



**Third Quarter 2011  
Conference Call Notes  
As at October 20, 2011**

**Ryder McRitchie – Vice-President, Investor Relations**

Thank you operator and welcome everyone to our discussion of Encana's 2011 third quarter results which we are hosting from our Denver office.

Before we get started, I must refer you to the advisory on forward looking statements contained in the news release as well as the advisory on page 36 of Encana's Annual Information Form dated February 17, 2011, the latter of which is available on SEDAR. I'd like to draw your attention in particular to the material factors and assumptions in those advisories.

In addition, please note that as of January 1st, 2011, Encana adopted International Financial Reporting Standards for financial reporting purposes, referred to as IFRS throughout this call. Prior to 2011, the Company prepared its Financial Statements in accordance with Canadian generally accepted accounting principles, referred to as previous GAAP. The company reports its financial results in US dollars. Accordingly, any reference to dollars, reserves, resources or production information in this call will be in U.S. dollars and U.S. protocols, unless otherwise noted.

The adoption of IFRS has not had an impact on the Company's operations, strategic decisions or Cash Flow. Reconciliations between previous GAAP and IFRS financial information can be found in the consolidated financial statements available on the company's website at [www.encana.com](http://www.encana.com).

Randy Eresman will start off with some highlights from the quarter, then Mike Graham and Jeff Wojahn will provide an overview of the operating results from the Canadian and USA Divisions and then we will turn the call over to Sherri Brillon, Encana's Chief Financial Officer, to discuss Encana's financial performance. Following some closing comments from Randy, our leadership team will then be available for questions.

I will now turn the call over to Randy Eresman, Encana's President and CEO.

## **Randy Eresman – President & CEO**

Thank you, Ryder. And thank you all for joining us.

During the third quarter, Encana continued to deliver solid operational performance and generated strong cash flow and operating earnings. In fact, throughout 2011, our company has performed at one of the highest operational levels in our history. Our third quarter total production of approximately 3.5 billion cubic feet equivalent per day was up six percent per share from the same period in 2010, and we remain on track for the full year as well.

Cash flow for the quarter was approximately \$1.2 billion and operating earnings totaled \$171 million. For the first nine months of the year, cash flow totaled about \$3.2 billion and operating earnings totaled \$352 million.

During the quarter, capital expenditures, excluding acquisitions and divestitures, totaled about \$1.2 billion. Year to date, we've invested about \$3.6 billion out of our planned \$4.6 to \$4.8 billion capital program and remain on track for the full year as well.

During the first nine months of the year, we completed the divestiture of non-core assets for proceeds of about \$500 million.

We have also taken significant steps towards achieving our divestiture target for the year, driven largely through the sale of midstream assets. In September, we announced the sale of a portion of our Piceance gas gathering assets for about \$590 million and earlier this month, we announced the sale of our interest in the Cabin Gas Plant for proceeds of about C\$220 million. In both cases, we received a very strong valuation for the assets. Further, these transactions in effect recapture some capital and reduce future midstream capital requirements. Both transactions are expected to close by year-end.

We have a number of additional sales processes in various stages of negotiation, which include the Cutbank Ridge midstream assets in Alberta and British Columbia, our North Texas property in the Barnett Shale and a portion of our Jean Marie assets in northeastern British Columbia, so we are well positioned to achieve our stated \$1 to \$2 billion net divestiture target by around year-end.

In addition, we continue to explore joint venture opportunities for the undeveloped British Columbia lands in the Cutbank Ridge area. Although I won't comment on the specific details until definitive agreements have been signed, I can tell you that the interest level is very high, indicative of the high quality of these assets. These are all highly competitive processes. We expect to be in a position to provide more information by around year-end.

The assets we typically consider for these types of joint ventures are plays where our future growing inventories can be measured in decades. Once we've fully delineated the resource and through the implementation of our resource play hub process, we can demonstrate a line of site to the lowest cost structures that we think can be achieved for the assets. We then create the optimal opportunity to accelerate the capture of value through joint venture arrangements. Third-party capital dollars invested in our assets in this way will accelerate the pace of development. And due to the disproportionate nature of the capital spent earning their interest, the third-party dollars support our net growth, further lower our cost structures and improve our returns. Our teams have been very, very busy in this regard.

