FINAL

Interim Consolidated Financial Statements

(unaudited)

For the period ended September 30, 2006

EnCana Corporation

U.S. DOLLARS

CONSOLIDATED STATEMENT OF EARNINGS *(unaudited)*

($ millions, except per share amounts)		Three Months Ended September 30, 2006	Three Months Ended September 30, 2005	Nine Months Ended September 30, 2006	Nine Months Ended September 30, 2005
REVENUES, NET OF ROYALTIES	*(Note 3)*				
Upstream		**$ 2,762**	$ 2,680	**$ 8,202**	$ 7,013
Market Optimization		**731**	1,112	**2,272**	2,850
Corporate - Unrealized gain (loss) on risk management		**428**	(810)	**1,921**	(1,457)
		3,921	2,982	**12,395**	8,406
EXPENSES	*(Note 3)*				
Production and mineral taxes		**79**	107	**269**	291
Transportation and selling		**163**	137	**467**	400
Operating		**420**	371	**1,227**	986
Purchased product		**677**	1,083	**2,160**	2,783
Depreciation, depletion and amortization		**791**	670	**2,346**	2,018
Administrative		**54**	78	**187**	205
Interest, net	*(Note 6)*	**83**	219	**254**	420
Accretion of asset retirement obligation	*(Note 10)*	**13**	9	**37**	27
Foreign exchange (gain) loss, net	*(Note 7)*	**-**	(212)	**(158)**	(61)
Stock-based compensation - options		**-**	4	**-**	12
(Gain) on dispositions	*(Note 5)*	**(304)**	-	**(321)**	-
		1,976	2,466	**6,468**	7,081
NET EARNINGS BEFORE INCOME TAX		**1,945**	516	**5,927**	1,325
Income tax expense	*(Note 8)*	**602**	168	**1,519**	365
NET EARNINGS FROM CONTINUING OPERATIONS		**1,343**	348	**4,408**	960
NET EARNINGS (LOSS) FROM DISCONTINUED OPERATIONS	*(Note 4)*	**15**	(82)	**581**	100
NET EARNINGS		**$ 1,358**	$ 266	**$ 4,989**	$ 1,060
NET EARNINGS FROM CONTINUING OPERATIONS PER COMMON SHARE	*(Note 13)*				
Basic		**$ 1.66**	$ 0.41	**$ 5.32**	$ 1.10
Diluted		**$ 1.63**	$ 0.40	**$ 5.21**	$ 1.07
NET EARNINGS PER COMMON SHARE	*(Note 13)*				
Basic		**$ 1.68**	$ 0.31	**$ 6.02**	$ 1.21
Diluted		**$ 1.65**	$ 0.30	**$ 5.90**	$ 1.19

CONSOLIDATED STATEMENT OF RETAINED EARNINGS *(unaudited)*

($ millions)		Nine Months Ended September 30, 2006	Nine Months Ended September 30, 2005
RETAINED EARNINGS, BEGINNING OF YEAR		**$ 9,481**	$ 7,935
Net Earnings		**4,989**	1,060
Dividends on Common Shares		**(226)**	(174)
Charges for Normal Course Issuer Bid	*(Note 11)*	**(2,450)**	(1,495)
Charges for Shares Repurchased and Held		**-**	(147)
RETAINED EARNINGS, END OF PERIOD		**$ 11,794**	$ 7,179

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEET *(unaudited)*

($ millions)		**As at September 30, 2006**	As at December 31, 2005
ASSETS			
Current Assets			
Cash and cash equivalents		**$ 134**	$ 105
Accounts receivable and accrued revenues		**1,467**	1,851
Risk management	*(Note 14)*	**1,293**	495
Inventories		**152**	103
Assets of discontinued operations	*(Note 4)*	**203**	1,050
		3,249	3,604
Property, Plant and Equipment, net	*(Note 3)*	**28,489**	24,881
Investments and Other Assets		**580**	496
Risk Management	*(Note 14)*	**243**	530
Assets of Discontinued Operations	*(Note 4)*	**-**	2,113
Goodwill		**2,617**	2,524
	(Note 3)	**$ 35,178**	$ 34,148
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities		**$ 2,163**	$ 2,741
Income tax payable		**989**	392
Risk management	*(Note 14)*	**60**	1,227
Liabilities of discontinued operations	*(Note 4)*	**71**	438
Current portion of long-term debt	*(Note 9)*	**-**	73
		3,283	4,871
Long-Term Debt	*(Note 9)*	**6,227**	6,703
Other Liabilities		**86**	93
Risk Management	*(Note 14)*	**5**	102
Asset Retirement Obligation	*(Note 10)*	**929**	816
Liabilities of Discontinued Operations	*(Note 4)*	**-**	267
Future Income Taxes		**6,162**	5,289
		16,692	18,141
Shareholders' Equity			
Share capital	*(Note 11)*	**4,748**	5,131
Paid in surplus		**151**	133
Retained earnings		**11,794**	9,481
Foreign currency translation adjustment		**1,793**	1,262
		18,486	16,007
		$ 35,178	$ 34,148

