FINAL

Interim Consolidated Financial Statements

(unaudited)

For the period ended December 31, 2006

EnCana Corporation

U.S. DOLLARS

CONSOLIDATED STATEMENT OF EARNINGS *(unaudited)*

($ millions, except per share amounts)		Three Months Ended December 31, 2006	Three Months Ended December 31, 2005	Twelve Months Ended December 31, 2006	Twelve Months Ended December 31, 2005
REVENUES, NET OF ROYALTIES	*(Note 3)*				
Upstream		**$ 2,812**	$ 3,525	**$ 11,342**	$ 10,772
Market Optimization		**735**	1,417	**3,007**	4,267
Corporate - Unrealized gain (loss) on risk management		**129**	991	**2,050**	(466)
		3,676	5,933	**16,399**	14,573
EXPENSES	*(Note 3)*				
Production and mineral taxes		**80**	162	**349**	453
Transportation and selling		**275**	211	**1,070**	845
Operating		**428**	452	**1,655**	1,438
Purchased product		**702**	1,376	**2,862**	4,159
Depreciation, depletion and amortization		**766**	751	**3,112**	2,769
Administrative		**84**	63	**271**	268
Interest, net	*(Note 6)*	**142**	104	**396**	524
Accretion of asset retirement obligation	*(Note 10)*	**13**	10	**50**	37
Foreign exchange (gain) loss, net	*(Note 7)*	**172**	37	**14**	(24)
Stock-based compensation - options		**-**	3	**-**	15
(Gain) on divestitures	*(Note 5)*	**(2)**	-	**(323)**	-
		2,660	3,169	**9,456**	10,484
NET EARNINGS BEFORE INCOME TAX		**1,016**	2,764	**6,943**	4,089
Income tax expense	*(Note 8)*	**373**	895	**1,892**	1,260
NET EARNINGS FROM CONTINUING OPERATIONS		**643**	1,869	**5,051**	2,829
NET EARNINGS FROM DISCONTINUED OPERATIONS	*(Note 4)*	**20**	497	**601**	597
NET EARNINGS		**$ 663**	$ 2,366	**$ 5,652**	$ 3,426
NET EARNINGS FROM CONTINUING OPERATIONS PER COMMON SHARE	*(Note 13)*				
Basic		**$ 0.81**	$ 2.19	**$ 6.16**	$ 3.26
Diluted		**$ 0.80**	$ 2.14	**$ 6.04**	$ 3.18
NET EARNINGS PER COMMON SHARE	*(Note 13)*				
Basic		**$ 0.84**	$ 2.77	**$ 6.89**	$ 3.95
Diluted		**$ 0.82**	$ 2.71	**$ 6.76**	$ 3.85

CONSOLIDATED STATEMENT OF RETAINED EARNINGS *(unaudited)*

($ millions)		Twelve Months Ended December 31, 2006	Twelve Months Ended December 31, 2005
RETAINED EARNINGS, BEGINNING OF YEAR		**$ 9,481**	$ 7,935
Net Earnings		**5,652**	3,426
Dividends on Common Shares		**(304)**	(238)
Charges for Normal Course Issuer Bid	*(Note 11)*	**(3,485)**	(1,642)
RETAINED EARNINGS, END OF YEAR		**$ 11,344**	$ 9,481

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEET *(unaudited)*

($ millions)		**As at December 31, 2006**	As at December 31, 2005
ASSETS			
Current Assets			
Cash and cash equivalents		**$ 402**	$ 105
Accounts receivable and accrued revenues		**1,721**	1,851
Risk management	*(Note 14)*	**1,403**	495
Inventories		**176**	103
Assets of discontinued operations	*(Note 4)*	**-**	1,050
		3,702	3,604
Property, Plant and Equipment, net	*(Note 3)*	**28,213**	24,881
Investments and Other Assets		**533**	496
Risk Management	*(Note 14)*	**133**	530
Assets of Discontinued Operations	*(Note 4)*	**-**	2,113
Goodwill		**2,525**	2,524
	(Note 3)	**$ 35,106**	$ 34,148
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities		**$ 2,494**	$ 2,741
Income tax payable		**926**	392
Risk management	*(Note 14)*	**14**	1,227
Liabilities of discontinued operations	*(Note 4)*	**-**	438
Current portion of long-term debt	*(Note 9)*	**257**	73
		3,691	4,871
Long-Term Debt	*(Note 9)*	**6,577**	6,703
Other Liabilities		**79**	93
Risk Management	*(Note 14)*	**2**	102
Asset Retirement Obligation	*(Note 10)*	**1,051**	816
Liabilities of Discontinued Operations	*(Note 4)*	**-**	267
Future Income Taxes		**6,240**	5,289
		17,640	18,141
Shareholders' Equity			
Share capital	*(Note 11)*	**4,587**	5,131
Paid in surplus		**160**	133
Retained earnings		**11,344**	9,481
Foreign currency translation adjustment		**1,375**	1,262
		17,466	16,007
		$ 35,106	$ 34,148

