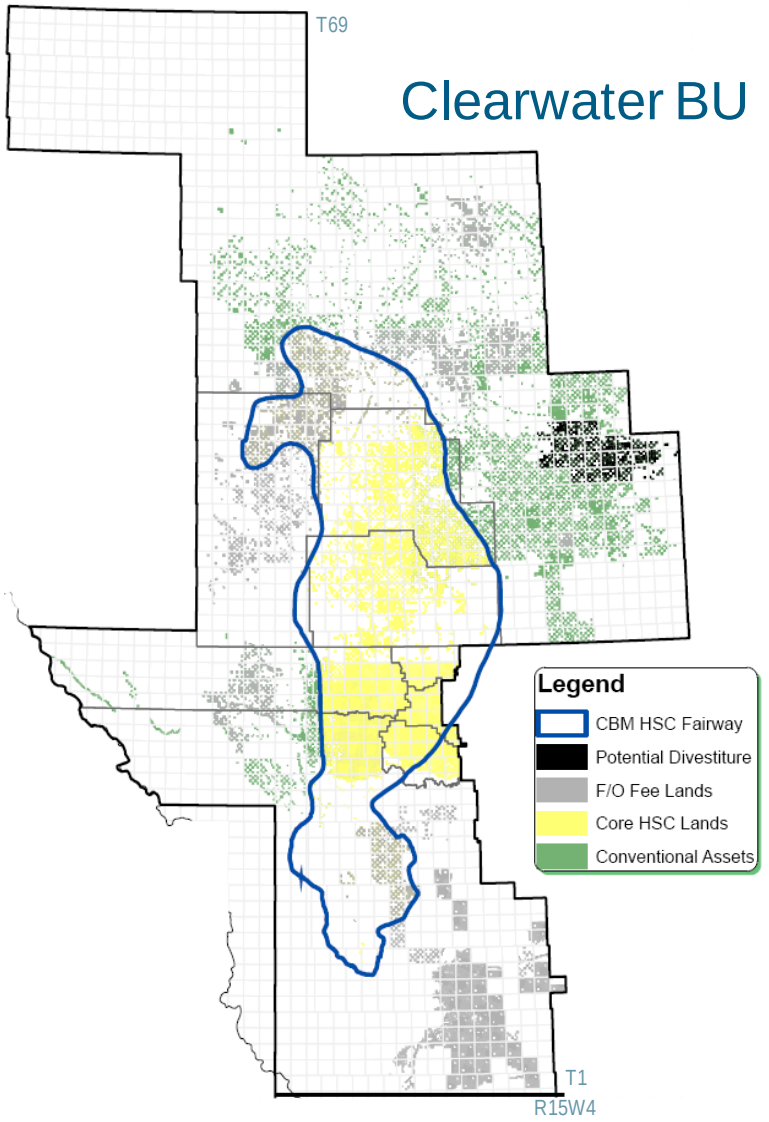


Responsible Development

- CBM has minimal surface disturbance
  - Low impact operations with minimal impact to native prairie
  - Smaller leases & well sites than typical shallow wells
  - Investigating pad drilling opportunities and lower impact pipelines
  - Use existing infrastructure to develop new production
    - Wells, leases, pipelines and compressors
- Field operations are piloting natural gas vehicles

Maximizing Asset Value

- CBM is “core” focus for the area
- Maximize value of non-core lands through farm-outs and divestments
  - Divested C$750+ million in 2009
    - Retained mineral rights for fee lands
    - Encana receives a royalty on divested and future production
  - Farmed-out 2,615 sections
    - Received C$100 million in capital commitments and 3.8 MMcfe/d
    - Lands returned to Encana if drilling commitments are not met



CBM Summary

- Low risk, long life resource
- Clean, safe and environmentally low-impact
- Predictable reservoir and proven execution
- Repeatable results and scalable development