At this same time, we are also in the midst of developing our 2012 capital program, and although there are clearly a number of moving parts, which have the potential to further strengthen the company's balance sheet, we are taking a conservative view to natural gas pricing and developing our capital investment plan

accordingly. Our high level approach for next year is to align capital investment plus anticipated dividends with our expected cash flow generation, before divestiture proceeds. With continued divestitures, these proceeds will provide additional unallocated financial flexibility.

Within the 2012 budget, it is expected that many of our drier natural gas plays will see a reduced capital program, while a growing portion of next year's capital investment will be directed towards our extensive oil and liquids-rich development and exploration opportunities. From our existing development plays, we expect to increase natural gas liquids production by about 55,000 barrels per day which will take the company's total liquids production from the current level of about 25,000 barrels per day to about 80,000 barrels per day by 2015.

Beyond this, we are pursuing extensive additional organic growth through continued exploration work across our portfolio of liquids-rich lands. So this is just the beginning of our expected liquids production growth. There will be more to come - from other plays as we proceed through the year, but this is what we are prepared to forecast with confidence at this time.

Although natural gas prices have resulted in less capital being allocated to our drier gas assets, I want to stress that even at these prices, the full cycle economics on many of these plays are still very economic due to their inherent high quality, but also in part to the long term agreements we have established with our suppliers and service providers across Encana's operations and the continued implementation of our resource play hub development model which has enabled us to offset any rising costs with increased capital and operating efficiencies.

With that, I'll now turn the call over to Mike Graham for an update on the third quarter results in the Canadian Division.

### **Mike Graham – Executive Vice-President & President, Canadian Division**

Thanks, Randy, and good morning everyone.

In the Canadian Division, we've had an excellent year so far. Production for the quarter was approximately 1.55 billion cubic feet equivalent per day, up about five percent from the same period last year. Year to date, production from the Canadian Division is up ten percent compared to the first nine months of 2010 as a result of successful drilling programs across all of our key resource plays.

Our third quarter operating costs averaged \$0.94 per thousand cubic feet equivalent, up three percent compared to the third quarter of 2010 due to scheduled plant turnaround costs and a stronger Canadian dollar, partially offset by lower electricity costs and lower long-term compensation costs. Excluding the impact of foreign exchange, operating costs were \$0.89 per thousand cubic feet equivalent.

We had another quarter of strong results from the Cutbank Ridge key resource play which produced an average of 539 million cubic feet equivalent per day. Production was up five percent from the third quarter of 2010 despite a planned plant turnaround at Steeprock which impacted production volumes by about 20 million cubic feet equivalent per day. During the quarter we saw some very promising results from wells drilled in the Pipestone area of our Montney development where we own about 300 net sections of land. Our latest well tested at 6.2 million cubic feet equivalent per day with condensate levels of 55 barrels per million cubic feet. And we have reduced our horizontal drilling times in this area by 20 percent over the last 12 months.

At Bighorn, we drilled our longest horizontal well to date during the quarter. Drilled in the Wilrich formation, the well had a total measured depth of about 19,000 feet and a horizontal length of about 8,000 feet. We plan to complete the well with a 25 interval stimulation program during the fourth quarter. We also saw strong results this quarter from a horizontal well drilled in the Fahler formation. The well was completed with 20 stimulation intervals and is producing at a rate of about 8 million cubic feet equivalent per day. Well performance is above our expectations, both in terms of rate and on a cumulative basis. We are very encouraged by the well results we are seeing from numerous zones across the Bighorn key resource play where we have an inventory of over 700 net horizontal well locations.

At our Greater Sierra Key Resource Play, production was up 16 percent over the third quarter of last year, led by increased production from the Horn River, where production more than tripled from the same period last year. We completed stimulation operations on the north half of the d-1-D pad. By the end of the quarter, three of the seven wells had flowed at test rates within our expectations at about 15 million cubic feet per day per well. The remaining four wells have been undergoing clean-up and are flowing through test equipment. Work is currently progressing to have the first set of wells through permanent facilities by late October and the second set of wells to follow approximately ten days later. Production from the 34-L pad continues to track at, or slightly above, our predicted type curve, confirming our expectation that wider well spacing and fewer completions per acre of reservoir can be a more efficient development approach.