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS *(unaudited)*

($ millions)		Three Months Ended December 31, 2006	Three Months Ended December 31, 2005	Twelve Months Ended December 31, 2006	Twelve Months Ended December 31, 2005
OPERATING ACTIVITIES					
Net earnings from continuing operations		**$ 643**	$ 1,869	**$ 5,051**	$ 2,829
Depreciation, depletion and amortization		**766**	751	**3,112**	2,769
Future income taxes	*(Note 8)*	**260**	717	**950**	56
Cash tax on sale of assets	*(Note 5)*	**-**	(13)	**49**	578
Unrealized (gain) loss on risk management	*(Note 14)*	**(141)**	(985)	**(2,060)**	469
Unrealized foreign exchange (gain) loss		**155**	28	**76**	(50)
Accretion of asset retirement obligation	*(Note 10)*	**13**	10	**50**	37
(Gain) on divestitures	*(Note 5)*	**(2)**	-	**(323)**	-
Other		**48**	13	**138**	274
Cash flow from discontinued operations		**19**	120	**118**	464
Net change in other assets and liabilities		**90**	(108)	**138**	(281)
Net change in non-cash working capital from continuing operations		**39**	1,165	**3,343**	497
Net change in non-cash working capital from discontinued operations		**(193)**	(140)	**(2,669)**	(212)
Cash From Operating Activities		**1,697**	3,427	**7,973**	7,430
INVESTING ACTIVITIES					
Capital expenditures	*(Note 3)*	**(1,250)**	(2,362)	**(6,600)**	(6,925)
Proceeds on disposal of assets	*(Note 5)*	**55**	30	**689**	2,523
Cash tax on sale of assets	*(Note 5)*	**-**	13	**(49)**	(578)
Net change in investments and other		**40**	(161)	**2**	(109)
Net change in non-cash working capital from continuing operations		**188**	165	**19**	330
Discontinued operations		**180**	572	**2,557**	239
Cash (Used in) Investing Activities		**(787)**	(1,743)	**(3,382)**	(4,520)
FINANCING ACTIVITIES					
Net issuance (repayment) of revolving long-term debt		**646**	(1,513)	**134**	(538)
Repayment of long-term debt		**-**	(145)	**(73)**	(1,104)
Issuance of long-term debt		**-**	-	**-**	429
Issuance of common shares	*(Note 11)*	**39**	24	**179**	294
Purchase of common shares	*(Note 11)*	**(1,246)**	-	**(4,219)**	(2,114)
Dividends on common shares		**(78)**	(64)	**(304)**	(238)
Other		**(3)**	(17)	**(11)**	(125)
Cash (Used in) Financing Activities		**(642)**	(1,715)	**(4,294)**	(3,396)
DEDUCT: FOREIGN EXCHANGE LOSS ON CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCY		**-**	1	**-**	2
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**268**	(32)	**297**	(488)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		**134**	137	**105**	593
CASH AND CASH EQUIVALENTS, END OF YEAR		**$ 402**	$ 105	**$ 402**	$ 105

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. EnCana's continuing operations are in the business of exploration for, and production and marketing of, natural gas, crude oil and natural gas liquids 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. In 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. As a result of the adoption of this policy, reported Market Optimization revenues and purchased product costs for the three months and twelve months ended December 31, 2006 included offsets of $899 million and $3,238 million, respectively.

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 ventures exploration is mainly focused on opportunities in 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 December 31)*

	Upstream		Market Optimization	
	2006	2005	**2006**	2005
Revenues, Net of Royalties	**$ 2,812**	$ 3,525	**$ 735**	$ 1,417
Expenses				
Production and mineral taxes	**80**	162	**-**	-
Transportation and selling	**276**	208	**(1)**	3
Operating	**428**	415	**13**	32
Purchased product	**-**	-	**702**	1,376
Depreciation, depletion and amortization	**743**	731	**4**	1
Segment Income	**$ 1,285**	$ 2,009	**$ 17**	$ 5

		Corporate *		Consolidated	
		2006	2005	**2006**	2005
Revenues, Net of Royalties		**$ 129**	$ 991	**$ 3,676**	$ 5,933
Expenses					
Production and mineral taxes		**-**	-	**80**	162
Transportation and selling		**-**	-	**275**	211
Operating		**(13)**	5	**428**	452
Purchased product		**-**	-	**702**	1,376
Depreciation, depletion and amortization		**19**	19	**766**	751
Segment Income		**$ 123**	$ 967	**1,425**	2,981
Administrative				**84**	63
Interest, net				**142**	104
Accretion of asset retirement obligation				**13**	10
Foreign exchange (gain) loss, net				**172**	37
Stock-based compensation - options				**-**	3
(Gain) on divestitures	*(Note 5)*			**(2)**	-
				409	217
Net Earnings Before Income Tax				**1,016**	2,764
Income tax expense				**373**	895
Net Earnings From Continuing Operations				**$ 643**	$ 1,869

* For the three months ended December 31, 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	**$ 129**	$ 991
Operating Expenses and Other - Corporate	**12**	(6)
Total Unrealized Gain on Risk Management before-tax - Continuing Operations	**$ 141**	$ 985

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 December 31)*

Upstream	Canada		United States	
	2006	2005	**2006**	2005
Revenues, Net of Royalties	**$ 1,966**	$ 2,331	**$ 765**	$ 1,106
Expenses				
Production and mineral taxes	**20**	29	**60**	133
Transportation and selling	**210**	160	**66**	48
Operating	**276**	227	**76**	64
Depreciation, depletion and amortization	**536**	511	**200**	166
Segment Income	**$ 924**	$ 1,404	**$ 363**	$ 695

