Interim Consolidated Financial Statements

(unaudited)

For the period ended March 31, 2004

EnCana Corporation

U.S. DOLLARS

EnCana Corporation

CONSOLIDATED STATEMENT OF EARNINGS *(unaudited)*

(US$ millions, except per share amounts)		March 31 Three Months Ended 2004	2003
REVENUES, NET OF ROYALTIES	*(Notes 4, 13)*	**$ 2,850**	$ 2,743
EXPENSES	*(Note 4)*		
Production and mineral taxes		**65**	50
Transportation and selling		**162**	125
Operating		**353**	313
Purchased product		**1,287**	945
Depreciation, depletion and amortization		**624**	471
Administrative		**49**	37
Interest, net		**79**	64
Accretion of asset retirement obligation	*(Note 9)*	**7**	5
Foreign exchange loss (gain)	*(Note 6)*	**58**	(210)
Stock-based compensation		**5**	-
Gain on disposition	*(Note 3)*	**(34)**	-
		2,655	1,800
NET EARNINGS BEFORE INCOME TAX		**195**	943
Income tax (recovery) expense	*(Note 7)*	**(95)**	293
NET EARNINGS FROM CONTINUING OPERATIONS		**290**	650
NET EARNINGS FROM DISCONTINUED OPERATIONS	*(Note 5)*	**-**	187
NET EARNINGS		**$ 290**	$ 837
NET EARNINGS FROM CONTINUING OPERATIONS PER COMMON SHARE	*(Note 12)*		
Basic		**$ 0.63**	$ 1.35
Diluted		**$ 0.62**	$ 1.34
NET EARNINGS PER COMMON SHARE	*(Note 12)*		
Basic		**$ 0.63**	$ 1.74
Diluted		**$ 0.62**	$ 1.73

CONSOLIDATED STATEMENT OF RETAINED EARNINGS *(unaudited)*

(US$ millions)		Three Months Ended March 31, 2004	2003
RETAINED EARNINGS, BEGINNING OF YEAR			
As previously reported		**$ 5,276**	$ 3,457
Retroactive adjustment for changes in accounting policies		**-**	66
As restated		**5,276**	3,523
Net Earnings		**290**	837
Dividends on Common Shares		**(46)**	(33)
Charges for Normal Course Issuer Bid	*(Note 10)*	**(120)**	-
RETAINED EARNINGS, END OF PERIOD		**$ 5,400**	$ 4,327

See accompanying Notes to Consolidated Financial Statements.

EnCana Corporation

CONSOLIDATED BALANCE SHEET *(unaudited)*

(US$ millions)		As at March 31, 2004	As at December 31, 2003
ASSETS			
Current Assets			
Cash and cash equivalents		**$ 250**	$ 148
Accounts receivable and accrued revenues		**1,722**	1,367
Risk management	*(Note 13)*	**39**	-
Inventories		**273**	573
		2,284	2,088
Property, Plant and Equipment, net	*(Note 4)*	**19,991**	19,545
Investments and Other Assets		**563**	566
Risk Management	*(Note 13)*	**86**	-
Goodwill		**1,884**	1,911
	(Note 4)	**$ 24,808**	$ 24,110
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities		**$ 1,886**	$ 1,579
Risk management	*(Note 13)*	**559**	-
Income tax payable		**218**	65
Current portion of long-term debt	*(Note 8)*	**189**	287
		2,852	1,931
Long-Term Debt	*(Note 8)*	**6,031**	6,088
Other Liabilities		**95**	21
Risk Management	*(Note 13)*	**40**	-
Asset Retirement Obligation	*(Note 9)*	**441**	430
Future Income Taxes		**3,977**	4,362
		13,436	12,832
Shareholders' Equity			
Share capital	*(Note 10)*	**5,343**	5,305
Share options, net		**30**	55
Paid in surplus		**26**	18
Retained earnings		**5,400**	5,276
Foreign currency translation adjustment		**573**	624
		11,372	11,278
		$ 24,808	$ 24,110

See accompanying Notes to Consolidated Financial Statements.

