The New Encana:
the clear energy choice

USA Division | NEW VENTURES

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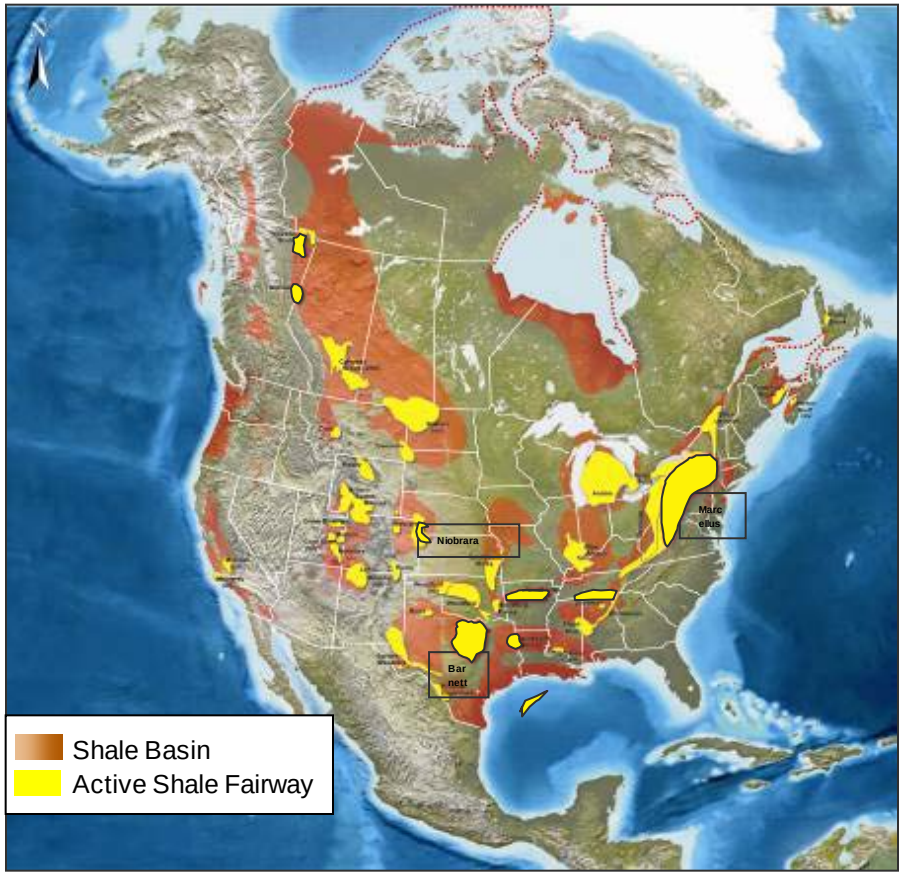
encana
natural gas

Seeing the Possibilities

- Unconventional opportunities abound
- Evaluation is highly technical
- Typical staff have 20+ yrs experience on *Resource Plays*
- Scale is a huge advantage
  - Encana involved in most plays
  - Learnings are transferable
- Encana has proven track record
  - Recognizing opportunities early
  - Capturing at low cost

What's Out There to Find?

- Shales are plentiful
  - Quiet marine setting
  - Rich organics, maturity
  - Many shales not tested
- Play concepts expanding
  - Depth not limiting
  - Liquids not limiting
- Encana positioned to capitalize
  - 12.7 million net acres in North America
  - 2.3 million in 6 shale plays
  - Additional shale exploration acreage



Shales cover a massive area. Over 50 shales have sufficient organic content.