	Other		Total Upstream	
	2006	2005	**2006**	2005
Revenues, Net of Royalties	**$ 81**	$ 88	**$ 2,812**	$ 3,525
Expenses				
Production and mineral taxes	**-**	-	**80**	162
Transportation and selling	**-**	-	**276**	208
Operating	**76**	124	**428**	415
Depreciation, depletion and amortization	**7**	54	**743**	731
Segment Income (Loss)	**$ (2)**	$ (90)	**$ 1,285**	$ 2,009

Upstream Geographic and Product Information (Continuing Operations) *(For the three months ended December 31)*

	Produced Gas					
	Canada		United States		Total	
	2006	2005	**2006**	2005	**2006**	2005
Revenues, Net of Royalties	**$ 1,401**	$ 1,852	**$ 706**	$ 1,041	**$ 2,107**	$ 2,893
Expenses						
Production and mineral taxes	**11**	20	**54**	127	**65**	147
Transportation and selling	**66**	72	**66**	48	**132**	120
Operating	**166**	144	**76**	64	**242**	208
Operating Cash Flow	**$ 1,158**	$ 1,616	**$ 510**	$ 802	**$ 1,668**	$ 2,418

	Oil & NGLs					
	Canada		United States		Total	
	2006	2005	**2006**	2005	**2006**	2005
Revenues, Net of Royalties	**$ 565**	$ 479	**$ 59**	$ 65	**$ 624**	$ 544
Expenses						
Production and mineral taxes	**9**	9	**6**	6	**15**	15
Transportation and selling	**144**	88	**-**	-	**144**	88
Operating	**110**	83	**-**	-	**110**	83
Operating Cash Flow	**$ 302**	$ 299	**$ 53**	$ 59	**$ 355**	$ 358

	Other		Total Upstream	
	2006	2005	**2006**	2005
Revenues, Net of Royalties	**$ 81**	$ 88	**$ 2,812**	$ 3,525
Expenses				
Production and mineral taxes	**-**	-	**80**	162
Transportation and selling	**-**	-	**276**	208
Operating	**76**	124	**428**	415
Operating Cash Flow	**$ 5**	$ (36)	**$ 2,028**	$ 2,740

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in $ millions unless otherwise specified)

3. SEGMENTED INFORMATION (continued)

Results of Continuing Operations *(For the twelve months ended December 31)*

	Upstream		Market Optimization	
	2006	2005	**2006**	2005
Revenues, Net of Royalties	**$ 11,342**	$ 10,772	**$ 3,007**	$ 4,267
Expenses				
Production and mineral taxes	**349**	453	**-**	-
Transportation and selling	**1,054**	832	**16**	13
Operating	**1,605**	1,351	**62**	85
Purchased product	**-**	-	**2,862**	4,159
Depreciation, depletion and amortization	**3,025**	2,688	**12**	8
Segment Income	**$ 5,309**	$ 5,448	**$ 55**	$ 2

		Corporate *		Consolidated	
		2006	2005	**2006**	2005
Revenues, Net of Royalties		**$ 2,050**	$ (466)	**$ 16,399**	$ 14,573
Expenses					
Production and mineral taxes		**-**	-	**349**	453
Transportation and selling		**-**	-	**1,070**	845
Operating		**(12)**	2	**1,655**	1,438
Purchased product		**-**	-	**2,862**	4,159
Depreciation, depletion and amortization		**75**	73	**3,112**	2,769
Segment Income (Loss)		**$ 1,987**	$ (541)	**7,351**	4,909
Administrative				**271**	268
Interest, net				**396**	524
Accretion of asset retirement obligation				**50**	37
Foreign exchange (gain) loss, net				**14**	(24)
Stock-based compensation - options				**-**	15
(Gain) on divestitures	*(Note 5)*			**(323)**	-
				408	820
Net Earnings Before Income Tax				**6,943**	4,089
Income tax expense				**1,892**	1,260
Net Earnings From Continuing Operations				**$ 5,051**	$ 2,829

* For the twelve months ended December 31, 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	**$ 2,050**	$ (466)
Operating Expenses and Other - Corporate	**10**	(3)
Total Unrealized Gain (Loss) on Risk Management before-tax - Continuing Operations	**$ 2,060**	$ (469)

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in $ millions unless otherwise specified)

3. SEGMENTED INFORMATION (continued)

Results of Continuing Operations *(For the twelve months ended December 31)*

Upstream	Canada		United States	
	2006	2005	**2006**	2005
Revenues, Net of Royalties	**$ 7,911**	$ 7,312	**$ 3,121**	$ 3,177
Expenses				
Production and mineral taxes	**116**	104	**233**	349
Transportation and selling	**806**	650	**248**	182
Operating	**1,029**	826	**283**	212
Depreciation, depletion and amortization	**2,142**	1,927	**848**	682
Segment Income	**$ 3,818**	$ 3,805	**$ 1,509**	$ 1,752