EnCana Corporation

CONSOLIDATED STATEMENT OF CASH FLOWS *(unaudited)*

(US$ millions)		Three Months Ended March 31 **2004**	2003
OPERATING ACTIVITIES			
Net earnings from continuing operations		**$ 290**	$ 650
Depreciation, depletion and amortization		**624**	471
Future income taxes	*(Note 7)*	**(327)**	273
Unrealized loss on risk management	*(Note 13)*	**376**	-
Unrealized foreign exchange loss (gain)	*(Note 6)*	**39**	(178)
Accretion of asset retirement obligation	*(Note 9)*	**7**	5
Gain on disposition	*(Note 3)*	**(34)**	-
Other		**20**	(30)
Cash flow from continuing operations		**995**	1,191
Cash flow from discontinued operations		**-**	30
Cash flow		**995**	1,221
Net change in other assets and liabilities		**(5)**	(3)
Net change in non-cash working capital from continuing operations		**467**	50
Net change in non-cash working capital from discontinued operations		**-**	11
		1,457	1,279
INVESTING ACTIVITIES			
Capital expenditures	*(Note 4)*	**(1,538)**	(1,011)
Proceeds on disposal of property, plant and equipment		**25**	7
Dispositions (acquisitions)	*(Note 3)*	**288**	(116)
Equity investments	*(Note 3)*	**44**	(45)
Net change in investments and other		**(2)**	(23)
Net change in non-cash working capital from continuing operations		**85**	(134)
Discontinued operations		**-**	1,289
		(1,098)	(33)
FINANCING ACTIVITIES			
Repayment of long-term debt		**(103)**	(892)
Issuance of common shares	*(Note 10)*	**111**	29
Purchase of common shares	*(Note 10)*	**(218)**	-
Dividends on common shares		**(46)**	(33)
Other		**(1)**	(1)
Net change in non-cash working capital from continuing operations		**-**	(4)
Discontinued operations		**-**	(282)
		(257)	(1,183)
DEDUCT: FOREIGN EXCHANGE LOSS ON CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCY		**-**	2
INCREASE IN CASH AND CASH EQUIVALENTS		**102**	61
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		**148**	116
CASH AND CASH EQUIVALENTS, END OF PERIOD		**$ 250**	$ 177

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in US$ millions unless otherwise specified)

1. BASIS OF PRESENTATION

The interim Consolidated Financial Statements include the accounts of EnCana Corporation and its subsidiaries (the "Company"), and are presented in accordance with Canadian generally accepted accounting principles. The Company is in the business of exploration for, and production and marketing of, natural gas, natural gas liquids and crude oil, as well as natural gas storage operations, natural gas liquids processing and power generation operations.

The interim Consolidated Financial Statements have been prepared following the same accounting policies and methods of computation as the annual audited Consolidated Financial Statements for the year ended December 31, 2003, except as noted below. The disclosures provided below are incremental to those included with the annual audited Consolidated Financial Statements. The interim Consolidated Financial Statements should be read in conjunction with the annual audited Consolidated Financial Statements and the notes thereto for the year ended December 31, 2003.

2. CHANGE IN ACCOUNTING POLICIES AND PRACTICES

Hedging Relationships

On January 1, 2004, the Company adopted the amendments made to Accounting Guideline 13 (“AcG - 13”) “Hedging Relationships”, and EIC 128, “Accounting for Trading, Speculative or Non Trading Derivative Financial Instruments”. Derivative instruments that do not qualify as a hedge under AcG - 13, or are not designated as a hedge, are recorded in the Consolidated Balance Sheet as either an asset or liability with changes in fair value recognized in net earnings. The Company has elected not to designate any of its price risk management activities in place at March 31, 2004 as accounting hedges under AcG - 13 and, accordingly, will account for all these non-hedging derivatives using the mark-to-market accounting method. The impact on the Company’s Consolidated Financial Statements at January 1, 2004 resulted in the recognition of risk management assets with a fair value of $145 million, risk management liabilities with a fair value of $380 million and a net deferred loss of $235 million which will be recognized into net earnings as the contracts expire. At March 31, 2004, it is estimated that over the following 12 months, $169 million ($118 million, net of tax) will be reclassified into net earnings from net deferred losses.

The following table presents the deferred amounts expected to be recognized in net earnings as unrealized gains/(losses) over the years 2004 to 2008:

		Unrealized Gain/(Loss)
2004		
Quarter 2	$	(54)
Quarter 3		(51)
Quarter 4		(64)
Total remaining to be recognized in 2004	$	(169)
2005		
Quarter 1	$	-
Quarter 2		13
Quarter 3		9
Quarter 4		9
Total to be recognized in 2005	$	31
2006		24
2007		15
2008		1
Total remaining to be recognized	$	(98)

At March 31, 2004, the remaining net deferred loss totalled $98 million of which $211 million was recorded in Accounts receivable and accrued revenues, $2 million in Investments and Other Assets, $40 million in Accounts payable and accrued liabilities and $75 million in Other Liabilities.