Evaluation Methodology

- Identify prospect
  - Basin history, rock properties
  - Hands-on rock work
  - Experience!
- Map gas in place
  - Correlations between logs, cuttings
  - Decide net pay, play limits, drivers
- Define prospect
  - Model type curve, costs
  - Divide play into economic buckets
- Evaluate scenarios
  - Determine outcome ranges
  - Type curve, cost, risk factors
- Simulate development
  - Monte-Carlo prediction of outcomes
  - Both production and cash flows

X Ray Tomography

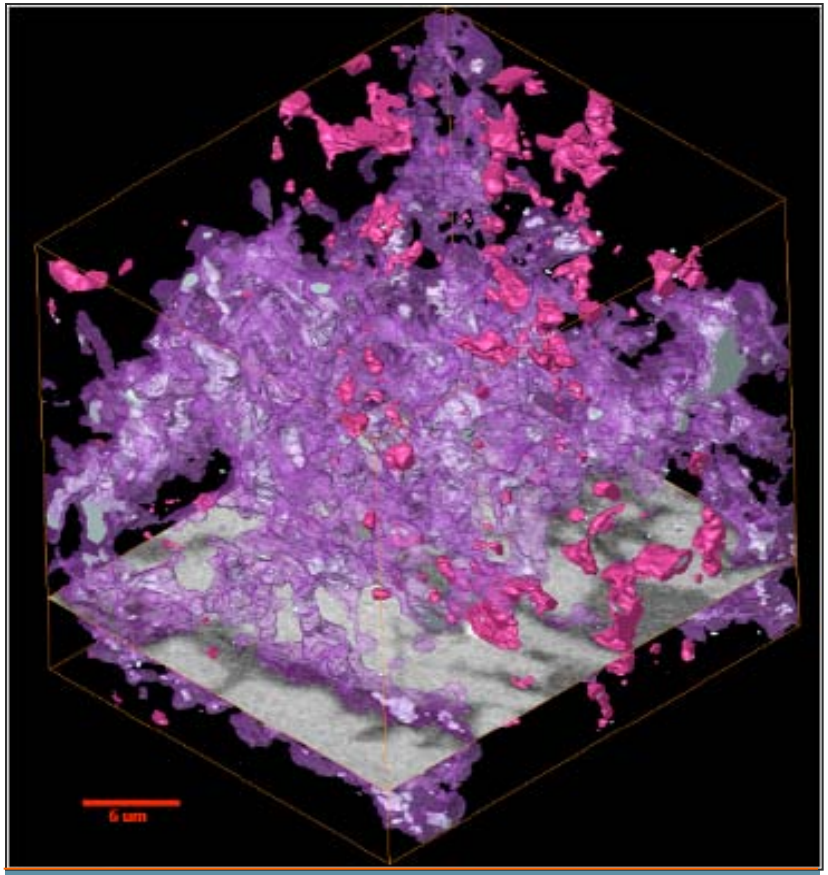


Image of organic material in shale converted to porosity. Connected (purple) and isolated (red).

What Makes a Good Play?

- Many variables
- Small changes can have big impact

Below-Ground Factors

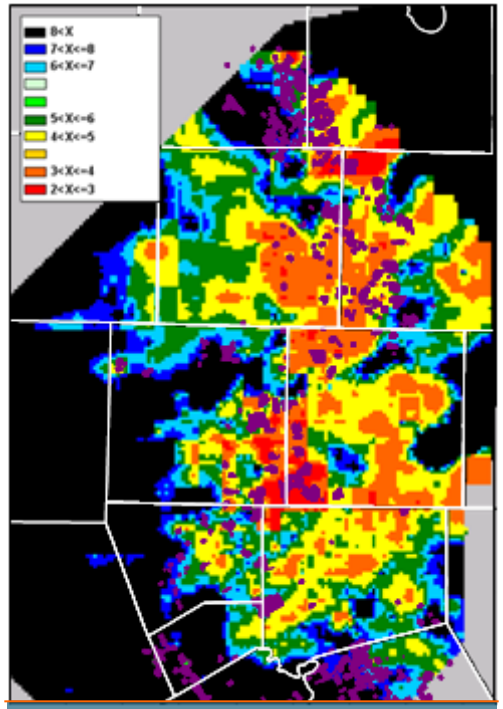
- Organic content, maturity
- Rock quality (perm, porosity)
- Accessible gas in place
- Rock brittleness, frac-ability
- Frac geometry
- Depth, drill cost