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	**$ 310**	$ 283	**$ 11,342**	$ 10,772
Expenses				
Production and mineral taxes	**-**	-	**349**	453
Transportation and selling	**-**	-	**1,054**	832
Operating	**293**	313	**1,605**	1,351
Depreciation, depletion and amortization	**35**	79	**3,025**	2,688
Segment Income (Loss)	**$ (18)**	$ (109)	**$ 5,309**	$ 5,448

Upstream Geographic and Product Information (Continuing Operations) *(For the twelve months ended December 31)*

	Produced Gas					
	Canada		United States		Total	
	2006	2005	**2006**	2005	**2006**	2005
Revenues, Net of Royalties	**$ 5,440**	$ 5,486	**$ 2,854**	$ 2,932	**$ 8,294**	$ 8,418
Expenses						
Production and mineral taxes	**80**	76	**213**	325	**293**	401
Transportation and selling	**278**	283	**248**	182	**526**	465
Operating	**629**	521	**283**	212	**912**	733
Operating Cash Flow	**$ 4,453**	$ 4,606	**$ 2,110**	$ 2,213	**$ 6,563**	$ 6,819

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	**$ 2,471**	$ 1,826	**$ 267**	$ 245	**$ 2,738**	$ 2,071
Expenses						
Production and mineral taxes	**36**	28	**20**	24	**56**	52
Transportation and selling	**528**	367	**-**	-	**528**	367
Operating	**400**	305	**-**	-	**400**	305
Operating Cash Flow	**$ 1,507**	$ 1,126	**$ 247**	$ 221	**$ 1,754**	$ 1,347

	Other		Total Upstream	
	2006	2005	**2006**	2005
Revenues, Net of Royalties	**$ 310**	$ 283	**$ 11,342**	$ 10,772
Expenses				
Production and mineral taxes	**-**	-	**349**	453
Transportation and selling	**-**	-	**1,054**	832
Operating	**293**	313	**1,605**	1,351
Operating Cash Flow	**$ 17**	$ (30)	**$ 8,334**	$ 8,136

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in $ millions unless otherwise specified)

3. SEGMENTED INFORMATION (continued)

Capital Expenditures (Continuing Operations)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2006	2005	**2006**	2005
Upstream Core Capital				
Canada	**$ 849**	$ 1,370	**$ 4,015**	$ 4,150
United States	**315**	633	**2,061**	1,982
Other Countries	**24**	31	**75**	70
	1,188	2,034	**6,151**	6,202
Upstream Acquisition Capital				
Canada	**17**	4	**47**	30
United States	**16**	227	**284**	418
	33	231	**331**	448
Market Optimization	**4**	68	**44**	197
Corporate	**25**	29	**74**	78
Total	**$ 1,250**	$ 2,362	**$ 6,600**	$ 6,925

Property, Plant and Equipment and Total Assets

		Property, Plant and Equipment As at December 31,		Total Assets As at December 31,	
		2006	2005	**2006**	2005
Upstream		**$ 27,781**	$ 24,247	**$ 32,299**	$ 28,858
Market Optimization		**154**	371	**469**	597
Corporate		**278**	263	**2,338**	1,530
Assets of Discontinued Operations	*(Note 4)*			**-**	3,163
Total		**$ 28,213**	$ 24,881	**$ 35,106**	$ 34,148

4. DISCONTINUED OPERATIONS

Midstream

During the fourth quarter of 2005, EnCana decided to divest of its natural gas storage operations. EnCana's natural gas storage operations included 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 was subject to closing conditions and applicable regulatory approvals closed in two stages. On May 12, 2006, the first stage of the sale was closed for proceeds of $1.3 billion. The second stage closed on November 17, 2006 following receipt of regulatory approvals. A total after-tax gain of $829 million was recorded.

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. An after-tax gain on sale of approximately $370 million was recorded.

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 included 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 was a shipper on the OCP Pipeline and paid commercial rates for tariffs. The majority of the Company's crude oil produced in Ecuador was sold to a single marketing company. Payments were 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, depreciation, depletion 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 December 31,							
	Ecuador		United Kingdom		Midstream		Total	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005
Revenues, Net of Royalties	**$ -**	$ 242	**$ -**	$ -	**$ 5**	$ 645	**$ 5**	$ 887
Expenses								
Production and mineral taxes	**-**	30	**-**	-	**-**	-	**-**	30
Transportation and selling	**-**	12	**-**	-	**-**	3	**-**	15
Operating	**-**	38	**-**	-	**8**	110	**8**	148
Purchased product	**-**	-	**-**	-	**2**	343	**2**	343
Depreciation, depletion and amortization	**-**	111	**-**	-	**-**	8	**-**	119
Administration	**-**	-	**-**	-	**-**	30	**-**	30
Interest, net	**-**	(2)	**-**	-	**-**	(1)	**-**	(3)
Foreign exchange (gain) loss, net	**-**	(4)	**(1)**	(37)	**(1)**	-	**(2)**	(41)
(Gain) loss on discontinuance	**-**	-	**-**	-	**(41)**	(364)	**(41)**	(364)
	-	185	**(1)**	(37)	**(32)**	129	**(33)**	277
Net Earnings Before Income Tax	**-**	57	**1**	37	**37**	516	**38**	610
Income tax expense	**-**	57	**1**	4	**17**	52	**18**	113
Net Earnings From Discontinued Operations	**$ -**	$ -	**$ -**	$ 33	**$ 20**	$ 464	**$ 20**	$ 497