EnCana Corporation

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in US$ millions unless otherwise specified)

3. DISPOSITIONS (ACQUISITIONS)

In March 2004, the Company sold its investment in a well servicing company for approximately $44 million, recording a gain on sale of $34 million.

On February 18, 2004, the Company sold its 53.3 percent interest in Petrovera Resources ("Petrovera") for approximately $288 million, including working capital adjustments. In order to facilitate the transaction, EnCana purchased the 46.7 percent interest of its partner for approximately $253 million, including working capital adjustments, and then sold the 100 percent interest in Petrovera for a total of approximately $541 million, including working capital adjustments. There was no gain or loss recorded on this sale.

On January 31, 2003, the Company acquired the Ecuadorian interests of Vintage Petroleum Inc. ("Vintage") for net cash consideration of $116 million. This purchase was accounted for using the purchase method with the results reflected in the consolidated results of EnCana from the date of acquisition.

Other dispositions of discontinued operations are disclosed in Note 5.

4. SEGMENTED INFORMATION

The Company has defined its continuing operations into the following segments:

- Upstream includes the Company's exploration for, and development and production of, natural gas, natural gas liquids and crude oil and other related activities. The majority of the Company's Upstream operations are located in Canada, the United States, the United Kingdom and Ecuador. International new venture exploration is mainly focused on opportunities in Africa, South America and the Middle East.

- Midstream & Marketing includes natural gas storage operations, natural gas liquids processing and power generation operations, as well as marketing activities. These marketing activities include the sale and delivery of produced product and the purchasing of third party product primarily for the optimization of midstream assets, as well as the optimization of transportation arrangements not fully utilized for the Company's own production.

- Corporate includes unrealized gains or losses recorded on derivative instruments. Once amounts are settled, the realized gains and losses are recorded in the operating segment to which the derivative instrument relates.

Midstream & Marketing purchases all of the Company's North American Upstream production. Transactions between business segments are based on market values and eliminated on consolidation. The tables in this note present financial information on an after eliminations basis.

Operations that have been discontinued are disclosed in Note 5.

EnCana Corporation

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in US$ millions unless otherwise specified)

4. SEGMENTED INFORMATION (continued)

Results of Operations (For the three months ended March 31)

	Upstream		Midstream & Marketing	
	2004	2003	**2004**	2003
Revenues, Net of Royalties	**$ 1,808**	$ 1,650	**$ 1,419**	$ 1,093
Expenses				
Production and mineral taxes	**65**	50	**-**	-
Transportation and selling	**154**	107	**8**	18
Operating	**277**	219	**78**	94
Purchased product	**-**	-	**1,287**	945
Depreciation, depletion and amortization	**601**	459	**7**	5
Segment Income	**$ 711**	$ 815	**$ 39**	$ 31

	Corporate		Consolidated	
	2004	2003	**2004**	2003
Revenues, Net of Royalties	**$ (377)**	$ -	**$ 2,850**	$ 2,743
Expenses				
Production and mineral taxes	**-**	-	**65**	50
Transportation and selling	**-**	-	**162**	125
Operating	**(2)**	-	**353**	313
Purchased product	**-**	-	**1,287**	945
Depreciation, depletion and amortization	**16**	7	**624**	471
Segment Income	**$ (391)**	$ (7)	**359**	839
Administrative			**49**	37
Interest, net			**79**	64
Accretion of asset retirement obligation			**7**	5
Foreign exchange loss (gain)			**58**	(210)
Stock-based compensation			**5**	-
Gain on disposition			**(34)**	-
			164	(104)
Net Earnings Before Income Tax			**195**	943
Income tax (recovery) expense			**(95)**	293
Net Earnings from Continuing Operations			**$ 290**	$ 650

EnCana Corporation

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in US$ millions unless otherwise specified)

4. SEGMENTED INFORMATION (continued)

Geographic and Product Information (For the three months ended March 31)