Above-Ground Factors

- Access to large mineral tracts
- Royalty and tax rates
- Regulatory environment
- Community access
- Gathering & processing costs
- Gas market access

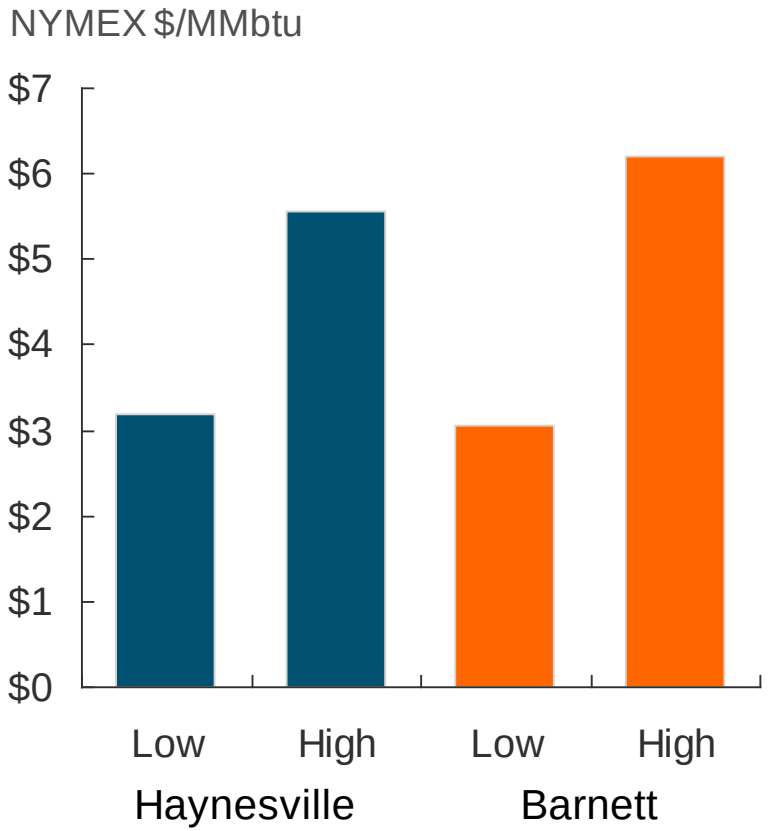
Details Matter

- Location, location, location
- For profitability:
  - Be early and buy lots of land
  - Or be very sure!