	For the twelve months ended December 31,							
	Ecuador		United Kingdom		Midstream		Total	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005
Revenues, Net of Royalties *	**$ 200**	$ 965	**$ -**	$ -	**$ 482**	$ 1,570	**$ 682**	$ 2,535
Expenses								
Production and mineral taxes	**23**	131	**-**	-	**-**	-	**23**	131
Transportation and selling	**10**	58	**-**	-	**-**	9	**10**	67
Operating	**25**	138	**-**	-	**37**	301	**62**	439
Purchased product	**-**	-	**-**	-	**356**	1,100	**356**	1,100
Depreciation, depletion and amortization	**84**	234	**-**	-	**-**	28	**84**	262
Administration	**-**	-	**-**	-	**-**	30	**-**	30
Interest, net	**(2)**	(2)	**-**	-	**-**	(2)	**(2)**	(4)
Accretion of asset retirement obligation	**-**	1	**-**	-	**-**	-	**-**	1
Foreign exchange (gain) loss, net	**1**	(4)	**(1)**	(40)	**4**	(2)	**4**	(46)
(Gain) loss on discontinuance	**279**	-	**-**	-	**(807)**	(364)	**(528)**	(364)
	420	556	**(1)**	(40)	**(410)**	1,100	**9**	1,616
Net Earnings (Loss) Before Income Tax	**(220)**	409	**1**	40	**892**	470	**673**	919
Income tax expense (recovery)	**59**	278	**(4)**	5	**17**	39	**72**	322
Net Earnings (Loss) From Discontinued Operations	**$ (279)**	$ 131	**$ 5**	$ 35	**$ 875**	$ 431	**$ 601**	$ 597

* 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 $128 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							
	December 31, 2006				December 31, 2005			
	Ecuador	United Kingdom	Midstream	Total	Ecuador	United Kingdom	Midstream	Total
Assets								
Cash and cash equivalents	**$ -**	**$ -**	**$ -**	**$ -**	$ 207	$ 8	$ (7)	$ 208
Accounts receivable and accrued revenues	-	-	-	-	137	-	271	408
Risk management	-	-	-	-	-	-	21	21
Inventories	-	-	-	-	23	-	390	413
	-	-	-	-	367	8	675	1,050
Property, plant and equipment, net	-	-	-	-	1,166	-	520	1,686
Investments and other assets	-	-	-	-	360	-	-	360
Goodwill	-	-	-	-	-	-	67	67
	$ -	**$ -**	**$ -**	**$ -**	$ 1,893	$ 8	$ 1,262	$ 3,163
Liabilities								
Accounts payable and accrued liabilities	**$ -**	**$ -**	**$ -**	**$ -**	$ 91	$ 27	$ 49	$ 167
Income tax payable	-	-	-	-	184	6	40	230
Risk management	-	-	-	-	-	-	41	41
	-	-	-	-	275	33	130	438
Asset retirement obligation	-	-	-	-	21	-	-	21
Future income taxes (recovery)	-	-	-	-	162	(2)	86	246
	-	-	-	-	458	31	216	705
Net Assets of Discontinued Operations	**$ -**	**$ -**	**$ -**	**$ -**	$ 1,435	$ (23)	$ 1,046	$ 2,458

Contingencies

EnCana 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 of 2006, 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 the purchaser. 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 $689 million (2005 - $2,523 million) as described below:

Upstream

In 2006, the Company has completed the divestiture of mature conventional oil and natural gas assets for proceeds of $78 million (2005 - $471 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 $578 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 December 31,		Twelve Months Ended December 31,	
	2006	2005	**2006**	2005
Interest Expense - Long-Term Debt	**$ 97**	$ 107	**$ 366**	$ 417
Early Retirement of Long-Term Debt	**-**	-	**-**	121
Interest Expense - Other	**57**	6	**76**	18
Interest Income	**(12)**	(9)	**(46)**	(32)
	$ 142	$ 104	**$ 396**	$ 524

7. FOREIGN EXCHANGE (GAIN) LOSS, NET

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2006	2005	**2006**	2005
Unrealized Foreign Exchange (Gain) Loss on Translation of U.S. Dollar Debt Issued from Canada	**$ 155**	$ 27	**$ -**	$ (113)
Other Foreign Exchange (Gain) Loss	**17**	10	**14**	89
	$ 172	$ 37	**$ 14**	$ (24)

8. INCOME TAXES

The provision for income taxes is as follows:

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2006	2005	**2006**	2005
Current				
Canada	**$ 70**	$ 205	**$ 764**	$ 493
United States	**41**	(25)	**128**	719
Other	**2**	(2)	**50**	(8)
Total Current Tax	**113**	178	**942**	1,204
Future	**260**	717	**1,407**	56
Future Tax Rate Reductions	**-**	-	**(457)**	-
	$ 373	$ 895	**$ 1,892**	$ 1,260