Upstream	North America					
	Produced Gas and NGLs – Canada		Produced Gas and NGLs – United States		Crude Oil	
	2004	2003	**2004**	2003	**2004**	2003
Revenues, Net of Royalties	**$ 971**	$ 963	**$ 358**	$ 311	**$ 250**	$ 224
Expenses						
Production and mineral taxes	**15**	4	**34**	29	**5**	5
Transportation and selling	**82**	61	**25**	15	**20**	20
Operating	**101**	87	**20**	10	**73**	67
Depreciation, depletion and amortization	**298**	254	**82**	66	**118**	93
Segment Income	**$ 475**	$ 557	**$ 197**	$ 191	**$ 34**	$ 39

	Ecuador		U.K. North Sea		Other		Total Upstream	
	2004	2003	**2004**	2003	**2004**	2003	**2004**	2003
Revenues, Net of Royalties	**$ 126**	$ 87	**$ 53**	$ 32	**$ 50**	$ 33	**$ 1,808**	$ 1,650
Expenses								
Production and mineral taxes	**11**	12	**-**	-	**-**	-	**65**	50
Transportation and selling	**19**	7	**8**	4	**-**	-	**154**	107
Operating	**30**	15	**6**	3	**47**	37	**277**	219
Depreciation, depletion and amortization	**65**	23	**33**	22	**5**	1	**601**	459
Segment Income	**$ 1**	$ 30	**$ 6**	$ 3	**$ (2)**	$ (5)	**$ 711**	$ 815

Midstream & Marketing	Midstream		Marketing *		Total Midstream & Marketing	
	2004	2003	**2004**	2003	**2004**	2003
Revenues	**$ 551**	$ 318	**$ 868**	$ 775	**$ 1,419**	$ 1,093
Expenses						
Transportation and selling	**-**	-	**8**	18	**8**	18
Operating	**71**	79	**7**	15	**78**	94
Purchased product	**449**	204	**838**	741	**1,287**	945
Depreciation, depletion and amortization	**7**	4	**-**	1	**7**	5
Segment Income	**$ 24**	$ 31	**$ 15**	$ -	**$ 39**	$ 31

* Includes transportation cost optimization activity under which the Company purchases and takes delivery of product from others and delivers product to customers under transportation arrangements not utilized for the Company's own production.

EnCana Corporation

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in US$ millions unless otherwise specified)

4. SEGMENTED INFORMATION (continued)

Capital Expenditures

	Three Months Ended March 31, 2004	Three Months Ended March 31, 2003
Upstream		
Canada	**$ 1,028**	$ 707
United States	**210**	150
Ecuador	**54**	73
United Kingdom	**213**	16
Other Countries	**15**	17
	1,520	963
Midstream & Marketing	**9**	36
Corporate	**9**	12
Total	**$ 1,538**	$ 1,011

Property, Plant and Equipment and Total Assets

	Property, Plant and Equipment As at		Total Assets As at	
	March 31, 2004	December 31, 2003	**March 31, 2004**	December 31, 2003
Upstream	**$ 18,991**	$ 18,532	**$ 22,350**	$ 21,742
Midstream & Marketing	**777**	784	**1,551**	1,879
Corporate	**223**	229	**907**	489
Total	**$ 19,991**	$ 19,545	**$ 24,808**	$ 24,110

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in US$ millions unless otherwise specified)

5. DISCONTINUED OPERATIONS

On February 28, 2003, the Company completed the sale of its 10 percent working interest in the Syncrude Joint Venture ("Syncrude") to Canadian Oil Sands Limited for net cash consideration of C$1,026 million ($690 million). On July 10, 2003, the Company completed the sale of the remaining 3.75 percent interest in Syncrude and a gross overriding royalty for net cash consideration of C$427 million ($309 million). There was no gain or loss on this sale.

On January 2, 2003 and January 9, 2003, the Company completed the sales of its interests in the Cold Lake Pipeline System and Express Pipeline System for total consideration of approximately C$1.6 billion ($1 billion), including assumption of related long-term debt by the purchaser, and recorded an after-tax gain on sale of C$263 million ($169 million).

