Encana Oil & Gas (USA) Inc.
Facility Efficiency Improvements

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In the interest of providing Encana shareholders and potential investors with information regarding the Company and its subsidiaries, including management’s assessment of Encana’s and its subsidiaries’ future plans and operations, certain statements and graphs throughout this presentation contain “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995 or “forward-looking information” within the meaning of applicable Canadian securities legislation. Forward-looking statements in this presentation include, but are not limited to, statements with respect to: projected 2011 total production and annual growth; estimated reserves and economic contingent resources; estimated net drilling locations; target to double production per share by 2014; expected benefits of resource play hub and gas factories; projected third parties and joint venture capital, including potential completion of joint venture with PetroChina; forecast growth profile for 2011 to 2014; ability to maintain investment grade credit ratings; ability to pay dividends; successful execution of Encana’s business model; 2011 Corporate Guidance; forecast metrics; Company’s expectations for future Debt to Capitalization and Debt to Adjusted EBITDA ratios; expected rates of return at various NYMEX gas prices; target to further reduce supply cost; projections with respect to future production, estimated reserves and resources, number of wells and other developments at various resource and emerging plays; projected first production at Deep Panuke; and expected future demand opportunities in transportation and power generation.

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: volatility of and assumptions regarding commodity prices; assumptions based upon Encana’s current guidance; the risk that the Company may not conclude potential joint venture arrangements with PetroChina or others and raise third party capital investments; 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; the Company’s and its subsidiaries’ ability to replace and expand reserves; 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 generate sufficient cash flow from operations to meet its current and future obligations; the Company’s ability to access external sources of debt and equity capital; the timing and the costs of well and pipeline construction; the Company’s and its subsidiaries’ 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 and its subsidiaries operate; terrorist threats; risks associated with existing and potential future lawsuits and regulatory actions made against the Company and its subsidiaries; 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. Forward-looking statements with respect to anticipated production, reserves and production growth are based upon numerous facts and assumptions including a projected capital program averaging approximately $6 billion per year that underlies the long range plan of Encana which is subject to review annually and to revision for factors including the outlook for natural gas commodity prices and the expectations for capital investment by the Company, achieving an average drilling rate of approximately 2,500 net wells per year, Encana’s current net drilling location (“Bcfe/d”), commodity prices for natural gas of NYMEX $4.50/Mcf to $5.00/Mcf, crude oil (WTI) $85.00/bbl to $95.00/bbl, U.S./Canadian dollar foreign exchange rate of $0.95 to $1.05 and a weighted average number of outstanding shares for Encana of approximately 736 million. Assumptions relating to forward-looking statements generally include Encana’s current 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 presentation.

Furthermore, the forward-looking statements contained in this presentation are made as of the date of this presentation, 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 presentation are expressly qualified by this cautionary statement.
Agenda

- About Encana
- Environmental Innovation Fund (EIF)
- Facilities & Efficiency Improvement Projects
  - Dragon Trail Processing Facility
  - Middle Fork Compression Station
- Conclusions
About Encana

- Encana’s goal is to be the highest-growth, lowest-cost senior natural gas producer in North America.
  - ~ 5,000 employees in Canada and the U.S.
  - more than 11.7 million net acres of land in many of North America’s most active natural gas basins*
  - pioneered resource play hub approach to natural gas production to reduce costs and improve environmental and safety performance
  - top Canadian company on Corporate Knights Magazine's Global 100 Most Sustainable Corporations in the World list (2011)
  - creating new markets for clean, affordable, abundant natural gas in the transportation and power sectors
Having built a high-quality resource base, the greatest value creating proposition for our shareholders is to now deliver a sustainably higher growth rate and to do it at the lowest possible cost.