In July, as part of our plans to attract third-party capital investment in our undeveloped assets, we expanded our Horn River farm-out agreement with KOGAS which will see them invest an additional C\$185 million in approximately 20,000 additional acres in the Kiwigana area. We are very pleased with the expansion of our original C\$565 million farm-out agreement with KOGAS which has allowed us to accelerate our drilling program both at Kiwigana and in the West Cutbank area.

Currently in Kiwigana, the drilling of the first well pad is now complete and, following completions work this coming winter, we expect production to come on-stream in the spring of 2012. All ten wells on the first pad have been drilled and preparations for completions activities are underway. At the second pad, all seven surface casings have been set and the first well is nearing the completion of drilling the horizontal leg. We plan to drill to a total measured depth of 18,850 feet. Based on our current pace, we expect that three out of seven wells should be rig released by the end of 2011 on this pad.

At our CBM resource play, third quarter production of 473 million cubic feet equivalent per day was 13 percent higher than the third quarter of 2010 as a result of successful drilling, acquisitions and third party royalty production. Liquids production during the quarter averaged over 7,600 barrels per day in this area and was ahead of our expectations, primarily due to incremental royalty production from third party activity.

I'll turn now to one of the hottest new plays in Western Canada – the Duvernay Shale. We plan to spud three wells in the play during the fourth quarter, two in the Willesden Green area and one in Simonette. We hold about 365,000 net acres in what we believe to be some of the best liquids-rich acreage in the play. As I've said before, it is still early days, but we are very excited about the potential of the Duvernay Shale to add significant liquids volumes to the production profile of the Canadian Division. We expect to be even more active in the play next year, but are still finalizing the details through our budgeting process.

We are seeing good progress on three deep cut facility projects in the Canadian Deep Basin which extract larger volumes of natural gas liquids, or NGLs, from the natural gas in this area. In December, approximately 5,000 barrels per day of additional natural gas liquids are expected to be captured from expanded facilities being installed at the Musreau natural gas processing plant. There are additional expansions planned at the Gordondale and Resthaven facilities as well.

As Randy mentioned, longer term, through continued production growth and additional deep cut extraction, we now expect to increase our Deep Basin liquids volumes by about 55,000 barrels per day by 2015.

Turning now to our East coast offshore gas development at Deep Panuke - The production field centre, or PFC, was towed out for installation at the Deep Panuke offshore location at the end of July. The subsea hook-up program is underway and is expected to be complete by early November. We now expect first gas from Deep Panuke by the end of the first quarter of 2012. Initial production rates are expected to exceed 200 million cubic feet per day.

Switching to the West coast and the proposed Kitimat LNG terminal, of which Encana has a 30 percent interest. Just last week, the Canadian government provided approval for the export license, which will allow a total of 1.4 billion cubic feet per day to be exported over a 20 year period. This is a significant project milestone. At this point, all of the major regulatory approvals for phase one have been received. The Kitimat partners are currently negotiating long term off-take agreements that will be back-stopped with Western Canadian gas. The front end engineering design, or FEED study, undertaken to evaluate the capital costs for the project, is expected to be completed by the end of the first quarter of 2012. Following the completion of the study, as well as the negotiation of long-term off-take agreements, the partners will make a decision on proceeding with investing the capital to construct the first phase of the project.

Overall, we had an exceptional quarter in the Canadian Division. Now I'll turn the call over to Jeff, who will provide an update on the results from the USA Division.

#### **Jeff Wojahn – Executive Vice-President & President, USA Division**

Thanks, Mike, and good morning everyone.

The operational results from USA Division in the third quarter were first rate. Production averaged 1.96 billion cubic feet equivalent per day, up six percent from the third quarter of 2010, primarily due to a successful drilling program in the Haynesville Shale. For the first nine months of the year, production was down slightly, primarily due to net divestitures and strong production performance in early 2010 from shut-in volumes brought on line.

Our third quarter operating costs averaged \$0.52 per thousand cubic feet equivalent, down 12 percent from the third quarter of 2010, primarily due to lower long-term compensation expenses and decreased workover activity.