As all discontinued operations have either been disposed of or wind up has been completed by December 31, 2003, there are no remaining assets or liabilities on the Consolidated Balance Sheet. The following table presents the effect of the discontinued operations on the Consolidated Statement of Earnings for 2003:

Consolidated Statement of Earnings	For the three months ended March 31, 2003		
	Syncrude	Midstream - Pipelines	Total
Revenues, Net of Royalties	$ 60	$ -	$ 60
Expenses			
Transportation and selling	1	-	1
Operating	28	-	28
Depreciation, depletion and amortization	5	-	5
Gain on discontinuance	-	(220)	(220)
	34	(220)	(186)
Net Earnings Before Income Tax	26	220	246
Income tax expense	8	51	59
Net Earnings from Discontinued Operations	$ 18	$ 169	$ 187

6. FOREIGN EXCHANGE LOSS (GAIN)

	Three Months Ended March 31,	
	2004	2003
Unrealized Foreign Exchange Loss (Gain) on Translation of U.S. Dollar Debt Issued in Canada	**$ 39**	$ (178)
Realized Foreign Exchange Losses (Gains)	**19**	(32)
	$ 58	$ (210)

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in US$ millions unless otherwise specified)

7. INCOME TAXES

The provision for income taxes is as follows:

	Three Months Ended March 31, 2004	2003
Current		
Canada	**$ 205**	$ 12
United States	**8**	-
Ecuador	**19**	8
	232	20
Future	**(218)**	273
Future tax rate reductions *	**(109)**	-
	$ (95)	$ 293

* On March 31, 2004, the Alberta government substantively enacted the income tax rate reduction previously announced in February 2004.

The following table reconciles income taxes calculated at the Canadian statutory rate with the actual income taxes:

	Three Months Ended March 31, 2004	2003
Net Earnings Before Income Tax	**$ 195**	$ 943
Canadian Statutory Rate	**39.1%**	41.0%
Expected Income Taxes	**76**	386
Effect on Taxes Resulting from:		
Non-deductible Canadian crown payments	**52**	78
Canadian resource allowance	**(57)**	(105)
Canadian resource allowance on unrealized risk management losses	**21**	-
Statutory rate differences	**(9)**	(11)
Effect of tax rate changes	**(109)**	-
Non-taxable capital gains	**7**	(34)
Previously unrecognized capital losses	**13**	(34)
Tax recovery on dispositions	**(80)**	-
Large corporations tax	**4**	7
Other	**(13)**	6
	$ (95)	$ 293
Effective Tax Rate	**(48.7%)**	31.1%

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in US$ millions unless otherwise specified)

8. LONG-TERM DEBT

	As at March 31, 2004	As at December 31, 2003
Canadian Dollar Denominated Debt		
Revolving credit and term loan borrowings	**$ 1,387**	$ 1,425
Unsecured notes and debentures	**1,316**	1,335
Preferred securities	**153**	252
	2,856	3,012
U.S. Dollar Denominated Debt		
Revolving credit and term loan borrowings	**421**	417
Unsecured notes and debentures	**2,713**	2,713
Preferred securities	**150**	150
	3,284	3,280
Increase in Value of Debt Acquired *	**80**	83
Current Portion of Long-Term Debt	**(189)**	(287)
	$ 6,031	$ 6,088

* Certain of the notes and debentures of the Company were acquired in the business combination with Alberta Energy Company Ltd. on April 5, 2002 and were accounted for at their fair value at the date of acquisition. The difference between the fair value and the principal amount of the debt is being amortized over the remaining life of the outstanding debt acquired, approximately 27 years.

9. ASSET RETIREMENT OBLIGATION

The following table presents the reconciliation of the beginning and ending aggregate carrying amount of the obligation associated with the retirement of oil and gas properties:

	March 31, 2004	December 31, 2003
Asset Retirement Obligation, Beginning of Year	**$ 430**	$ 309
Liabilities Incurred	**25**	64
Liabilities Settled	**(4)**	(23)
Liabilities Disposed	**(12)**	-
Accretion Expense	**7**	19
Change in Estimate	**1**	-
Other	**(6)**	61
Asset Retirement Obligation, End of Period	**$ 441**	$ 430

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in US$ millions unless otherwise specified)

10. SHARE CAPITAL

(millions)	**March 31, 2004** Number	**March 31, 2004** Amount	December 31, 2003 Number	December 31, 2003 Amount
Common Shares Outstanding, Beginning of Year	**460.6**	**$ 5,305**	478.9	$ 5,511
Shares Issued under Option Plans	**4.4**	**111**	5.5	114
Shares Repurchased	**(5.2)**	**(73)**	(23.8)	(320)
Common Shares Outstanding, End of Period	**459.8**	**$ 5,343**	460.6	$ 5,305

During the quarter, the Company purchased, for cancellation, 5,190,000 Common Shares for total consideration of approximately C$287 million ($218 million). Of the amount paid this quarter, C$95 million ($73 million) was charged to share capital, C$34 million ($25 million) was charged to paid in surplus and C$158 million ($120 million) was charged to retained earnings.