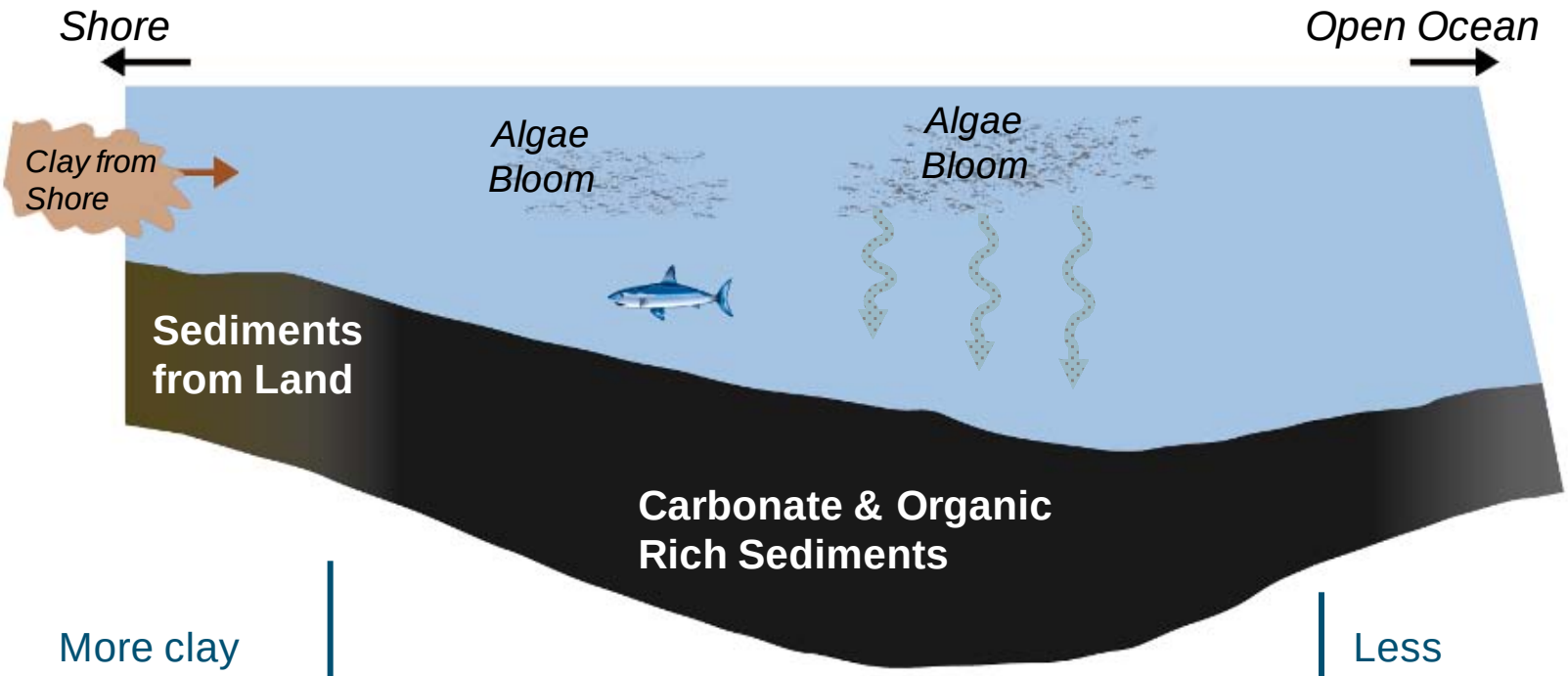
Fort Worth Barnett Shale supply cost variability

Basin Supply Cost for ATAX 9% IRR



Quality Variations

Hypothetical Shale Basin



More clay
Less organics

X

Drill Depth Increasing
Maturity Increasing
Pressure Increasing

Less organics

Too mature

X

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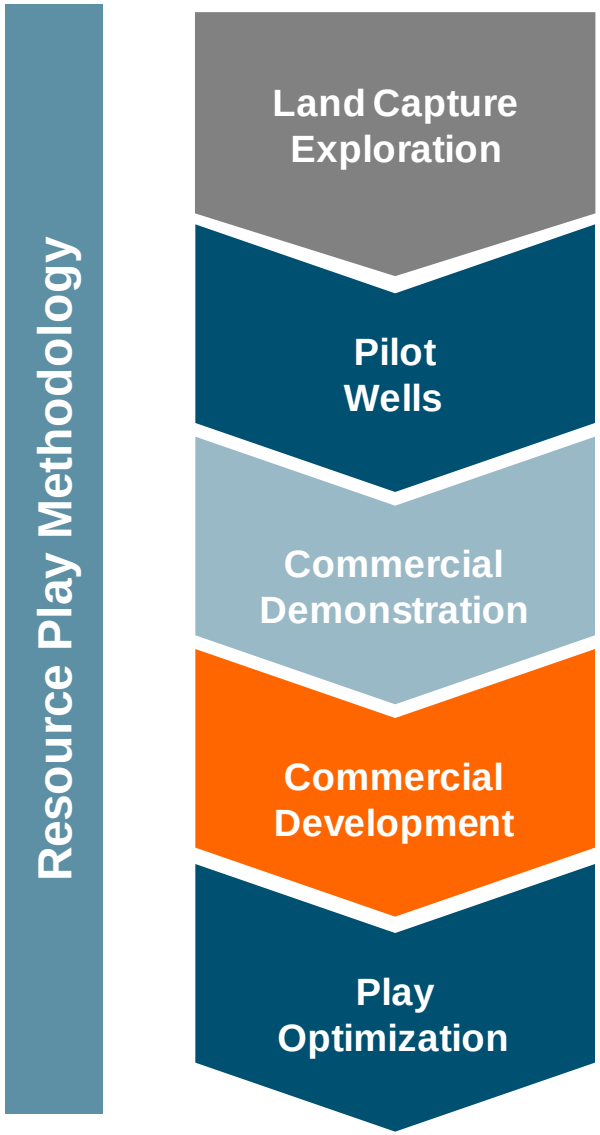
Execution Methodology