Included in current tax for 2006 is $49 million related to the sale of assets in Brazil (2005 – $578 million related to 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 December 31,		Twelve Months Ended December 31,	
	2006	2005	**2006**	2005
Net Earnings Before Income Tax	**$ 1,016**	$ 2,764	**$ 6,943**	$ 4,089
Canadian Statutory Rate	**34.7%**	37.9%	**34.7%**	37.9%
Expected Income Tax	**352**	1,048	**2,407**	1,550
Effect on Taxes Resulting from:				
Non-deductible Canadian Crown payments	**22**	68	**97**	207
Canadian resource allowance	**2**	(87)	**(16)**	(202)
Statutory and other rate differences	**(18)**	(124)	**(98)**	(235)
Effect of tax rate changes*	**-**	-	**(457)**	-
Non-taxable capital (gains) losses	**29**	3	**(1)**	(24)
Tax basis retained on divestitures	**-**	-	**-**	(68)
Large corporations tax	**-**	1	**-**	25
Other	**(14)**	(14)	**(40)**	7
	$ 373	$ 895	**$ 1,892**	$ 1,260
Effective Tax Rate	**36.7%**	32.4%	**27.3%**	30.8%

*During the second quarter of 2006, 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 December 31, 2006		As at December 31, 2005
Canadian Dollar Denominated Debt				
Revolving credit and term loan borrowings	**$**	**1,456**	$	1,425
Unsecured notes		**793**		793
		2,249		2,218
U.S. Dollar Denominated Debt				
Revolving credit and term loan borrowings		**104**		-
Unsecured notes		**4,421**		4,494
		4,525		4,494
Increase in Value of Debt Acquired *		**60**		64
Current Portion of Long-Term Debt		**(257)**		(73)
	$	**6,577**	$	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 December 31, 2006		As at December 31, 2005
Asset Retirement Obligation, Beginning of Year	**$**	**816**	$	611
Liabilities Incurred		**68**		77
Liabilities Settled		**(51)**		(42)
Liabilities Divested		**-**		(23)
Change in Estimated Future Cash Flows		**172**		135
Accretion Expense		**50**		37
Other		**(4)**		21
Asset Retirement Obligation, End of Year	**$**	**1,051**	$	816

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in $ millions unless otherwise specified)

11. SHARE CAPITAL

(millions)	**December 31, 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	**8.6**	**179**	15.0	283
Stock-based Compensation	**-**	**11**	-	11
Common Shares Purchased	**(85.6)**	**(734)**	(60.7)	(462)
Common Shares Outstanding, End of Year	**777.9**	**$ 4,587**	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

In 2006, the Company purchased 85.6 million Common Shares for total consideration of approximately $4,219 million. Of the amount paid, $734 million was charged to Share capital and $3,485 million was charged to Retained earnings.

EnCana has received regulatory approval each year under Canadian securities laws to purchase Common Shares under five consecutive Normal Course Issuer Bids ("Bids"). EnCana is entitled to purchase, for cancellation, up to approximately 80.2 million Common Shares under the renewed Bid which commenced on November 6, 2006 and terminates on November 5, 2007.

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 date granted. 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 December 31, 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	**(8.6)**	**23.60**
Forfeited	**(0.3)**	**23.80**
Outstanding, End of Year	**11.8**	**23.17**
Exercisable, End of Year	**11.8**	**23.17**

	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 16.99	0.8	2.3	11.89	0.8	11.89
17.00 to 22.99	0.2	1.0	22.32	0.2	22.32
23.00 to 23.99	5.4	1.3	23.87	5.4	23.87
24.00 to 24.99	5.2	0.4	24.19	5.2	24.19
25.00 to 25.99	0.2	1.7	25.58	0.2	25.58
	11.8	1.0	23.17	11.8	23.17

At December 31, 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 December 31, 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 December 31,		Twelve Months Ended December 31,	
	2006	2005	**2006**	2005
Current Service Cost	**$ 6**	$ 6	**$ 16**	$ 11
Interest Cost	**4**	6	**17**	16
Expected Return on Plan Assets	**(4)**	(5)	**(16)**	(14)
Expected Actuarial Loss on Accrued Benefit Obligation	**2**	3	**6**	5
Expected Amortization of Past Service Costs	**1**	1	**2**	2
Amortization of Transitional Obligation	**-**	(1)	**(1)**	(2)
Expense for Defined Contribution Plan	**8**	6	**28**	22
Net Benefit Plan Expense	**$ 17**	$ 16	**$ 52**	$ 40

For the year ended December 31, 2006, contributions of $9 million were made to the defined benefit pension plans.