The Company has stock-based compensation plans that allow employees and directors to purchase Common Shares of the Company. Option exercise prices approximate the market price for the Common Shares on the date the options were issued. Options granted under the plans are generally fully exercisable after three years and expire five years after the grant date. Options granted under previous successor and/or related company replacement plans expire ten years from the date the options were granted.

The following tables summarize the information about options to purchase Common Shares at March 31, 2004:

	Stock Options *(millions)*	**Weighted Average Exercise Price *(C$)***
Outstanding, Beginning of Year	**28.8**	**43.13**
Exercised	**(4.4)**	**33.24**
Forfeited	**(0.2)**	**47.19**
Outstanding, End of Period	**24.2**	**43.93**
Exercisable, End of Period	**11.3**	**41.14**

	Outstanding Options			**Exercisable Options**	
Range of Exercise Price (C$)	Number of Options Outstanding *(millions)*	Weighted Average Remaining Contractual Life *(years)*	Weighted Average Exercise Price *(C$)*	Number of Options Outstanding *(millions)*	Weighted Average Exercise Price *(C$)*
13.50 to 19.99	0.6	0.6	18.55	0.6	18.55
20.00 to 24.99	1.0	1.1	22.49	1.0	22.49
25.00 to 29.99	1.2	1.0	26.31	1.2	26.31
30.00 to 43.99	0.8	1.6	39.16	0.7	38.61
44.00 to 53.00	20.6	3.4	47.96	7.8	47.71
	24.2	2.4	43.93	11.3	41.14

The Company has recorded stock-based compensation expense in the Consolidated Statement of Earnings for stock options granted to employees and directors in 2003 using the fair-value method. Compensation expense has not been recorded in the Consolidated Statement of Earnings related to stock options granted prior to 2003. If the Company had applied the fair-value method to options granted prior to 2003, pro forma Net Earnings and Net Earnings per Common Share for the three months ended March 31, 2004 would have been $281 million; $0.61 per common share - basic; $0.60 per common share - diluted (2003 - $829 million; $1.73 per common share - basic; $1.71 per common share - diluted).

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in US$ millions unless otherwise specified)

10. SHARE CAPITAL (continued)

The fair value of each option granted is estimated on the date of grant using the Black-Scholes option-pricing model with weighted average assumptions for grants as follows:

	March 31, 2003
Weighted Average Fair Value of Options Granted *(C$)*	$ 13.05
Risk Free Interest Rate	4.19%
Expected Lives *(years)*	3.00
Expected Volatility	0.33
Annual Dividend per Share *(C$)*	$ 0.40

11. COMPENSATION PLANS

The tables below outline certain information related to the Company's compensation plans at March 31, 2004. Additional information is contained in Note 16 of the Company's annual audited Consolidated Financial Statements.

A) Defined Benefit Pension Plans

The following table summarizes the net defined benefit plan expense:

	Three Months Ended March 31,	
	2004	2003
Current Service Cost	**$ 2**	$ 1
Interest Cost	**3**	3
Expected Return on Plan Assets	**(3)**	(2)
Amortization of Net Actuarial Loss	**-**	1
Expense for Defined Contribution Plan	**3**	3
Net Defined Benefit Plan Expense	**$ 5**	$ 6

The Company previously disclosed in its annual audited Consolidated Financial Statements for the year ended December 31, 2003 that it expected to contribute $6 million to its defined benefit pension plans in 2004. As of March 31, 2004, no contributions have been made. The Company presently anticipates contributing $6 million to fund its defined benefit pension plans in 2004.