Haynesville Shale Example

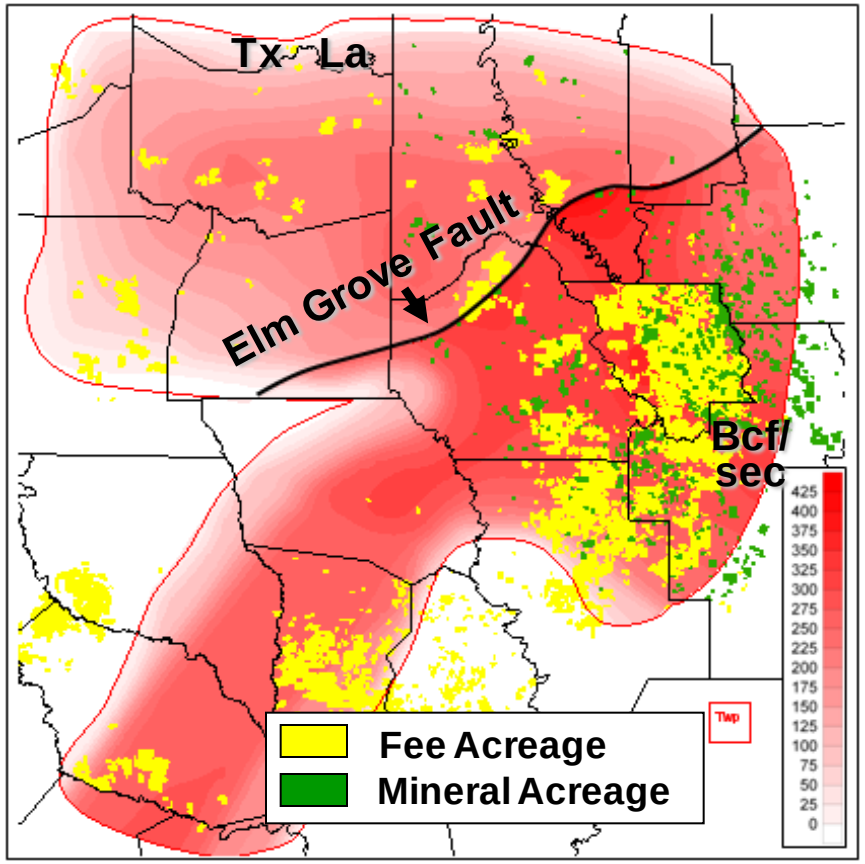


	Time Period
• Acquired 340,000 acres • Drilled 8 vertical, 1 Hz test	2005 2006 2007
• Drilled 5 horizontal pilots • Expanded land position	2007 2008
• Ramped up rig count • Validated type curve	2008 2009
• Ramping to over 20 rigs • Managing costs	2010F
• Down spacing • Frac optimization • Gas Factory execution	2011+F

First Mover Advantage

Haynesville Shale

- Encana lands ideally located
  - Haynesville & Bossier
  - Thickest total shale
  - Low clay mineralogy
  - High pressures
  - Contiguous lands
- Attractive entry cost
  - $2,500 per acre
  - 429,000 net acre position