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS *(unaudited)*

($ millions)		Three Months Ended September 30, 2006	Three Months Ended September 30, 2005	Nine Months Ended September 30, 2006	Nine Months Ended September 30, 2005
OPERATING ACTIVITIES					
Net earnings from continuing operations		**$ 1,343**	$ 348	**$ 4,408**	$ 960
Depreciation, depletion and amortization		**791**	670	**2,346**	2,018
Future income taxes	*(Note 8)*	**401**	13	**690**	(661)
Cash tax on sale of assets	*(Note 5)*	**49**	-	**49**	591
Unrealized (gain) loss on risk management	*(Note 14)*	**(428)**	809	**(1,919)**	1,454
Unrealized foreign exchange (gain) loss		**4**	(202)	**(79)**	(79)
Accretion of asset retirement obligation	*(Note 10)*	**13**	9	**37**	27
(Gain) on dispositions		**(304)**	-	**(321)**	-
Other		**14**	176	**90**	262
Cash flow from continuing operations		**1,883**	1,823	**5,301**	4,572
Cash flow from discontinued operations		**11**	108	**99**	344
Cash flow		**1,894**	1,931	**5,400**	4,916
Net change in other assets and liabilities		**21**	(160)	**48**	(174)
Net change in non-cash working capital from continuing operations		**(247)**	(579)	**3,305**	(652)
Net change in non-cash working capital from discontinued operations		**(13)**	23	**(2,476)**	(76)
		1,655	1,215	**6,277**	4,014
INVESTING ACTIVITIES					
Capital expenditures	*(Note 3)*	**(1,486)**	(1,617)	**(5,350)**	(4,563)
Proceeds on disposal of assets	*(Note 5)*	**377**	34	**634**	2,493
Cash tax on sale of assets	*(Note 5)*	**(49)**	-	**(49)**	(591)
Net change in investments and other		**(56)**	35	**(38)**	27
Net change in non-cash working capital from continuing operations		**(18)**	(352)	**(169)**	99
Discontinued operations		**-**	(111)	**2,377**	(246)
		(1,232)	(2,011)	**(2,595)**	(2,781)
FINANCING ACTIVITIES					
Net issuance (repayment) of revolving long-term debt		**470**	1,691	**(512)**	976
Issuance of long-term debt		**-**	428	**-**	428
Repayment of long-term debt		**(73)**	(958)	**(73)**	(959)
Issuance of common shares	*(Note 11)*	**39**	86	**140**	270
Purchase of common shares	*(Note 11)*	**(900)**	(452)	**(2,973)**	(2,114)
Dividends on common shares		**(80)**	(64)	**(226)**	(174)
Other		**2**	(105)	**(9)**	(108)
		(542)	626	**(3,653)**	(1,681)
DEDUCT: FOREIGN EXCHANGE (GAIN) LOSS ON CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCY		**-**	4	**-**	2
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(119)**	(174)	**29**	(450)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		**253**	317	**105**	593
CASH AND CASH EQUIVALENTS, END OF PERIOD		**$ 134**	$ 143	**$ 134**	$ 143

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in $ millions unless otherwise specified)

1. BASIS OF PRESENTATION

The interim Consolidated Financial Statements include the accounts of EnCana Corporation and its subsidiaries ("EnCana" or 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, crude oil and natural gas liquids, as well as natural gas storage, 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, 2005, 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, 2005.

2. CHANGE IN ACCOUNTING POLICIES AND PRACTICES

On January 1, 2006, the Company adopted Emerging Issues Task Force ("EITF") Abstract No. 04-13 - Accounting for Purchases and Sales of Inventory with the Same Counterparty. As of January 1, 2006, purchases and sales of inventory with the same counterparty that are entered into in contemplation of each other are recorded on a net basis in the Consolidated Statement of Earnings. This change has been adopted prospectively and has no effect on the net earnings of the reported periods.

3. 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, crude oil and natural gas liquids and other related activities. The majority of the Company's Upstream operations are located in Canada and the United States. Frontier and international new venture exploration is mainly focused on opportunities in Chad, Brazil, the Middle East, Greenland and France.

- **Market Optimization** is conducted by the Midstream & Marketing division. The Marketing groups' primary responsibility is the sale of the Company's proprietary production. The results are included in the Upstream segment. Correspondingly, the Marketing groups also undertake market optimization activities which comprise third party purchases and sales of product that provide operational flexibility for transportation commitments, product type, delivery points and customer diversification. These activities are reflected in the Market Optimization segment.

- **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.

Market Optimization purchases substantially all of the Company's North American Upstream production for sale to third party customers. 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 4.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in $ millions unless otherwise specified)

3. SEGMENTED INFORMATION (continued)

Results of Continuing Operations *(For the three months ended September 30)*

	Upstream		Market Optimization	
	2006	2005	**2006**	2005
Revenues, Net of Royalties	**$ 2,762**	$ 2,680	**$ 731**	$ 1,112
Expenses				
Production and mineral taxes	**79**	107	**-**	-
Transportation and selling	**159**	133	**4**	4
Operating	**401**	348	**18**	24
Purchased product	**-**	-	**677**	1,083
Depreciation, depletion and amortization	**770**	649	**3**	2
Segment Income (Loss)	**$ 1,353**	$ 1,443	**$ 29**	$ (1)

		Corporate *		Consolidated	
		2006	2005	**2006**	2005
Revenues, Net of Royalties		**$ 428**	$ (810)	**$ 3,921**	$ 2,982
Expenses					
Production and mineral taxes		**-**	-	**79**	107
Transportation and selling		**-**	-	**163**	137
Operating		**1**	(1)	**420**	371
Purchased product		**-**	-	**677**	1,083
Depreciation, depletion and amortization		**18**	19	**791**	670
Segment Income (Loss)		**$ 409**	$ (828)	**1,791**	614
Administrative				**54**	78
Interest, net				**83**	219
Accretion of asset retirement obligation				**13**	9
Foreign exchange (gain) loss, net				**-**	(212)
Stock-based compensation - options				**-**	4
(Gain) on divestitures	*(Note 5)*			**(304)**	-
				(154)	98
Net Earnings Before Income Tax				**1,945**	516
Income tax expense				**602**	168
Net Earnings From Continuing Operations				**$ 1,343**	$ 348

* For the three months ended September 30, the pre-tax unrealized gain (loss) on risk management is recorded in the Consolidated Statement of Earnings as follows (see Note 14):

	2006	2005
Revenues, Net of Royalties - Corporate	**$ 428**	$ (810)
Operating Expenses and Other - Corporate	**-**	1
Total Unrealized Gain (Loss) on Risk Management before-tax - Continuing Operations	**$ 428**	$ (809)

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in $ millions unless otherwise specified)

3. SEGMENTED INFORMATION (continued)

Results of Continuing Operations *(For the three months ended September 30)*

Upstream	Canada		United States	
	2006	2005	**2006**	2005
Revenues, Net of Royalties	**$ 1,876**	$ 1,807	**$ 811**	$ 797
Expenses				
Production and mineral taxes	**27**	24	**52**	83
Transportation and selling	**95**	84	**64**	49
Operating	**266**	207	**64**	56
Depreciation, depletion and amortization	**541**	485	**222**	157
Segment Income	**$ 947**	$ 1,007	**$ 409**	$ 452

	Other		Total Upstream	
	2006	2005	**2006**	2005
Revenues, Net of Royalties	**$ 75**	$ 76	**$ 2,762**	$ 2,680
Expenses				
Production and mineral taxes	**-**	-	**79**	107
Transportation and selling	**-**	-	**159**	133
Operating	**71**	85	**401**	348
Depreciation, depletion and amortization	**7**	7	**770**	649
Segment Income (Loss)	**$ (3)**	$ (16)	**$ 1,353**	$ 1,443

Upstream Geographic and Product Information (Continuing Operations) *(For the three months ended September 30)*