B) Share Appreciation Rights ("SAR's")

The following table summarizes the information about SAR's at March 31, 2004:

	Outstanding SAR's	**Weighted Average Exercise Price *($)***
Canadian Dollar Denominated (C$)		
Outstanding, Beginning of Year	**1,175,070**	**35.87**
Exercised	**(372,828)**	**35.42**
Outstanding, End of Period	**802,242**	**36.06**
Exercisable, End of Period	**802,242**	**36.06**
U.S. Dollar Denominated (US$)		
Outstanding, Beginning of Year	**753,417**	**28.98**
Exercised	**(206,223)**	**29.05**
Outstanding, End of Period	**547,194**	**28.95**
Exercisable, End of Period	**547,194**	**28.95**

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in US$ millions unless otherwise specified)

11. COMPENSATION PLANS (continued)

B) Share Appreciation Rights ("SAR's") (continued)

The following table summarizes the information about Tandem SAR's at March 31, 2004:

	Outstanding Tandem SAR's	Weighted Average Exercise Price *(C$)*
Canadian Dollar Denominated (C$)		
Outstanding, Beginning of Year	-	-
Granted	206,900	53.05
Outstanding, End of Period	206,900	53.05
Exercisable, End of Period	-	-

C) Deferred Share Units ("DSU's")

The following table summarizes the information about DSU's at March 31, 2004:

	Outstanding DSU's	Weighted Average Exercise Price *(C$)*
Canadian Dollar Denominated (C$)		
Outstanding, Beginning of Year	319,250	48.68
Granted, Directors	24,347	51.43
Granted, Senior Executives	557	56.68
Outstanding, End of Period	344,154	48.89
Exercisable, End of Period	80,830	48.70

D) Performance Share Units ("PSU's")

The following table summarizes the information about PSU's at March 31, 2004:

	Outstanding PSU's	Weighted Average Exercise Price *($)*
Canadian Dollar Denominated (C$)		
Outstanding, Beginning of Year	126,283	46.52
Granted	1,664,911	53.97
Outstanding, End of Period	1,791,194	53.44
Exercisable, End of Period	-	-
U.S. Dollar Denominated (US$)		
Outstanding, Beginning of Year	-	-
Granted	247,960	41.12
Outstanding, End of Period	247,960	41.12
Exercisable, End of Period	-	-

EnCana Corporation

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in US$ millions unless otherwise specified)

12. PER SHARE AMOUNTS

The following table summarizes the Common Shares used in calculating Net Earnings per Common Share:

	As at March 31,	
(millions)	**2004**	2003
Weighted Average Common Shares Outstanding - Basic	**460.9**	479.9
Effect of Dilutive Securities	**6.2**	4.4
Weighted Average Common Shares Outstanding - Diluted	**467.1**	484.3

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As a means of managing commodity price volatility, the Company has entered into various financial instrument agreements and physical contracts. The following information presents all positions for financial instruments only.

As discussed in Note 2, on January 1, 2004, the fair value of all outstanding financial instruments that are not considered accounting hedges was recorded on the Consolidated Balance Sheet with an offsetting net deferred loss amount. The deferred loss is recognized into net earnings over the life of the associated contracts. Changes in fair value after that time are recorded on the Consolidated Balance Sheet with the associated unrealized gain or loss recorded in net earnings. The estimated fair value of all derivative instruments is based on quoted market prices or, in their absence, third party market indications and forecasts.

The following table presents a reconciliation of the change in the unrealized amounts from January 1, 2004 to March 31, 2004:

		Net Deferred Amounts Recognized on Transition	Mark-To-Market	**Total Unrealized Gain/(Loss)**
Fair Value of Contracts, January 1, 2004	*(Note 2)*	$ 235	$ (235)	**$ -**
Change in Fair Value of Contracts Still Outstanding at March 31, 2004		-	(316)	**(316)**
Fair Value of Contracts Realized During the Period		(137)	137	**-**
Fair Value of Contracts Entered into During the Period		-	(60)	**(60)**
Fair Value of Contracts Outstanding, End of Period		$ 98	$ (474)	**$ (376)**

The total realized loss recognized in net earnings for three months ended March 31, 2004 was $145 million ($99 million, net of tax).