The Haynesville Shale performed exceptionally well during the quarter. Production averaged 524 million cubic feet equivalent per day, up about 70 percent from the third quarter of 2010. We drilled 20 net wells in the third quarter for a total of 65 net wells in the first three quarters of the year and we plan to drill a total of about 85 net wells by year-end. We currently have 11 operated rigs running in the area as well as an additional nine rigs operated by our partner. Drilling and completion efficiency continues to improve with our resource play hub development model and infill wells producing as expected. In the Creedance area of De Soto Parish, drilling days averaged 32 days versus a 2010 average of 42 days. This is a 24 percent improvement.

Our experience in developing resource plays has taught us that longer horizontal lateral length brings increased initial production rates, higher estimated ultimate recoveries and improved supply costs. To that end, we drilled two record length Haynesville horizontal wells in the Sabine area of East Texas during the quarter. Both wells were drilled with a horizontal length of about 7,500 feet and completion of the wells begins this quarter with more than 30 completion stages per lateral. We expect to achieve EURs of 11 to 13 billion cubic feet from each well.

And, just a few weeks ago, we successfully drilled two record length horizontal wells in North Louisiana. The first lateral section was drilled to a length of 6,879 feet and one week later, we raised the bar by drilling a lateral section reaching 8,003 feet. If you'll recall, we obtained regulatory approval in Louisiana to drill extended length wells across a three section unit, where previously, lateral length was limited by the lease boundary to approximately 4,500 feet. We are currently drilling two additional long lateral wells and will then have a total of four unit wells in Louisiana of approximately 7,000 feet in length which are expected to be completed before the end of the year. We have several more applications under review in Louisiana and we expect to receive the results of those applications in the coming months.

Our Mid-continent team continues to deliver when it comes to optimizing completions design and driving down cycle times. A year ago, we thought that pumping up to 80 completion stages per month was pushing the limits of our technical abilities. In the month of September, one of our completions crews pumped a total of 145 stages. The combined efforts of our field staff and our service providers have significantly accelerated the pace at which we are advancing both the design and execution of completions in the play. Our Haynesville dedicated fit for purpose completions crew has only been up and running for three months, and already, they have completed a total of 90 stimulation intervals in September, reaching this milestone much faster than we had expected. Our goal is to have this new crew execute an average of 140 stages per month by the end of the year - about a third of the time it took the previous crew to accomplish that same feat - and our teams are well on their way to achieving this objective.

Although it is still early days, we are very excited about the oil and liquids rich natural gas opportunities we are pursuing in the Division. During the quarter, we captured additional acreage in the Tuscaloosa Marine Shale, bringing our total land position in the play to about 270,000 net acres. We completed an existing horizontal well in Emmett County as part of our joint venture agreement and were very encouraged by the results. The well had a 30 day initial production rate of 310 barrels per day of light oil from five effective completion stages. This well has been on production for about 125 days and we forecast an estimates ultimate recovery of 145 thousand barrels of oil. We are currently drilling the first of two planned horizontal wells, targeting 7,500 feet of lateral length with 30 planned completion stages and expect to begin completion activities in November.

In the Collingwood Shale in Michigan, we drilled two horizontal wells in the southern liquids-rich gas part of the play. The second horizontal well was drilled to a total measured depth of 16,900 feet with an effective horizontal length of 7,500 feet. Both wells are expected to be completed during the fourth quarter. Services are somewhat scarce in Michigan compared to other parts of the country, but we have contracted a completions crew and expect them to arrive in Michigan later this month.

Moving now to Colorado. During the quarter we drilled five horizontal Niobrara wells in the DJ Basin. The wells have an average lateral length of 4,250 feet at an average true vertical depth of 7,300 feet. Four of the wells have now been completed with an average of 17 stimulation stages and are on production. The fifth well is expected to be completed in early November and should be flowing by mid-November. We are currently evaluating production results but the early data is encouraging.

You should expect to see a higher activity level in each of these plays in the first half of 2012 and it will continue to increase as we gather more data. We'll have more details on each play once we complete our budget process.

As we progress through the final months of the year, I am extremely pleased with the operational execution and performance of the Division as we remain on track to reach our targets for the year.

I will now turn the call over to Sherri Brillon, who will discuss our overall financial performance for the quarter.

### **Sherri Brillon – Executive Vice-President & CFO**

Thanks, Jeff, and good morning.