	Produced Gas					
	Canada		United States		Total	
	2006	2005	**2006**	2005	**2006**	2005
Revenues, Net of Royalties	**$ 1,302**	$ 1,317	**$ 735**	$ 726	**$ 2,037**	$ 2,043
Expenses						
Production and mineral taxes	**18**	19	**47**	77	**65**	96
Transportation and selling	**74**	70	**64**	49	**138**	119
Operating	**157**	134	**64**	56	**221**	190
Operating Cash Flow	**$ 1,053**	$ 1,094	**$ 560**	$ 544	**$ 1,613**	$ 1,638

	Oil & NGLs					
	Canada		United States		Total	
	2006	2005	**2006**	2005	**2006**	2005
Revenues, Net of Royalties	**$ 574**	$ 490	**$ 76**	$ 71	**$ 650**	$ 561
Expenses						
Production and mineral taxes	**9**	5	**5**	6	**14**	11
Transportation and selling	**21**	14	**-**	-	**21**	14
Operating	**109**	73	**-**	-	**109**	73
Operating Cash Flow	**$ 435**	$ 398	**$ 71**	$ 65	**$ 506**	$ 463

	Other		Total Upstream	
	2006	2005	**2006**	2005
Revenues, Net of Royalties	**$ 75**	$ 76	**$ 2,762**	$ 2,680
Expenses				
Production and mineral taxes	**-**	-	**79**	107
Transportation and selling	**-**	-	**159**	133
Operating	**71**	85	**401**	348
Operating Cash Flow	**$ 4**	$ (9)	**$ 2,123**	$ 2,092

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in $ millions unless otherwise specified)

3. SEGMENTED INFORMATION (continued)

Results of Continuing Operations *(For the nine months ended September 30)*

	Upstream		Market Optimization	
	2006	2005	**2006**	2005
Revenues, Net of Royalties	**$ 8,202**	$ 7,013	**$ 2,272**	$ 2,850
Expenses				
Production and mineral taxes	**269**	291	**-**	-
Transportation and selling	**450**	390	**17**	10
Operating	**1,177**	936	**49**	53
Purchased product	**-**	-	**2,160**	2,783
Depreciation, depletion and amortization	**2,282**	1,957	**8**	7
Segment Income (Loss)	**$ 4,024**	$ 3,439	**$ 38**	$ (3)

	Corporate *		Consolidated	
	2006	2005	**2006**	2005
Revenues, Net of Royalties	**$ 1,921**	$ (1,457)	**$ 12,395**	$ 8,406
Expenses				
Production and mineral taxes	**-**	-	**269**	291
Transportation and selling	**-**	-	**467**	400
Operating	**1**	(3)	**1,227**	986
Purchased product	**-**	-	**2,160**	2,783
Depreciation, depletion and amortization	**56**	54	**2,346**	2,018
Segment Income (Loss)	**$ 1,864**	$ (1,508)	**5,926**	1,928
Administrative			**187**	205
Interest, net			**254**	420
Accretion of asset retirement obligation			**37**	27
Foreign exchange (gain) loss, net			**(158)**	(61)
Stock-based compensation - options			**-**	12
(Gain) on dispositions *(Note 5)*			**(321)**	-
			(1)	603
Net Earnings Before Income Tax			**5,927**	1,325
Income tax expense			**1,519**	365
Net Earnings From Continuing Operations			**$ 4,408**	$ 960

* For the nine months ended September 30, the pre-tax unrealized gain (loss) on risk management is recorded in the Consolidated Statement of Earnings as follows (see Note 14):

	2006	2005
Revenues, Net of Royalties - Corporate	**$ 1,921**	$ (1,457)
Operating Expenses and Other - Corporate	**(2)**	3
Total Unrealized Gain (Loss) on Risk Management before-tax - Continuing Operations	**$ 1,919**	$ (1,454)

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in $ millions unless otherwise specified)

3. SEGMENTED INFORMATION (continued)

Results of Continuing Operations *(For the nine months ended September 30)*

Upstream	Canada		United States	
	2006	2005	**2006**	2005
Revenues, Net of Royalties	**$ 5,617**	$ 4,747	**$ 2,356**	$ 2,071
Expenses				
Production and mineral taxes	**96**	75	**173**	216
Transportation and selling	**268**	256	**182**	134
Operating	**753**	599	**207**	148
Depreciation, depletion and amortization	**1,606**	1,416	**648**	516
Segment Income	**$ 2,894**	$ 2,401	**$ 1,146**	$ 1,057

Transportation and selling for the United States includes a one time payment in the first quarter of 2006 of $14 million to terminate a long-term physical delivery contract.

	Other		Total Upstream	
	2006	2005	**2006**	2005
Revenues, Net of Royalties	**$ 229**	$ 195	**$ 8,202**	$ 7,013
Expenses				
Production and mineral taxes	**-**	-	**269**	291
Transportation and selling	**-**	-	**450**	390
Operating	**217**	189	**1,177**	936
Depreciation, depletion and amortization	**28**	25	**2,282**	1,957
Segment Income (Loss)	**$ (16)**	$ (19)	**$ 4,024**	$ 3,439

Upstream Geographic and Product Information (Continuing Operations) *(For the nine months ended September 30)*

	Produced Gas					
	Canada		United States		Total	
	2006	2005	**2006**	2005	**2006**	2005
Revenues, Net of Royalties	**$ 4,039**	$ 3,634	**$ 2,148**	$ 1,891	**$ 6,187**	$ 5,525
Expenses						
Production and mineral taxes	**69**	56	**159**	198	**228**	254
Transportation and selling	**212**	211	**182**	134	**394**	345
Operating	**463**	377	**207**	148	**670**	525
Operating Cash Flow	**$ 3,295**	$ 2,990	**$ 1,600**	$ 1,411	**$ 4,895**	$ 4,401

Transportation and selling for the United States includes a one time payment in the first quarter of 2006 of $14 million to terminate a long-term physical delivery contract.