- Provided comprehensive disclosure of reserves and resources
- Accelerated pace of development
- Advancing resource play hub design and development
- Attracting third party investments in undeveloped reserves and resources
- Increasing exposure to oil and natural gas liquids
- **Growing the market for North American natural gas**
Environmental Innovation Fund
Two-Tiered Investment Strategy

- **Internal environmental efficiency projects**: projects within our operations that can economically create measurable reductions in air emissions or energy, land or fresh water use

- **External technology development investments**: early-stage start-up companies and technologies that either align with environmental efficiency opportunities within our operations or enable enhanced natural gas usage within new or existing markets
Dragon Trail Processing Plant
Plant Overview

- Field Gathering
- Dehydration
- Cold Plant
- Refrigeration & Hot Oil
- Train 1
- Storage
- Train 2
- Residue Compression
- Sales Pipelines

60 MMscf/Day Processing Capacity
Dragon Trail Processing Plant
EIF Funded Project

- Compression facility consolidation
  - Added two Caterpillar G3516 ULB engines
  - Decommissioning of West Douglass and East Dragon Trail compression stations
  - Remove several pieces of fuel burning equipment (dehy, engines, etc.)
  - Removal of venting sources (condensate tanks)
  - Reduced traffic

- Follow up - Worked with CIEC to identify additional opportunities for energy savings
Middle Fork Compressor Station

Background

- South Rockies Business Unit, Piceance Basin Colorado
- 8 – Ariel natural gas compressors (JGU-6)
  - Toshiba 7,500 HP motor drivers
  - 5 x 2-stage units (~40MMscfd)
  - 3 x 3-stage units (~50MMscfd)
- Suction: 150psig / Discharge 1200 psig
Middle Fork Compressor Station

Background
Middle Fork Compressor Station
Annual Energy Consumption

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<th>2010 Natural gas consumption (MMBtu/yr)</th>
<th>2010 Electricity Consumption (MWh/yr)</th>
<th>Total Energy Costs ($/yr)</th>
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<td>62,200</td>
<td>329,300</td>
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- Equity gas consumption – dehydrators & incinerator
- Electrical consumption – compressor electric motors account for 80-90% of power utilized
Middle Fork Compressor Station
Energy Efficiency Improvements

- 2-Stage Units
  - Removed FVP/Bypass unloaders
  - Replaced with blanks – low clearance, maximum flow
  - Control volume with main station suction pressure

- 3-Stage Units
  - Removed FVP/Bypass unloaders
  - Replaced these with manual VVCPs
  - Control volume with unit suction control valve & VVCPs

- Hired a contractor, Detechtion Services, which provides 24/7 online compressor monitoring

- Compressor start-up “phasing”

- Ability to fully load compressors
Middle Fork Compressor Station
Energy Efficiency Improvements - Before
Middle Fork Compressor Station
Compressor Capacity Control

Automated Unloading Devices

Manual – Variable Volume Control
Middle Fork Compressor Station
August Electrical Consumption & Efficiency Improvements

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Avg $/kWh: $0.055

Total savings from changes implemented October 2010 – August 2012 $3.5 MM/yr (about 19% of total annual station energy costs)
Middle Fork Compressor Station
Detechtion’s Services

- Equipment Health Monitoring
  - Hourly reports sent on compression equipment operating parameters
  - Can identify valve and piston ring damage in early stages
  - Will flag poor operating conditions (e.g. high rod load)

- Compressor fleet management tools

- Enalysis
  - Program with graphical interface for optimized compressor loading
  - Established suggested changes in pocket settings and suction pressure to safely and efficiently operation

- Worked with I&E Technician to design loading/pressure control sequencing to maximize 3-stage compressors
Conclusions

- Encana takes efficiency seriously – EIF
- Dragon Trail
  - 310 Mscfd/year fuel gas reduction
  - Over 6,600 tonnes/year CO2e reduction
- Middle Fork
  - Reduction in Fuel/Power Consumption
  - Improved Asset Utilization
  - Horsepower Consolidation
  - Identification of unseen production potential, often resulting in production gains
  - Predictive Maintenance - fewer unplanned shutdowns, avoidance of catastrophic failures
Questions?