Encana's third quarter financial results continue to be strong and in line with guidance. Cash flow for the quarter was \$1.2 billion, or \$1.57 per share diluted. Cash flow was up about 2 percent compared to the third quarter of 2010, primarily due to higher commodity prices and higher production volumes, partially offset by lower realized financial hedging gains. Year to date, cash flow totaled about \$3.2 billion or \$4.34 per share diluted. Compared to the third quarter of 2010, operating earnings were double, at \$171 million, or \$0.23 per share diluted. The increase was primarily due to higher average commodity prices, higher production volumes and lower long term compensation costs, partially offset by lower realized financial hedging gains. Year to date, operating earnings totaled \$352 million, or \$0.48 per share diluted.

For the quarter, Encana's hedge position contributed a realized after-tax gain of approximately \$145 million, or an additional \$0.69 per thousand cubic feet to the average natural gas price. As of September 30, 2011, we had about 1.8 billion cubic feet per day, or about 50 percent of expected October to December natural gas production hedged under fixed price contracts at an average NYMEX price of \$5.76 per thousand cubic feet. Additionally, Encana has hedged approximately 2 billion cubic feet per day of expected 2012 natural gas production at an average NYMEX price of about \$5.80 per thousand cubic feet and about 500 million cubic feet per day of expected 2013 natural gas production at an average NYMEX price of \$5.24 per thousand cubic feet. So we are well positioned for the rest of this year and through 2012.

Having these hedges in place increases the certainty of our cash flow generation, helping to ensure stability for our capital programs and anticipated dividend payments. Since the beginning of 2006, Encana's commodity price hedging has resulted in about \$7.9 billion of pre-tax cash flow in excess of what would have been generated had we not employed price hedging.

Now turning to our costs for the quarter. Combined operating and administrative costs of \$0.84 per thousand cubic feet equivalent were \$0.12 lower year-over-year mainly due to lower long term incentive costs. On a year-to-date basis, combined operating and administrative costs were \$1.08 per thousand cubic feet equivalent. We have maintained our 2011 guidance expectations for combined operating and administrative costs of \$1.15 to \$1.20 per thousand cubic feet equivalent.

Under IFRS reporting, depreciation, depletion and amortization, or DD&A, was \$2.63 per thousand cubic feet equivalent in the third quarter. As I have highlighted on previous conference calls, on a U.S. GAAP basis, the DD&A would have been approximately \$1.70 per thousand cubic feet equivalent. On a U.S. GAAP basis, we estimate that our third quarter operating earnings would have been approximately \$511 million after tax or about \$0.69 cents per share diluted.

We continue to assess the potential benefits of converting to U.S. GAAP as we believe that it would facilitate easier comparisons of our financial results to those of our U.S. peers. Tomorrow, we plan to post to our website additional supplemental information which reconciles key components of Encana's third quarter financial results with U.S. GAAP financial results.

Maintaining the strength and flexibility of Encana's balance sheet remains a top priority. Our debt to capitalization ratio at the end of the quarter was 34 percent and our debt to adjusted EBITDA ratio was 2.1 times on a trailing 12 month basis. Debt to debt adjusted cash flow, which excludes the volatility of unrealized gains and losses on risk management activities and other non-cash items, was 1.9 times on a trailing 12 month basis. At year end we expect our debt metrics will land well below our internally managed maximum target levels as we book the proceeds from our announced divestitures of the Piceance midstream assets and the Cabin Gas Plant - which total approximately \$800 million. These upcoming divestitures are disclosed as Assets Held for Sale in Note 9 of our third quarter Consolidated Financial Statements. These, along with other divestitures expected to close before year end, will be used to reduce debt and lower the associated ratios. In the interim, Encana does have a \$500 million debt maturity on November 1, 2011; we expect to repay the maturing Notes from cash balances and through our commercial paper program.

I am pleased to note that Encana has recently renewed its Canadian committed revolving bank credit facility and a US subsidiary is in the process of renewing a US credit facility. We renewed our Canadian facility at C\$4.0 billion and are increasing the amount available under our U.S. facility from \$565 million to \$1 billion. Both facilities have accordion features which allow the Borrower to request additional capacity of C\$500 million and \$400 million, respectively. The maturity date for both facilities has been extended by four years to October 31, 2015. The extension of these committed credit facilities further enhances our financial flexibility.