At March 31, 2004, the net deferred amounts recognized on transition and the risk management amounts are recorded on the Consolidated Balance Sheet as follows:

	As at March 31, 2004
Deferred Amounts Recognized on Transition:	
Accounts receivable and accrued revenues	**$ 211**
Investments and other assets	**2**
Accounts payable and accrued liabilities	**40**
Other liabilities	**75**
Total Net Deferred Loss	**$ 98**
Risk Management	
Current asset	**$ 39**
Long-term asset	**86**
Current liability	**559**
Long-term liability	**40**
Total Net Risk Management Liability	**$ (474)**

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in US$ millions unless otherwise specified)

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

A summary of all unrealized estimated fair value financial positions is as follows:

	As at March 31, 2004
Commodity Price Risk	
Natural gas	**$ (147)**
Crude oil	**(369)**
Power	**5**
Foreign Currency Risk	**(1)**
Interest Rate Risk	**38**
	$ (474)

Information with respect to power, foreign currency risk and interest rate risk contracts in place at December 31, 2003 is disclosed in Note 17 to the Company's annual audited Consolidated Financial Statements. No significant new contracts have been entered into as at March 31, 2004.

Natural Gas

At March 31, 2004, the Company's gas risk management activities for financial contracts had an unrealized loss of $147 million. The contracts were as follows:

	Notional Volumes *(MMcf/d)*	Term	Price		Unrealized Gain/(Loss)
Fixed Price Contracts					
Sales Contracts					
Fixed AECO price	452	2004	6.20	C$/Mcf	$ (59)
NYMEX Fixed price	712	2004	5.03	US$/Mcf	(183)
Chicago Fixed price	40	2004	5.41	US$/Mcf	(7)
AECO Collars	71	2004	5.34-7.52	C$/Mcf	(4)
Basis Contracts					
Sales Contracts					
Fixed NYMEX to AECO basis	352	2004	(0.55)	US$/Mcf	24
Fixed NYMEX to Rockies basis	277	2004	(0.49)	US$/Mcf	18
Fixed NYMEX to San Juan basis	64	2004	(0.63)	US$/Mcf	1
Fixed Rockies to CIG basis	50	2004	(0.10)	US$/Mcf	-
Fixed NYMEX to AECO basis	877	2005	(0.66)	US$/Mcf	24
Fixed NYMEX to Rockies basis	258	2005	(0.48)	US$/Mcf	17
Fixed NYMEX to San Juan basis	75	2005	(0.63)	US$/Mcf	1
Fixed NYMEX to CIG basis	25	2005	(0.87)	US$/Mcf	(2)
Fixed Rockies to CIG basis	50	2005	(0.10)	US$/Mcf	-
Fixed NYMEX to AECO basis	402	2006-2008	(0.65)	US$/Mcf	18
Fixed NYMEX to Rockies basis	162	2006-2008	(0.56)	US$/Mcf	16
Fixed NYMEX to San Juan basis	62	2006	(0.63)	US$/Mcf	1
Fixed NYMEX to CIG basis	125	2006	(0.87)	US$/Mcf	(6)
Fixed Rockies to CIG basis	31	2006-2007	(0.10)	US$/Mcf	(1)
Purchase Contracts					
Fixed NYMEX to AECO basis	38	2004	(0.73)	US$/Mcf	(1)
					(143)
Gas Storage Financial Positions					(10)
Gas Marketing Financial Positions [1]					6
					$ (147)

[1] The gas marketing activities are part of the daily ongoing operations of the Company's proprietary production management.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in US$ millions unless otherwise specified)

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Crude Oil

As at March 31, 2004, the Company's oil risk management activities for all financial contracts had an unrealized loss of $369 million. The contracts were as follows:

	Notional Volumes *(bbl/d)*	Term	Average Price *(US$/bbl)*	Unrealized Gain/(Loss)
Fixed WTI NYMEX Price	62,500	2004	23.13	$ (180)
Collars on WTI NYMEX	62,500	2004	20.00-25.69	(138)
Fixed WTI NYMEX Price	45,000	2005	28.41	(40)
3-way Put Spread	10,000	2005	20.00/25.00/28.78	(11)
				(369)
Crude Oil Marketing Financial Positions [1]				-
				$ (369)

[1] The crude oil marketing activities are part of the daily ongoing operations of the Company's proprietary production management.

14. SUBSEQUENT EVENT

On April 15, 2004, the Company announced that it was making a public tender offer to acquire all of the issued and outstanding common shares of Tom Brown, Inc., a publicly traded exploration and production company with operations in the United States and Canada, for total cash consideration of approximately $2.3 billion plus the assumption of debt of approximately $0.4 billion. This transaction is expected to close later in the second quarter.

15. RECLASSIFICATION

Certain information provided for prior periods has been reclassified to conform to the presentation adopted in 2004.