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

The following table summarizes the information about SAR's at December 31, 2006:

	Outstanding SAR's	**Weighted Average Exercise Price**
Canadian Dollar Denominated *(C$)*		
Outstanding, Beginning of Year	**246,739**	**23.13**
Exercised	**(246,739)**	**23.13**
Outstanding, End of Year	**-**	**-**
Exercisable, End of Year	**-**	**-**
U.S. Dollar Denominated *(US$)*		
Outstanding, Beginning of Year	**319,511**	**14.33**
Exercised	**(317,423)**	**14.33**
Outstanding, End of Year	**2,088**	**14.21**
Exercisable, End of Year	**2,088**	**14.21**

For the year ended December 31, 2006, EnCana has recorded a reduction in compensation costs of $1 million related to the outstanding SAR's (2005 - costs of $17 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 stock options with Tandem SAR's attached at December 31, 2006:

	Outstanding TSAR's	Weighted Average Exercise Price
Canadian Dollar Denominated *(C$)*		
Outstanding, Beginning of Year	**8,403,967**	**38.41**
Granted	**11,180,800**	**49.01**
Exercised - SAR's	**(700,418)**	**34.54**
Exercised - Options	**(32,948)**	**34.46**
Forfeited	**(1,575,210)**	**43.21**
Outstanding, End of Year	**17,276,191**	**44.99**
Exercisable, End of Year	**1,971,467**	**38.31**

For the year ended December 31, 2006, EnCana recorded compensation costs of $52 million related to the outstanding TSAR's (2005 - $60 million).

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

The following table summarizes the information about DSU's at December 31, 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	**12,578**	**54.69**
Outstanding, End of Year	**866,577**	**29.56**
Exercisable, End of Year	**866,577**	**29.56**

For the year ended December 31, 2006, EnCana recorded compensation costs of $5 million related to the outstanding DSU's (2005 - $16 million).

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

The following table summarizes the information about PSU's at December 31, 2006:

	Outstanding PSU's	Average Share Price
Canadian Dollar Denominated *(C$)*		
Outstanding, Beginning of Year	**4,704,348**	**30.65**
Granted	**36,599**	**54.82**
Paid out	**(239,794)**	**23.26**
Forfeited	**(309,313)**	**31.35**
Outstanding, End of Year	**4,191,840**	**31.24**
U.S. Dollar Denominated *(US$)*		
Outstanding, Beginning of Year	**739,649**	**25.22**
Granted	**4,860**	**48.07**
Forfeited	**(170,020)**	**24.13**
Outstanding, End of Year	**574,489**	**25.74**

For the year ended December 31, 2006, EnCana recorded compensation costs of $27 million related to the outstanding PSU's (2005 - $91 million).

At December 31, 2006, EnCana has approximately 5.5 million Common Shares held in trust for issuance upon vesting of the PSU's (2005 - 5.5 million).

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					Twelve Months Ended	
	March 31,	June 30,	September 30,	December 31,		December 31,	
(millions)	2006	2006	2006	**2006**	2005	**2006**	2005
Weighted Average Common Shares Outstanding - Basic	847.9	829.6	809.7	**792.5**	854.4	**819.9**	868.3
Effect of Dilutive Securities	16.9	15.5	14.6	**13.9**	18.1	**16.6**	20.9
Weighted Average Common Shares Outstanding - Diluted	864.8	845.1	824.3	**806.4**	872.5	**836.5**	889.2

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		Twelve Months Ended	
	December 31,		December 31,	
	2006	2005	**2006**	2005
Revenues, Net of Royalties	**$ 240**	$ (355)	**$ 393**	$ (684)
Operating Expenses and Other	**1**	14	**5**	31
Gain (Loss) on Risk Management - Continuing Operations	**241**	(341)	**398**	(653)
Gain (Loss) on Risk Management - Discontinued Operations	**8**	(44)	**12**	(155)
	$ 249	$ (385)	**$ 410**	$ (808)

	Unrealized Gain (Loss)			
	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2006	2005	**2006**	2005
Revenues, Net of Royalties	**$ 129**	$ 991	**$ 2,050**	$ (466)
Operating Expenses and Other	**12**	(6)	**10**	(3)
Gain (Loss) on Risk Management - Continuing Operations	**141**	985	**2,060**	(469)
Gain (Loss) on Risk Management - Discontinued Operations	**(7)**	139	**20**	50
	$ 134	$ 1,124	**$ 2,080**	$ (419)

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 December 31, 2006, a net unrealized gain of approximately $16 million remains to be recognized over the next two years.

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 December 31, 2006:

	Fair Market Value	Total Unrealized Gain (Loss)
Fair Value of Contracts, Beginning of Year	$ (640)	$ -
Change in Fair Value of Contracts in Place at Beginning of Year and Contracts Entered into During 2006	2,466	2,466
Fair Value of Contracts in Place at Transition that Expired During 2006	-	24
Fair Value of Contracts Realized During 2006	(410)	(410)
Fair Value of Contracts Outstanding	$ 1,416	$ 2,080
Unamortized Premiums Paid on Options	104	
Fair Value of Contracts and Premiums Paid, End of Year	$ 1,520	
Amounts Allocated to Continuing Operations	$ 1,520	$ 2,060
Amounts Allocated to Discontinued Operations	-	20
	$ 1,520	$ 2,080

At December 31, 2006, the risk management amounts are recorded in the Consolidated Balance Sheet as follows:

	As at December 31, 2006
Risk Management	
Current asset	**$ 1,403**
Long-term asset	**133**
Current liability	**14**
Long-term liability	**2**
Net Risk Management Asset - Continuing Operations	**$ 1,520**

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

	As at December 31, 2006
Commodity Price Risk	
Natural gas	**$ 1,431**
Crude oil	**74**
Power	**13**
Interest Rate Risk	**4**
Credit Derivatives	**(2)**
Total Fair Value Positions	**$ 1,520**