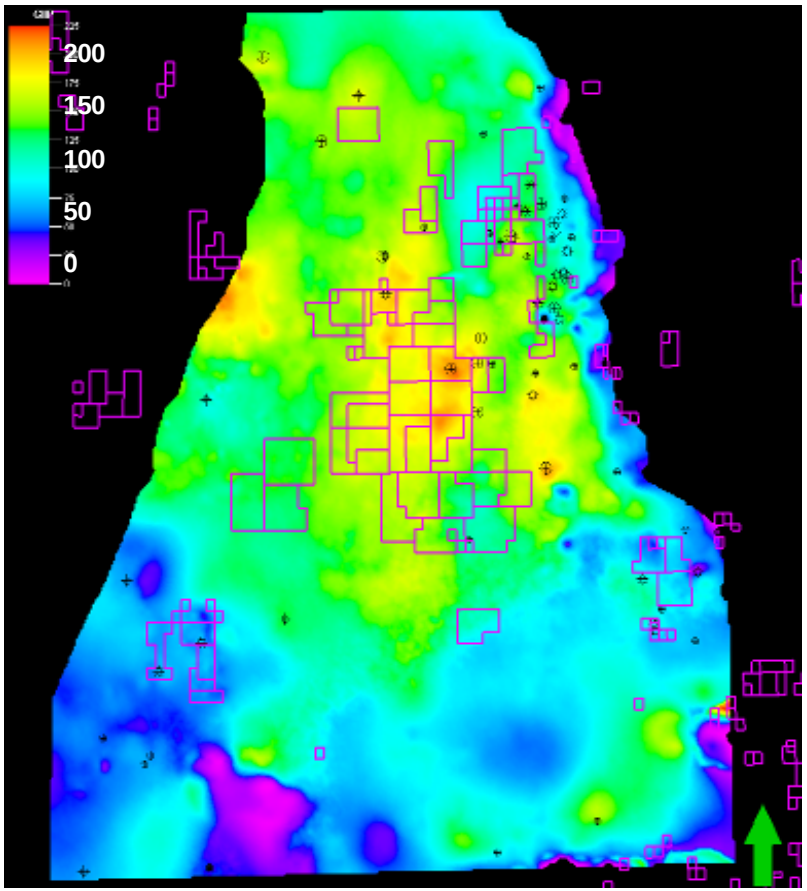
Haynesville + Bossier accessible NGIP map showing Encana's 429,000 net acres

NGIP = Natural Gas in Place

Early Entry

Horn River Shale

- Encana early land capture
- Premium location
  - Thicker section
  - Higher gas in place
  - Less structural complexity
- Modest cost
  - 256,000 net acre position
  - Encana $815/acre
  - Industry $700 – 2,100/acre



Polygons show ECA's land position in the basin, predominately in higher NGIP area.

NGIP = Natural Gas in Place

Established Positions in Emerging Plays

Key Statistics

Encana Play	ECA Basin Entry Year	ECA Acres (Net)	Basin Natural Gas in Place (Bcf/Section)	Vertical Drill Depth* (feet)	Estimated Gas In Place (Tcfe)	Well Drilling Inventory** (Net)	Indicative IP (MMcf/d)
Haynesville	2005	429,000	175-225	12,000	120	1,600	15
Horn River	2003	256,000	150-270	9,000	50	300	10
Montney	2003	720,000	50-200	9,000	165	1,100	10
Maverick Pearsall	2005	245,000	125-175	9,000	50	NA	5
Piceance Niobrara	2006	610,000	100-200	9,000	100	80	6