	Oil & NGLs					
	Canada		United States		Total	
	2006	2005	**2006**	2005	**2006**	2005
Revenues, Net of Royalties	**$ 1,578**	$ 1,113	**$ 208**	$ 180	**$ 1,786**	$ 1,293
Expenses						
Production and mineral taxes	**27**	19	**14**	18	**41**	37
Transportation and selling	**56**	45	**-**	-	**56**	45
Operating	**290**	222	**-**	-	**290**	222
Operating Cash Flow	**$ 1,205**	$ 827	**$ 194**	$ 162	**$ 1,399**	$ 989

	Other		Total Upstream	
	2006	2005	**2006**	2005
Revenues, Net of Royalties	**$ 229**	$ 195	**$ 8,202**	$ 7,013
Expenses				
Production and mineral taxes	**-**	-	**269**	291
Transportation and selling	**-**	-	**450**	390
Operating	**217**	189	**1,177**	936
Operating Cash Flow	**$ 12**	$ 6	**$ 6,306**	$ 5,396

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in $ millions unless otherwise specified)

3. SEGMENTED INFORMATION (continued)

Capital Expenditures (Continuing Operations)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	**2006**	2005
Upstream Core Capital				
Canada	**$ 864**	$ 909	**$ 3,166**	$ 2,780
United States	**576**	471	**1,746**	1,349
Other Countries	**12**	10	**51**	39
	1,452	1,390	**4,963**	4,168
Upstream Acquisition Capital				
Canada	**1**	3	**30**	26
United States	**11**	176	**268**	191
	12	179	**298**	217
Market Optimization	**2**	14	**40**	129
Corporate	**20**	34	**49**	49
Total	**$ 1,486**	$ 1,617	**$ 5,350**	$ 4,563

Property, Plant and Equipment and Total Assets

		Property, Plant and Equipment As at		Total Assets As at	
		September 30, 2006	December 31, 2005	**September 30, 2006**	December 31, 2005
Upstream		**$ 28,051**	$ 24,247	**$ 32,512**	$ 28,858
Market Optimization		**161**	371	**387**	597
Corporate		**277**	263	**2,076**	1,530
Assets of Discontinued Operations	*(Note 4)*			**203**	3,163
Total		**$ 28,489**	$ 24,881	**$ 35,178**	$ 34,148

4. DISCONTINUED OPERATIONS

Midstream

On December 13, 2005, EnCana completed the sale of its Midstream natural gas liquids processing operations for total proceeds of $625 million (C$720 million). The natural gas liquids processing operations included various interests in a number of processing and related facilities as well as a marketing entity. A gain on sale of approximately $370 million, after-tax, was recorded.

During the fourth quarter of 2005, EnCana decided to divest of its natural gas storage operations. EnCana's natural gas storage operations include the 100 percent interest in the AECO storage facility as well as facilities in the United States. On March 6, 2006, EnCana announced that it had reached an agreement to sell the gas storage operations for $1.5 billion. The sale, to a single purchaser, which is subject to closing conditions and applicable regulatory approvals, is expected to close in two stages. On May 12, 2006, the first stage of the sale was closed for proceeds of $1.3 billion. The second stage will close following receipt of regulatory approvals, expected to be later in 2006.

Ecuador

At December 31, 2004, EnCana decided to divest of its Ecuador operations and such operations have been accounted for as discontinued operations. EnCana's Ecuador operations include the 100 percent working interest in the Tarapoa Block, majority operating interest in Blocks 14, 17 and Shiripuno, the non-operated economic interest in relation to Block 15 and the 36.3 percent indirect equity investment in Oleoducto de Crudos Pesados (OCP) Ltd. ("OCP"), which is the owner of a crude oil pipeline in Ecuador that ships crude oil from the producing areas of Ecuador to an export marine terminal. The Company is a shipper on the OCP Pipeline and pays commercial rates for tariffs. The majority of the Company's crude oil produced in Ecuador is sold to a single marketing company. Payments are secured by letters of credit from a major financial institution which has a high quality investment grade credit rating.

On February 28, 2006, EnCana completed the sale of its interest in its Ecuador operations for $1.4 billion before indemnifications which are discussed further in this note.

In accordance with Canadian generally accepted accounting principles, depletion, depreciation and amortization expense has not been recorded in the Consolidated Statement of Earnings for discontinued operations.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in $ millions unless otherwise specified)

4. DISCONTINUED OPERATIONS (continued)

Consolidated Statement of Earnings

The following table presents the effect of the discontinued operations in the Consolidated Statement of Earnings:

	For the three months ended September 30,							
	Ecuador		United Kingdom		Midstream		Total	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005
Revenues, Net of Royalties	**$ -**	$ 291	**$ -**	$ -	**$ 14**	$ 107	**$ 14**	$ 398
Expenses								
Production and mineral taxes	**-**	49	**-**	-	**-**	-	**-**	49
Transportation and selling	**-**	15	**-**	-	**-**	2	**-**	17
Operating	**-**	38	**-**	-	**-**	61	**-**	99
Purchased product	**-**	-	**-**	-	**-**	161	**-**	161
Depreciation, depletion and amortization	**-**	123	**-**	-	**-**	7	**-**	130
Interest, net	**-**	-	**-**	-	**-**	(1)	**-**	(1)
Foreign exchange (gain) loss, net	**-**	(1)	**-**	-	**(4)**	(1)	**(4)**	(2)
(Gain) loss on discontinuance	**-**	-	**-**	-	**2**	-	**2**	-
	-	224	**-**	-	**(2)**	229	**(2)**	453
Net Earnings (Loss) Before Income Tax	**-**	67	**-**	-	**16**	(122)	**16**	(55)
Income tax expense (recovery)	**-**	67	**(7)**	-	**8**	(40)	**1**	27
Net Earnings (Loss) From Discontinued Operations	**$ -**	$ -	**$ 7**	$ -	**$ 8**	$ (82)	**$ 15**	$ (82)

	For the nine months ended September 30,							
	Ecuador		United Kingdom		Midstream		Total	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005
Revenues, Net of Royalties *	**$ 200**	$ 723	**$ -**	$ -	**$ 477**	$ 925	**$ 677**	$ 1,648
Expenses								
Production and mineral taxes	**23**	101	**-**	-	**-**	-	**23**	101
Transportation and selling	**10**	46	**-**	-	**-**	6	**10**	52
Operating	**25**	100	**-**	-	**29**	191	**54**	291
Purchased product	**-**	-	**-**	-	**354**	757	**354**	757
Depreciation, depletion and amortization	**84**	123	**-**	-	**-**	20	**84**	143
Interest, net	**(2)**	-	**-**	-	**-**	(1)	**(2)**	(1)
Accretion of asset retirement obligation	**-**	1	**-**	-	**-**	-	**-**	1
Foreign exchange (gain) loss, net	**1**	-	**-**	(3)	**5**	(2)	**6**	(5)
(Gain) loss on discontinuance	**279**	-	**-**	-	**(766)**	-	**(487)**	-
	420	371	**-**	(3)	**(378)**	971	**42**	1,339
Net Earnings (Loss) Before Income Tax	**(220)**	352	**-**	3	**855**	(46)	**635**	309
Income tax expense (recovery)	**59**	221	**(5)**	1	**-**	(13)	**54**	209
Net Earnings (Loss) From Discontinued Operations	**$ (279)**	$ 131	**$ 5**	$ 2	**$ 855**	$ (33)	**$ 581**	$ 100