As we head into the final months of 2011, Encana remains well positioned and poised to endure the current challenging economic conditions.

I will now turn the call back to Randy.

### **Randy Eresman – President & CEO**

Thank you, Sherri.

As you've heard this morning, Encana executed another solid quarter, both operationally and financially, and we remain on track to meet our 2011 guidance.

We have assembled an abundance of internally generated exploration and development opportunities which we expect will continue to be economic, even in the current natural gas market. We are very optimistic about the future and the upside of our company because of our incredible resource base and the low-cost structures that our staff has achieved.

Our strategy is simple and it remains unchanged. We are focused on unlocking the tremendous value that is unrecognized within our asset base by accelerating the pace of development of our assets, and doing it at the lowest possible cost. This acceleration can be achieved by prudently deploying Encana's capital and by leveraging third party capital through farm-outs and joint venture transactions. Responding to the reality of lower natural gas prices, we are dialing back our short term internally funded growth to better align with our ability to generate cash flow.

Over the longer term, we have a more bullish view of future natural gas prices in line with the future curves and our resource play hub development initiatives will help to ensure that we capture greater margins in any natural gas price environment.

In the next few years we expect to significantly increase the proportion of liquids production in our portfolio and have increased our pace of exploration on our oil and natural gas liquids plays. Ultimately, this should enable us to diversify our portfolio and increase returns, while at the same time take advantage of the expertise that we have developed drilling and completing long reach horizontal wells in our natural gas resource plays.

We have a well established methodology for extracting value from all of our resource plays, developing resource plays through our low cost entry approach and our relentless focus on lowering our cost structures; and we will continue to do so, on both our natural gas and oil resource plays.

Encana has never been a company to sit still; it's exactly this proactive thinking that forms our strategy. Our decision to invest more capital in oil and liquids-rich opportunities is a function of allocating capital to the projects which we believe have the potential to provide the most attractive returns. We balance the full-cycle economics of investing in new opportunities against the go-forward or half-cycle economics of investing in our current portfolio. And we take a portfolio approach, investing in projects that are at various stages of their life cycle in a diversified range of geographic areas.

To help ensure that we are financially well positioned during these uncertain times, we have undertaken a number of measures to improve and maintain a conservative balance sheet. In 2012, we are targeting a balanced budget through reducing our capital expenditures to be within our cash flow after dividends. We have advanced joint venture arrangements on many of our plays to help maintain momentum and capture value during this period of reduced capital expenditures. Thirdly, we are targeting net divestiture proceeds of \$1 billion to \$2 billion in 2011 which will increase our financial flexibility as we enter 2012. Combined, we believe that we have put in motion all of the measures we need to weather the current economic environment. We have a clear vision of the future and we intend to capitalize on the opportunities we see unfolding in front of us.

Thank you very much for joining us today. Our team is now ready to take any questions you may have.

## **POST Q&A SESSION**

### **Ryder McRitchie**

Thank you everyone for joining us today to review Encana's third quarter results.

If you have any further questions please contact our Media or Investor relations team.

Please note, that due to conflicts with third quarter reporting by other companies we have moved our upcoming Haynesville conference call to Monday, November 7th. We will be sending out a notice to this effect and news release prior to the date with call in information.

That's all for today, our conference call is now complete.

**ADVISORY REGARDING OIL AND GAS INFORMATION** – In this document, certain crude oil and NGLs volumes have been converted to cubic feet equivalent (cfe) on the basis of one barrel (bbl) to six thousand cubic feet (Mcf). Cfe may be misleading, particularly if used in isolation. A conversion ratio of one bbl to six Mcf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent value equivalency at the well head.