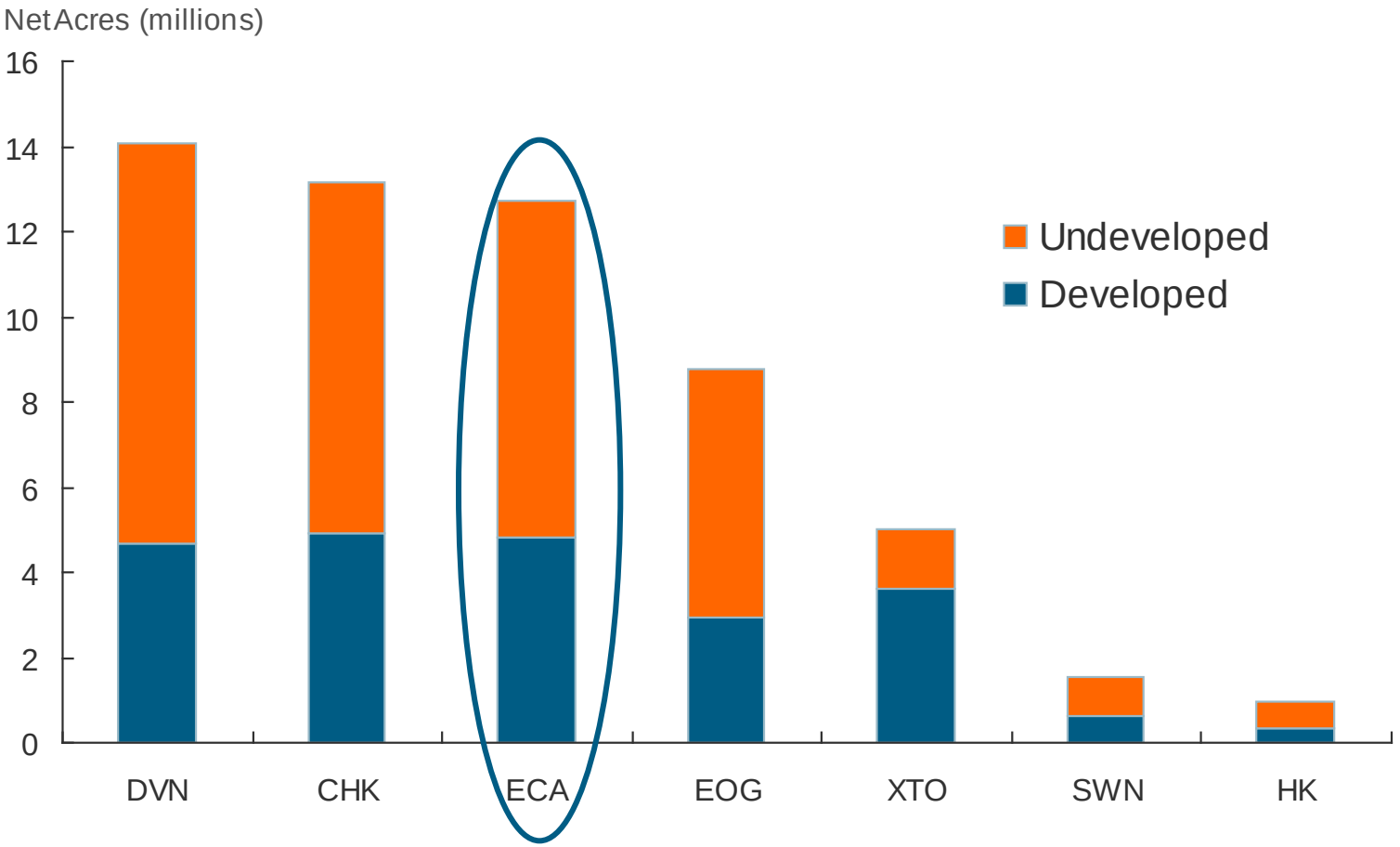
*On Encana lands

**Inventory based on YE09 1P Reserves & 1C Economic Contingent Resources

Acreage Position

Poised for Growth

North American Land Base*



*As at December 31, 2009. Source: AIF, 10-K reports