* Revenues, net of royalties in Ecuador include realized losses of $1 million related to derivative financial instruments. In 2005, revenues, net of royalties included realized losses of $105 million and unrealized mark-to-market gains of $50 million.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in $ millions unless otherwise specified)

4. DISCONTINUED OPERATIONS (continued)

Consolidated Balance Sheet

The impact of the discontinued operations in the Consolidated Balance Sheet is as follows:

	As at							
	September 30, 2006				December 31, 2005			
	Ecuador	United Kingdom	Midstream	Total	Ecuador	United Kingdom	Midstream	Total
Assets								
Cash and cash equivalents	**$ -**	**$ 6**	**$ 1**	**$ 7**	$ 207	$ 8	$ (7)	$ 208
Accounts receivable and accrued revenues	**-**	**-**	**10**	**10**	137	-	271	408
Risk management	**-**	**-**	**7**	**7**	-	-	21	21
Inventories	**-**	**-**	**20**	**20**	23	-	390	413
	-	**6**	**38**	**44**	367	8	675	1,050
Property, plant and equipment, net	**1**	**-**	**158**	**159**	1,166	-	520	1,686
Investments and other assets	**-**	**-**	**-**	**-**	360	-	-	360
Goodwill	**-**	**-**	**-**	**-**	-	-	67	67
	$ 1	**$ 6**	**$ 196**	**$ 203**	$ 1,893	$ 8	$ 1,262	$ 3,163
Liabilities								
Accounts payable and accrued liabilities	**$ -**	**$ 27**	**$ -**	**$ 27**	$ 91	$ 27	$ 49	$ 167
Income tax payable	**-**	**-**	**19**	**19**	184	6	40	230
Risk management	**-**	**-**	**-**	**-**	-	-	41	41
	-	**27**	**19**	**46**	275	33	130	438
Asset retirement obligation	**-**	**-**	**-**	**-**	21	-	-	21
Future income taxes (recovery)	**-**	**-**	**25**	**25**	162	(2)	86	246
	-	**27**	**44**	**71**	458	31	216	705
Net Assets of Discontinued Operations	**$ 1**	**$ (21)**	**$ 152**	**$ 132**	$ 1,435	$ (23)	$ 1,046	$ 2,458

Contingencies

EnCana has agreed to indemnify the purchaser of its Ecuador interests against losses that may arise in certain circumstances which are defined in the share sale agreements. The obligation to indemnify will arise should losses exceed amounts specified in the sale agreements and is limited to maximum amounts which are set forth in the share sale agreements.

During the second quarter, the Government of Ecuador seized the Block 15 assets, in relation to which EnCana previously held a 40 percent economic interest, from the operator which is an event requiring indemnification under the terms of EnCana's sale agreement with Andes Petroleum Company. The purchaser requested payment and EnCana paid the maximum amount in the third quarter, calculated in accordance with the terms of the agreements, of approximately $265 million. EnCana does not expect that any further significant indemnification payments relating to any other business matters addressed in the share sale agreements will be required to be made to the purchaser.

5. DIVESTITURES

Total proceeds received on sale of assets and investments was $634 million (2005 - $2,493 million) as described below:

Upstream

In 2006, the Company has completed the disposition of mature conventional oil and natural gas assets for proceeds of $23 million (2005 - $440 million).

In August 2006, the Company completed the sale of its 50 percent interest in the Chinook heavy oil discovery offshore Brazil for approximately $367 million which resulted in a gain on sale of $304 million. After recording income tax of $49 million, EnCana recorded an after-tax gain of $255 million.

In May 2005, the Company completed the sale of its Gulf of Mexico assets for approximately $2.1 billion resulting in net proceeds of approximately $1.5 billion after deducting $591 million in tax plus other adjustments. In accordance with full cost accounting for oil and gas activities, proceeds were credited to property, plant and equipment.

Market Optimization

In February 2006, the Company sold its investment in Entrega Gas Pipeline LLC for approximately $244 million which resulted in a gain on sale of $17 million.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in $ millions unless otherwise specified)

6. INTEREST, NET

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	**2006**	2005
Interest Expense - Long-Term Debt	**$ 88**	$ 104	**$ 269**	$ 310
Early Retirement of Long-Term Debt	**-**	121	**-**	121
Interest Expense - Other	**9**	5	**19**	12
Interest Income	**(14)**	(11)	**(34)**	(23)
	$ 83	$ 219	**$ 254**	$ 420

7. FOREIGN EXCHANGE (GAIN) LOSS, NET

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	**2006**	2005
Unrealized Foreign Exchange (Gain) Loss on Translation of U.S. Dollar Debt Issued from Canada	**$ 4**	$ (205)	**$ (155)**	$ (140)
Other Foreign Exchange (Gain) Loss	**(4)**	(7)	**(3)**	79
	$ -	$ (212)	**$ (158)**	$ (61)

8. INCOME TAXES

The provision for income taxes is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	**2006**	2005
Current				
Canada	**$ 105**	$ 6	**$ 694**	$ 288
United States	**51**	153	**87**	744
Other	**45**	(4)	**48**	(6)
Total Current Tax	**201**	155	**829**	1,026
Future	**401**	13	**690**	(661)
	$ 602	$ 168	**$ 1,519**	$ 365

Current income tax in the United States for the nine months ended September 30, 2005 of $591 million relates to income tax on the sale of the Gulf of Mexico assets.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	**2006**	2005
Net Earnings Before Income Tax	**$ 1,945**	$ 516	**$ 5,927**	$ 1,325
Canadian Statutory Rate	**34.7%**	37.9%	**34.7%**	37.9%
Expected Income Tax	**674**	196	**2,055**	502
Effect on Taxes Resulting from:				
Non-deductible Canadian crown payments	**23**	53	**75**	139
Canadian resource allowance	**(1)**	(51)	**(20)**	(141)
Canadian resource allowance on unrealized risk management losses	**1**	13	**2**	26
Statutory and other rate differences	**(63)**	(31)	**(80)**	(111)
Effect of tax rate changes*	**-**	-	**(457)**	-
Non-taxable capital (gains) losses	**3**	(43)	**(30)**	(27)
Tax basis retained on dispositions	**-**	-	**-**	(68)
Large corporations tax	**-**	20	**-**	24
Other	**(35)**	11	**(26)**	21
	$ 602	$ 168	**$ 1,519**	$ 365
Effective Tax Rate	**31.0%**	32.6%	**25.6%**	27.5%

*During the second quarter, the Canadian federal and Alberta governments substantively enacted income tax rate reductions.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in $ millions unless otherwise specified)

9. LONG-TERM DEBT

		As at September 30, 2006		As at December 31, 2005
Canadian Dollar Denominated Debt				
Revolving credit and term loan borrowings	**$**	**838**	$	1,425
Unsecured notes		**829**		793
		1,667		2,218
U.S. Dollar Denominated Debt				
Revolving credit and term loan borrowings		**75**		-
Unsecured notes		**4,421**		4,494
		4,496		4,494
Increase in Value of Debt Acquired *		**64**		64
Current Portion of Long-Term Debt		**-**		(73)
	$	**6,227**	$	6,703

* Certain of the notes and debentures of EnCana were acquired in business combinations and were accounted for at their fair value at the dates 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 21 years.

