

DJ BASIN, CO



Encana USA Quick Facts

- typically use two drilling rigs
- operates approximately 900 wells
- drilled 95 wells in 2010
- recompleted 80 wells in 2010
- produces approximately 60 million cubic feet of gas per day (mmcf/d)
- was named the 2010 Erie chamber Corporate Business of the Year

Who we are

Encana Corporation is one of North America's leading independent natural gas producers. In the United States (U.S.) a subsidiary, Encana Oil & Gas (USA) Inc. (Encana USA) coordinates operations from its U.S. headquarters in Denver. Encana USA is proud to play a considerable role in natural gas exploration and production in the Rocky Mountains, a region leading the nation in natural gas production and discoveries of new fields.

In Colorado, Encana USA operates in the Piceance and Denver Julesburg (DJ) basins. Additionally, Encana USA has operations in Texas, Louisiana and Wyoming. Encana USA has more than 1,700 full-time staff, and contracts with more than 300 third party companies.



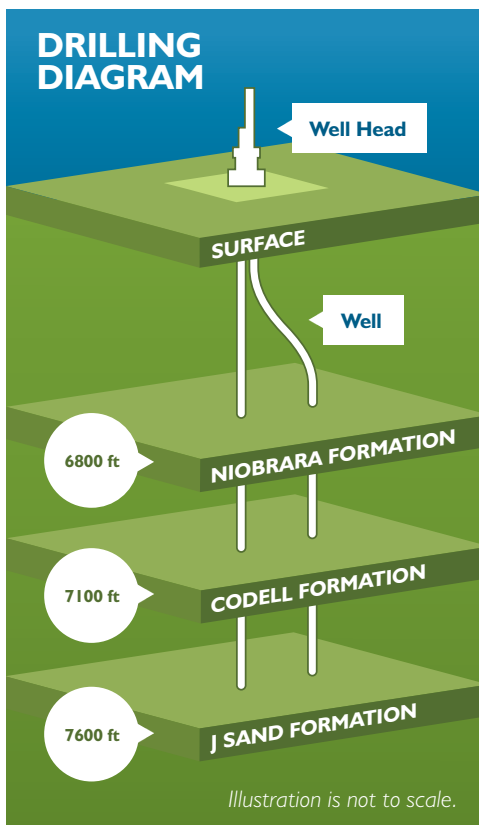
Basin facts

- The DJ Basin is a rich deposit of oil and natural gas located in northeast Colorado and extending into Wyoming and Nebraska. For more than 30 years, this area has been one of the country's most important oil and natural gas producing basins.
- The Wattenberg Field is the most productive oil and gas field in the DJ Basin. As the state's second largest gas field, the Wattenberg Field supplies about one third of the natural gas consumed by Front Range homes and businesses. It covers parts of Adams, Boulder, Broomfield, Larimer, and Weld counties.
- The Wattenberg Field generates significant revenue for Colorado. This includes jobs, tax revenues, royalty payments to more than 15,000 royalty owners in the five counties and funding for local school districts.
- Encana USA produces natural gas hydrocarbons from the Niobrara, Codell and J Sand geologic formations located in the Wattenberg Field that is used to generate electricity, heat our homes, cook our food and increasingly as a transportation fuel.

New Technology

Advances in technology have allowed oil and gas companies to directionally drill wells. Directional drilling allows for multiple wells to be drilled from one central drilling pad. These wells are generally "S-shaped" curves that drill to a target that is not directly beneath the surface drilling site. This advanced technique dramatically reduces the environmental footprint, not only by limiting surface disturbances at the drill site, but also by eliminating the network of roads and pipelines necessary between wells.

The DJ Basin team has implemented a process called refracturing (refracs) to generate additional natural gas and oil from existing wells. Refracs in the DJ Basin have allowed access to new reserves resulting in increased natural gas production. Refracs are done only on existing wells, making them cost effective and creating less of a disturbance on the surrounding area.



COURTESY[®] MATTERS

Encana USA operates on the basis of trust, integrity and respect, principles that are the foundation of its Courtesy Matters program. The program creates proactive partnerships between Encana USA, its contractors and the community, emphasizing the shared responsibility in positive business practices, courteous behavior and community responsibility. Courtesy Matters encourages responsible and courteous behavior with: traffic, gates, dust, noise and trash.

Our Commitment to Community

Encana USA contributes to the strength and sustainability of the communities in which our employees live and work. We believe that by partnering with local community organizations and other non-profit groups we have the opportunity to positively shape the future of these communities. Encana USA's Community Investment program is focused in five areas: sciences, trades and technology, family and community wellness, environment, sports and recreation and community enhancement. Our support in the DJ Basin includes:

- High School Scholarship Program — Four Area Recipients
- NEED (National Energy Education Development) Teacher Workshops
- Global Ozone Project (GO3)
- Weld County Fair – Junior Livestock Auction
- Special Transit –Energy Efficient HVAC System
- Erie Town Fair & Harvest Festival

2010 Colorado Tax Contributions

Personal Property Tax

\$ 37,433,360

2010 Royalty Payments

State Royalties

\$ 652,604

Federal Royalties

\$ 31,724,320

2010 Encana USA Severance Tax

Severance tax is a tax imposed on nonrenewable natural resources that are removed from the earth, including oil and natural gas. The State of Colorado collects the tax from producers/operators based on gross income and then redistributes a portion back to the communities where employees reside. The tax revenue collected supports school districts, local governments and the water conservation board.

Colorado State Severance Taxes

\$ 16,323,626

FOR MORE INFORMATION CONTACT : Community Relations: (866) 896-6371