**ADVISORY REGARDING FORWARD-LOOKING STATEMENTS** – In the interests of providing Encana shareholders and potential investors with information regarding Encana, including management’s assessment of Encana’s and its subsidiaries’ future plans and operations, certain statements contained in this document are forward-looking statements or information within the meaning of applicable securities legislation, collectively referred to herein as “forward-looking statements.” Forward-looking statements in this document include, but are not limited to: ability to sell certain midstream assets to free up capital for reinvestment, including the planned sale in Cutbank Ridge and the expected proceeds from the sale of Piceance midstream assets and company’s interest in the Cabin Gas Plant and their expected closing dates; ability to sell the North Texas property in the Barnett Shale and a portion of Jean Marie property; expectations relating to increased NGLs, oil and other liquids production and the expected timing thereof, including up to 2015; ability to attract joint venture partners and third-party investments, including for lands in the Cutbank Ridge area; 2011 target growth rate per share; expectations for the 2012 budget; ability to negotiate long term off-take agreements for the Kitimat LNG terminal; expectation to increase production of oil and liquids rich natural gas; expectation to lower natural gas supply cost; expectation for hedging program to supplement revenue and stabilize cash flow; expected start up date for first gas at Deep Panuke, including expected initial production rate; expected efficiencies to be generated by resource play hub approach; potential of resource plays and proposed developments in these plays; projections contained in 2011 guidance (including estimates of cash flow per share, upstream operating cash flow, natural gas and NGLs production, growth per share, capital investment, net divestitures, and operating costs); target debt to capitalization, debt to debt adjusted cash flow and debt to adjusted EBITDA ratios; 2011 corporate guidance for each of the company’s key resource plays; expectation for the renewal of and extension of the term of Encana’s subsidiary’s credit facility; and ability to maintain investment grade credit ratings, capital discipline and financial flexibility. Readers are cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur, which may cause the company’s actual performance and financial results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. These assumptions, risks and uncertainties include, among other things: the risk that the company may not successfully divest particular assets and within the expected dates; the risk that the potential benefits of these transactions will not be realized; the risk that the company may not conclude potential joint venture arrangements or attract third party capital; volatility of and assumptions regarding commodity prices; assumptions based upon the company’s current guidance; fluctuations in currency and interest rates; product supply and demand; market competition; risks inherent in the company’s and its subsidiaries’ marketing operations, including credit risks; imprecision of reserves and resources estimates and estimates of recoverable quantities of natural gas and liquids from resource plays and other sources not currently classified as proved, probable or possible reserves or economic contingent resources; marketing margins; potential disruption or unexpected technical difficulties in developing new facilities; unexpected cost increases or technical difficulties in constructing or modifying processing facilities; risks associated with technology; the company’s ability to replace and expand gas reserves; its ability to generate sufficient cash flow from operations to meet its current and future obligations; its ability to access external sources of debt and equity capital; the timing and the costs of well and pipeline construction; the company’s ability to secure adequate product transportation; changes in royalty, tax, environmental, greenhouse gas, carbon, accounting and other laws or regulations or the interpretations of such laws or regulations; political and economic conditions in the countries in which the company operates; terrorist threats; risks associated with existing and potential future lawsuits and regulatory actions made against the company; and other risks and uncertainties described from time to time in the reports and filings made with securities regulatory authorities by Encana. Although Encana believes that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Readers are cautioned that the foregoing list of important factors is not exhaustive. In addition, assumptions relating to such forward-looking statements generally include Encana’s current expectations and projections made in light of, and generally consistent with, its historical experience and its perception of historical trends, including the conversion of resources into reserves and production as well as expectations regarding rates of advancement and innovation, generally consistent with and informed by its past experience, all of which are subject to the risk factors identified elsewhere in this document.

Forward-looking information respecting anticipated 2011 cash flow for Encana is based upon achieving average production of oil and gas for 2011 of between 3.475 Bcfe/d and 3.525 Bcfe/d, commodity prices for natural gas of NYMEX \$4.50 - \$5/Mcf, commodity prices for crude oil of (WTI) \$85 - \$95 per bbl and an estimated U.S./Canadian dollar foreign exchange rate of \$0.95 - \$1.05 and a weighted average number of outstanding shares for Encana of approximately 736.3 million.

Assumptions with respect to forward-looking information regarding expanding Encana's NGLs production and extraction volumes are based on existing and expected expansions of natural gas processing facilities in areas where Encana operates and the continued expansion and development of NGLs production from existing properties within its asset portfolio.

Furthermore, the forward-looking statements contained in this document are made as of the date of this document, and, except as required by law, Encana does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this document are expressly qualified by this cautionary statement.

Further information on Encana Corporation is available on the company's website, [www.encana.com](http://www.encana.com), or by contacting:

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