10. 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:

		As at September 30, 2006		As at December 31, 2005
Asset Retirement Obligation, Beginning of Year	**$**	**816**	$	611
Liabilities Incurred		**54**		77
Liabilities Settled		**(37)**		(42)
Liabilities Disposed		**-**		(23)
Change in Estimated Future Cash Flows		**21**		135
Accretion Expense		**37**		37
Other		**38**		21
Asset Retirement Obligation, End of Period	**$**	**929**	$	816

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in $ millions unless otherwise specified)

11. SHARE CAPITAL

(millions)	**September 30, 2006** Number	**Amount**	December 31, 2005 Number	Amount
Common Shares Outstanding, Beginning of Year	**854.9**	**$ 5,131**	900.6	$ 5,299
Common Shares Issued under Option Plans	**6.3**	**140**	15.0	294
Common Shares Repurchased	**(61.1)**	**(523)**	(60.7)	(462)
Common Shares Outstanding, End of Period	**800.1**	**$ 4,748**	854.9	$ 5,131

Information related to common shares and stock options has been restated to reflect the effect of the common share split approved in April 2005.

Normal Course Issuer Bid

To September 30, 2006, the Company purchased 61.1 million Common Shares for total consideration of approximately $2,973 million. Of the amount paid, $523 million was charged to Share capital and $2,450 million was charged to Retained earnings.

EnCana has obtained regulatory approval each year under Canadian securities laws to purchase Common Shares under four consecutive Normal Course Issuer Bids ("Bids") which commenced in October 2002 and may continue until October 30, 2006. EnCana is entitled to purchase, for cancellation, up to approximately 85.6 million Common Shares under the renewed Bid which commenced on October 31, 2005 and will terminate no later than October 30, 2006.

Stock Options

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 predecessor and/or related company replacement plans expire up to ten years from the date the options were granted.

The following tables summarize the information about options to purchase Common Shares that do not have Tandem Share Appreciation Rights ("TSAR's") attached to them at September 30, 2006. Information related to TSAR's is included in Note 12.

	Stock Options *(millions)*	**Weighted Average Exercise Price *(C$)***
Outstanding, Beginning of Year	**20.7**	**23.36**
Exercised	**(6.3)**	**23.58**
Forfeited	**(0.3)**	**23.80**
Outstanding, End of Period	**14.1**	**23.25**
Exercisable, End of Period	**13.9**	**23.24**

	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$)*
11.00 to 22.99	1.2	2.1	14.48	1.2	14.26
23.00 to 23.49	0.2	1.4	23.21	0.2	23.23
23.50 to 23.99	5.5	1.6	23.89	5.4	23.89
24.00 to 24.49	6.8	0.6	24.17	6.8	24.17
24.50 to 25.99	0.4	1.9	25.23	0.3	25.27
	14.1	1.1	23.25	13.9	23.24

At September 30, 2006, the balance in Paid in surplus relates to Stock-Based Compensation programs.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in $ millions unless otherwise specified)

12. COMPENSATION PLANS

The tables below outline certain information related to EnCana's compensation plans at September 30, 2006. Additional information is contained in Note 15 of the Company's annual audited Consolidated Financial Statements for the year ended December 31, 2005.

A) Pensions

The following table summarizes the net benefit plan expense:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	**2006**	2005
Current Service Cost	**$ 3**	$ 1	**$ 10**	$ 5
Interest Cost	**5**	5	**13**	11
Expected Return on Plan Assets	**(4)**	(4)	**(12)**	(10)
Expected Actuarial Loss on Accrued Benefit Obligation	**1**	2	**4**	3
Expected Amortization of Past Service Costs	**-**	-	**1**	1
Amortization of Transitional Obligation	**-**	(2)	**(1)**	(2)
Expense for Defined Contribution Plan	**9**	6	**20**	16
Net Benefit Plan Expense	**$ 14**	$ 8	**$ 35**	$ 24

For the period ended September 30, 2006, contributions of $9 million have been made to the defined benefit pension plans.

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

The following table summarizes the information about SAR's at September 30, 2006:

	Outstanding SAR's	**Weighted Average Exercise Price**
Canadian Dollar Denominated *(C$)*		
Outstanding, Beginning of Year	**246,739**	**23.13**
Exercised	**(242,739)**	**23.18**
Outstanding, End of Period	**4,000**	**20.25**
Exercisable, End of Period	**4,000**	**20.25**
U.S. Dollar Denominated *(US$)*		
Outstanding, Beginning of Year	**319,511**	**14.33**
Exercised	**(307,423)**	**14.41**
Outstanding, End of Period	**12,088**	**12.37**
Exercisable, End of Period	**12,088**	**12.37**

For the period ended September 30, 2006, EnCana has recorded a reduction of $1 million to compensation costs related to the outstanding SAR's (2005 - costs of $19 million).

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in $ millions unless otherwise specified)

12. COMPENSATION PLANS (continued)

C) Tandem Share Appreciation Rights ("TSAR's")

The following table summarizes the information about Tandem SAR's at September 30, 2006:

	Outstanding TSAR's	Weighted Average Exercise Price
Canadian Dollar Denominated *(C$)*		
Outstanding, Beginning of Year	**8,403,967**	**38.41**
Granted	**11,006,350**	**48.92**
Exercised - SAR's	**(519,696)**	**34.66**
Exercised - Options	**(29,484)**	**32.97**
Forfeited	**(1,017,452)**	**42.84**
Outstanding, End of Period	**17,843,685**	**44.75**
Exercisable, End of Period	**2,018,553**	**37.23**

For the period ended September 30, 2006, EnCana recorded compensation costs of $28 million related to the outstanding TSAR's (2005 - $86 million).