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. New power contracts have been entered into at December 31, 2006, which are described further in this note.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in $ millions unless otherwise specified)

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Natural Gas

At December 31, 2006, the Company's gas risk management activities from financial contracts had an unrealized gain of $1,410 million and a fair market value position of $1,431 million. The contracts were as follows:

	Notional Volumes *(MMcf/d)*	Term	Average Price		Fair Market Value
Sales Contracts					
Fixed Price Contracts					
NYMEX Fixed Price	1,487	2007	8.56	US$/Mcf	$ 861
Other	8	2007	8.97	US$/Mcf	7
NYMEX Fixed Price	222	2008	8.45	US$/Mcf	34
Options					
Purchased NYMEX Put Options	240	2007	6.00	US$/Mcf	15
Basis Contracts					
Fixed NYMEX to AECO Basis	747	2007	(0.72)	US$/Mcf	39
Fixed NYMEX to Rockies Basis	538	2007	(0.65)	US$/Mcf	223
Fixed NYMEX to CIG Basis	390	2007	(0.76)	US$/Mcf	144
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$/Mcf	46
Fixed NYMEX to CIG Basis	60	2008	(0.67)	US$/Mcf	15
Fixed NYMEX to Rockies Basis (NYMEX Adjusted)	329	2008	17% of NYMEX	US$/Mcf	14
Fixed NYMEX to Mid-Continent Basis (NYMEX Adjusted)	120	2008	12% of NYMEX	US$/Mcf	4
Fixed NYMEX to CIG Basis	20	2009	(0.71)	US$/Mcf	1
Fixed NYMEX to AECO Basis	12	2010	(0.40)	US$/Mcf	-
Purchase Contracts					
Fixed Price Contracts					
Other	8	2007	7.84	US$/Mcf	(4)
					1,408
Other Financial Positions *					2
Total Unrealized Gain on Financial Contracts					1,410
Unamortized Premiums Paid on Options					21
Total Fair Value Positions					$ 1,431

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

Crude Oil

At December 31, 2006, the Company's oil risk management activities from financial contracts had an unrealized loss of $9 million and a fair market value position of $74 million. The contracts were as follows:

	Notional Volumes *(bbls/d)*	Term	Average Price		Fair Market Value
Fixed WTI NYMEX Price	34,500	2007	64.40	US$/bbl	$ (8)
Purchased WTI NYMEX Put Options	91,500	2007	55.34	US$/bbl	(1)
					(9)
Other Financial Positions *					-
Total Unrealized Loss on Financial Contracts					(9)
Unamortized Premiums Paid on Options					83
Total Fair Value Positions					$ 74

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

Power

In November 2006, the Company entered into two derivative contracts, commencing January 1, 2007 for a period of eleven years, to manage its electricity consumption costs. At December 31, 2006, these contracts had an unrealized gain of $13 million.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in $ millions unless otherwise specified)

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

During the period between 2003 and 2005, EnCana and its indirect wholly owned U.S. marketing subsidiary, WD Energy Services Inc. ("WD"), along with other energy companies, were named as defendants in several lawsuits, some of which were class action lawsuits, relating to sales of natural gas from 1999 to 2002. The lawsuits allege that the defendants engaged in a conspiracy with unnamed competitors in the natural gas markets in California in violation of U.S. and California anti-trust and unfair competition laws.

Without admitting any liability in the lawsuits, WD agreed to settle all of the class action lawsuits in both state and federal court, for payment, of $20.5 million and $2.4 million, respectively. Court approval of the federal court class action settlement of $2.4 million is pending, court approval having been granted in the state court action. Also, as previously disclosed, without admitting any liability whatsoever, WD concluded settlements with the U.S. Commodity Futures Trading Commission ("CFTC") and of a previously disclosed consolidated class action lawsuit in the United Stated District Court in New York for $8.2 million.

The remaining lawsuits were commenced by individual plaintiffs, one of which is E. & J. Gallo Winery ("Gallo"). The Gallo lawsuit claims damages in excess of $30 million. The other remaining lawsuits do not specify the precise amount of damages claimed. California law allows for the possibility that the amount of damages assessed could be tripled.

The Company and WD intend to vigorously defend against the 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.

16. SUBSEQUENT EVENTS

Integrated Oilsands Business
On January 2, 2007, EnCana became a 50 percent partner in an integrated, North American heavy oil business with ConocoPhillips which consists of an upstream and a downstream entity. In creating the integrated venture, EnCana contributed 50 percent of its Foster Creek and Christina Lake oilsands properties while ConocoPhillips contributed 50 percent of its Wood River and Borger refineries, located in Illinois and Texas respectively. On a go forward basis, EnCana will show a separate business segment for the Integrated Oilsands business. In accordance with the Canadian generally accepted accounting principles, these entities will be accounted for using the proportionate consolidation method.

Sale of Chad Operations
On January 12, 2007, EnCana announced that it had completed the sale of its interests in Chad, properties that are considered to be in the pre-production stage, for proceeds of $203 million which will result in a gain on sale.

The Bow
On February 9, 2007, EnCana announced that it had completed the next phase in the development of The Bow office project with the sale of project assets and is entering into a 25 year lease agreement with a third party developer. EnCana expects to account for the agreement as a capital lease.