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

The following table summarizes the information about DSU's at September 30, 2006:

	Outstanding DSU's	Average Share Price
Canadian Dollar Denominated *(C$)*		
Outstanding, Beginning of Year	**836,561**	**26.81**
Granted, Directors	**70,000**	**56.71**
Exercised	**(52,562)**	**27.92**
Units, in Lieu of Dividends	**8,980**	**55.11**
Outstanding, End of Period	**862,979**	**29.46**
Exercisable, End of Period	**862,979**	**29.46**

For the period ended September 30, 2006, EnCana recorded compensation costs of $3 million related to the outstanding DSU's (2005 - $26 million).

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

The following table summarizes the information about PSU's at September 30, 2006:

	Outstanding PSU's	Average Share Price
Canadian Dollar Denominated *(C$)*		
Outstanding, Beginning of Year	**4,704,348**	**30.65**
Granted	**27,557**	**30.11**
Exercised	**(239,794)**	**23.26**
Forfeited	**(282,021)**	**31.35**
Outstanding, End of Period	**4,210,090**	**31.03**
U.S. Dollar Denominated *(US$)*		
Outstanding, Beginning of Year	**739,649**	**25.22**
Granted	**3,621**	**25.56**
Forfeited	**(156,652)**	**23.79**
Outstanding, End of Period	**586,618**	**25.61**

For the period ended September 30, 2006, EnCana recorded compensation costs of $14 million related to the outstanding PSU's (2005 - $57 million).

At September 30, 2006, EnCana has approximately 5.5 million Common Shares held in trust for issuance upon vesting of the PSU's.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in $ millions unless otherwise specified)

13. PER SHARE AMOUNTS

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

	Three Months Ended				Nine Months Ended	
	March 31,	June 30,	September 30,		September 30,	
(millions)	2006	2006	**2006**	2005	**2006**	2005
Weighted Average Common Shares Outstanding - Basic	847.9	829.6	**809.7**	855.1	**829.1**	872.9
Effect of Dilutive Securities	16.9	15.5	**14.6**	20.7	**16.5**	21.3
Weighted Average Common Shares Outstanding - Diluted	864.8	845.1	**824.3**	875.8	**845.6**	894.2

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

Realized and Unrealized Gain (Loss) on Risk Management Activities

The following tables summarize the gains and losses on risk management activities:

	Realized Gain (Loss)			
	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2006	2005	**2006**	2005
Revenues, Net of Royalties	**$ 199**	$ (196)	**$ 153**	$ (329)
Operating Expenses and Other	**1**	7	**4**	17
Gain (Loss) on Risk Management - Continuing Operations	**200**	(189)	**157**	(312)
Gain (Loss) on Risk Management - Discontinued Operations	**-**	(55)	**4**	(111)
	$ 200	$ (244)	**$ 161**	$ (423)

	Unrealized Gain (Loss)			
	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2006	2005	**2006**	2005
Revenues, Net of Royalties	**$ 428**	$ (810)	**$ 1,921**	$ (1,457)
Operating Expenses and Other	**-**	1	**(2)**	3
Gain (Loss) on Risk Management - Continuing Operations	**428**	(809)	**1,919**	(1,454)
Gain (Loss) on Risk Management - Discontinued Operations	**5**	(90)	**27**	(89)
	$ 433	$ (899)	**$ 1,946**	$ (1,543)

Amounts Recognized on Transition

Upon initial adoption of the current accounting policy for risk management instruments on January 1, 2004, the fair value of all outstanding financial instruments that were not considered accounting hedges was recorded in the Consolidated Balance Sheet with an offsetting net deferred loss amount (the "transition amount"). The transition amount is recognized into net earnings over the life of the related contracts. Changes in fair value after that time are recorded in the Consolidated Balance Sheet with an associated unrealized gain or loss recorded in net earnings.

At September 30, 2006, a net unrealized gain remains to be recognized over the next three years as follows:

	Unrealized Gain
2006	
Three months ended December 31, 2006	$ 6
Total remaining to be recognized in 2006	$ 6
2007	$ 15
2008	1
Total to be recognized	$ 22

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in $ millions unless otherwise specified)

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Fair Value of Outstanding Risk Management Positions

The following table presents a reconciliation of the change in the unrealized amounts from January 1, 2006 to September 30, 2006:

	Transition Amount	Fair Market Value	Total Unrealized Gain (Loss)
Fair Value of Contracts, Beginning of Year	$ (40)	$ (640)	$ -
Change in Fair Value of Contracts in Place at Beginning of Year and Contracts Entered into During 2006	-	2,089	2,089
Fair Value of Contracts in Place at Transition Expired During 2006	18	-	18
Fair Value of Contracts Realized During 2006	-	(161)	(161)
Fair Value of Contracts Outstanding	$ (22)	$ 1,288	$ 1,946
Unamortized Premiums Paid on Options		190	
Fair Value of Contracts and Premiums Paid, End of Period		$ 1,478	
Amounts Allocated to Continuing Operations	$ (22)	$ 1,471	$ 1,919
Amounts Allocated to Discontinued Operations	-	7	27
	$ (22)	$ 1,478	$ 1,946

At September 30, 2006, the remaining net deferred amounts recognized on transition and the risk management amounts are recorded in the Consolidated Balance Sheet as follows:

	As at September 30, 2006
Remaining Deferred Amounts Recognized on Transition	
Accounts receivable and accrued revenues	**$ 1**
Accounts payable and accrued liabilities	**18**
Other liabilities	**5**
Net Deferred Gain - Continuing Operations	**$ 22**
Risk Management	
Current asset	**$ 1,293**
Long-term asset	**243**
Current liability	**60**
Long-term liability	**5**
Net Risk Management Asset - Continuing Operations	**1,471**
Net Risk Management Asset - Discontinued Operations	**7**
	$ 1,478

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

	As at September 30, 2006
Commodity Price Risk	
Natural gas	**$ 1,420**
Crude oil	**47**
Credit Derivatives	**(2)**
Interest Rate Risk	**6**
Total Fair Value Positions - Continuing Operations	**1,471**
Total Fair Value Positions - Discontinued Operations	**7**
	$ 1,478

Information with respect to credit derivatives and interest rate risk contracts in place at December 31, 2005 is disclosed in Note 16 to the Company's annual audited Consolidated Financial Statements. No significant new contracts have been entered into as at September 30, 2006.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in $ millions unless otherwise specified)

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Natural Gas

At September 30, 2006, the Company's gas risk management activities from financial contracts had an unrealized gain of $1,332 million and a fair market value position of $1,427 million. The contracts were as follows:

	Notional Volumes *(MMcf/d)*	Term	Average Price		Fair Market Value
Sales Contracts					
Fixed Price Contracts					
NYMEX Fixed Price	495	2006	5.63	US$/Mcf	$ (1)
Colorado Interstate Gas (CIG)	100	2006	4.44	US$/Mcf	-
Houston Ship Channel (HSC)	90	2006	5.08	US$/Mcf	(2)
Other	91	2006	5.07	US$/Mcf	2
NYMEX Fixed Price	945	2007	8.85	US$/Mcf	390
Other	8	2007	8.97	US$/Mcf	5
Options					
Purchased NYMEX Put Options	2,687	2006	7.77	US$/Mcf	474
Purchased NYMEX Put Options	240	2007	6.00	US$/Mcf	21
Basis Contracts					
Fixed NYMEX to AECO Basis	780	2006	(0.70)	US$/Mcf	(8)
Fixed NYMEX to Rockies Basis	254	2006	(0.59)	US$/Mcf	18
Fixed NYMEX to CIG Basis	259	2006	(0.84)	US$/Mcf	11
Other	145	2006	(0.29)	US$/Mcf	2
Fixed NYMEX to AECO Basis	747	2007	(0.72)	US$/Mcf	75
Fixed NYMEX to Rockies Basis	538	2007	(0.65)	US$/Mcf	170
Fixed NYMEX to CIG Basis	390	2007	(0.76)	US$/Mcf	107
Fixed Rockies to CIG Basis	12	2007	(0.10)	US$/Mcf	(1)
Fixed NYMEX to AECO Basis	191	2008	(0.78)	US$/Mcf	10
Fixed NYMEX to Rockies Basis	162	2008	(0.59)	US$/Mcf	39
Fixed NYMEX to Rockies Basis (NYMEX Adjusted)	210	2008	17% of NYMEX	US$/Mcf	-
Fixed NYMEX to CIG Basis	40	2008-2009	(0.68)	US$/Mcf	13
Purchase Contracts					
Fixed Price Contracts					
Waha Purchase	23	2006	5.32	US$/Mcf	-
Other	10	2006	7.84	US$/Mcf	(2)
Other	8	2007	7.84	US$/Mcf	(1)
					1,322
Other Financial Positions *					10
Total Unrealized Gain on Financial Contracts					1,332
Unamortized Premiums Paid on Options					95
Total Fair Value Positions					$ 1,427
Total Fair Value Positions - Continuing Operations					$ 1,420
Total Fair Value Positions - Discontinued Operations					7
Total Fair Value Positions					$ 1,427

* Other financial positions are part of the ongoing operations of the Company's proprietary production management activities.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in $ millions unless otherwise specified)

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Crude Oil

At September 30, 2006, the Company's oil risk management activities from financial contracts had an unrealized loss of $(48) million and a fair market value position of $47 million. The contracts were as follows:

	Notional Volumes *(bbls/d)*	Term	Average Price	Fair Market Value
Fixed WTI NYMEX Price	15,000	2006	34.56 US$/bbl	$ (41)
Unwind WTI NYMEX Fixed Price	(1,300)	2006	52.75 US$/bbl	1
Purchased WTI NYMEX Put Options	59,000	2006	50.44 US$/bbl	(8)
Purchased WTI NYMEX Call Options	(13,700)	2006	61.24 US$/bbl	1
Purchased WTI NYMEX Put Options	91,500	2007	55.34 US$/bbl	(10)
				(57)
Other Financial Positions *				9
Total Unrealized Loss on Financial Contracts				(48)
Unamortized Premiums Paid on Options				95
Total Fair Value Positions				$ 47
Total Fair Value Positions - Continuing Operations				$ 47

* Other financial positions are part of the ongoing operations of the Company's proprietary production management.

15. CONTINGENCIES

Legal Proceedings

The Company is involved in various legal claims associated with the normal course of operations. The Company believes it has made adequate provision for such legal claims.

Discontinued Merchant Energy Operations

California

As disclosed previously, in July 2003, the Company's indirect wholly owned U.S. marketing subsidiary, WD Energy Services Inc. ("WD"), concluded a settlement with the U.S. Commodity Futures Trading Commission ("CFTC") of a previously disclosed CFTC investigation whereby WD agreed to pay a civil monetary penalty in the amount of $20 million without admitting or denying the findings in the CFTC's order.

EnCana Corporation and WD are defendants in a lawsuit filed by E. & J. Gallo Winery in the United States District Court in California, further described below. The Gallo lawsuit claims damages in excess of $30 million. California law allows for the possibility that the amount of damages assessed could be tripled.

Along with other energy companies, EnCana Corporation and WD are defendants in several other lawsuits relating to sales of natural gas in California from 1999 to 2002 (some of which are class actions and some of which are brought by individual parties on their own behalf). As is customary, these lawsuits do not specify the precise amount of damages claimed. The Gallo and other California lawsuits contain allegations that the defendants engaged in a conspiracy with unnamed competitors in the natural gas and derivatives market in California in violation of U.S. and California anti-trust and unfair competition laws.

In the Gallo action, the decision dealing with the issue of whether the scope of the Federal Energy Regulatory Commission's exclusive jurisdiction over natural gas prices precludes the plaintiffs from maintaining their claims is on appeal to the United States Court of Appeals for the Ninth Circuit. The Gallo lawsuit is stayed pending this appeal.

Without admitting any liability in the lawsuits, WD has paid $20.5 million to settle the class action lawsuits that were consolidated in San Diego Superior Court. WD has also agreed to pay $2.4 million to settle the class action lawsuits filed in the United States District Court in California, without admitting any liability in the lawsuits, subject to approval by the United States District Court. The individual parties who had brought their own actions are not parties to this settlement.

New York

WD was a defendant in a consolidated class action lawsuit filed in the United States District Court in New York. The consolidated New York lawsuit claims that the defendants' alleged manipulation of natural gas price indices affected natural gas futures and option contracts traded on the NYMEX from 2000 to 2002. EnCana Corporation was dismissed from the New York lawsuit, leaving WD and several other companies unrelated to EnCana Corporation as the remaining defendants. Without admitting any liability in the lawsuit, WD agreed to pay $8.2 million to settle the New York class action lawsuit. Final documentation and approval by the New York District Court have been obtained and WD has paid the stated settlement amount.

Based on the aforementioned settlements, a total of $31 million has been expensed. EnCana Corporation and WD intend to vigorously defend against the remaining outstanding claims; however, the Company cannot predict the outcome of these proceedings or any future proceedings against the Company, whether these proceedings would lead to monetary damages which could have a material adverse effect on the Company's financial position, or whether there will be other proceedings arising out of these allegations.