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April 19, 2010

Auditors' Report

To the Shareholder of
Encana Ekwan Pipeline Inc.

We have audited the balance sheet of Encana Ekwan Pipeline Inc as at December 31, 2009 and 2008 and the statements of earnings, comprehensive income, shareholder's equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and 2008 and the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants
Calgary, Alberta



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April 19, 2010

Attention: Cal Jacober

Dear Sir

We are providing this letter in connection with your audit of the financial statements of Encana Ekwan Pipeline Inc. ("Ekwan") as of December 31, 2009 and for the year then ended for the purpose of expressing an opinion as to whether such financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of Ekwan in accordance with Canadian generally accepted accounting principles. We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of operations, and cash flows in accordance with Canadian generally accepted accounting principles.

Certain representations in this letter are described as being limited to those matters that are material. Items are also considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of April 19, 2010, the date of your report, the following representations made to you during your audit:

1. The financial statements referred to above are fairly presented in accordance with Canadian generally accepted accounting principles and include all disclosures necessary for such fair presentation and disclosures otherwise required to be included therein by the laws and regulations to which Ekwan is subject.
2. The financial statements disclose all of the matters of which we are aware that are relevant to Ekwan's ability to continue as a going concern, including all significant conditions and

events, mitigating factors and Ekwan's plans. Ekwan also has the intent and ability to take actions necessary to continue as a going concern. We have made available to you all relevant information on Ekwan's ability to continue as a going concern that could affect the financial statements, including the recoverability or classification of recorded assets or the amounts and classification of liabilities. Accordingly, Ekwan's financial statements are appropriately prepared on a going concern basis.

3. We have made available to you all:
 - (a) Financial records and related data.
 - (b) Minutes of the meetings of shareholders, directors, and Audit or other committees of directors. The most recent meetings held were: June 30, 2009 for both the shareholders and directors resolutions.
4. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory authorities, including their financial reporting requirements.
5. We have no knowledge of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis for recording a contingent loss.
6. There are no material transactions, agreements or accounts that have not been properly recorded in the accounting records underlying the financial statements.
7. No adjustments were noted or booked as a result of the audit.
8. There are no significant weaknesses in the design or operation of internal control over financial reporting that are reasonably likely to adversely affect Ekwan's ability to record, process, summarize and report financial data.
9. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud and error. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
10. We have no knowledge of any fraud or suspected fraud affecting Ekwan involving:
 - (a) management;
 - (b) employees who have significant roles in internal control; or
 - (c) others where the fraud could have a non-trivial effect on the financial statements.

11. We have no knowledge of any allegations of fraud or suspected fraud affecting Ekwan received in communications from employees, former employees, analysts, regulators, short sellers, or others.

(As to items 9, 10 and 11, we understand the term fraud to mean those matters described in the Canadian Institute of Chartered Accountants (CICA) Handbook Section 5135, The Auditor's Responsibility to Consider Fraud and Error.)

12. Management is not aware of any illegal or possibly illegal acts committed by Ekwan's directors, officers or employees acting on Ekwan's behalf.
13. (a) We have identified to you all known related parties and related amounts receivable by or payable to Ekwan and all transactions therewith, including (but not limited to) sale and purchase transactions that have not been given accounting recognition (such as management services without charge), non-monetary transactions, loans, transfers, leasing arrangements and guarantees. We understand the term related party to include those entities and individuals described in CICA Section 3840, Related Party Transactions, which include, but are not limited to directors, officers, senior members of management, or immediate family members of such individuals, or entities over which these individuals are able to exert significant influence.
- (b) The list of related parties attached to this letter as Appendix B accurately and completely describes Ekwan's related parties and the relationship of Ekwan with such parties.
14. All related party transactions have been appropriately measured and disclosed in the financial statements.
15. All liabilities and contingencies, including those associated with guarantees, whether written or oral, under which Ekwan is contingently liable in accordance with AcG-14, Disclosure of Guarantees, have been disclosed to you and are appropriately reflected in the financial statements.
16. Significant estimates and measurement uncertainties known to management that are required to be disclosed in accordance with CICA Section 1508, Measurement Uncertainty, and Section 3860, Financial Instruments - Disclosure and Presentation, have been appropriately disclosed.
17. Ekwan has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral, except as disclosed in the financial statements.
18. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

19. All contractual arrangements entered into by Ekwan with third parties have been properly reflected in the accounting records or, where material (or potentially material) to the financial statements, have been disclosed to you. Ekwan has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance, including all covenants, conditions or other requirements of all outstanding debt.
20. Receivables recorded in the financial statements represent bona fide claims against debtors for sales or other charges arising on or before the balance sheets dates and are not subject to discount except for normal cash discounts. Receivables classified as current do not include any material amounts that are collectible after one year. All receivables have been appropriately reduced to their estimated net realizable value.
21. All liabilities of Ekwan of which we are aware are included in the financial statements at the balance sheet date. There are no other liabilities or gain or loss contingencies that are required to be accrued or disclosed by CICA Section 3290, Contingencies. All claims and possible claims, which existed at the balance sheet date or exist now, have been disclosed to you whether or not they have been discussed with legal counsel.
23. Ekwan has appropriately reconciled its books and records (e.g., general ledger accounts) underlying the financial statements to their related supporting information (e.g., sub ledger or third party data). All related reconciling items considered to be material were identified and included on the reconciliations and were appropriately adjusted in the financial statements. There were no material unreconciled differences or material general ledger suspense account items that should have been adjusted or reclassified to another account balance. There were no material general ledger suspense account items written off to a balance sheet account, which should have been written off to an income statement account and vice versa. All intracompany and intercompany accounts have been eliminated or appropriately measured and considered for disclosure in the financial statements.
24. For recorded or disclosed amounts in the financial statements that incorporate fair value measurements, we confirm that:
- (a) the measurement methods are appropriate and consistently applied.
 - (b) the significant assumptions used in determining fair value measurements represent our best estimates, are reasonable, and have been consistently applied.
 - (c) the significant assumptions used in determining fair value measurements are consistent with Ekwan's planned courses of action. We have no plans or intentions that have not been disclosed to you which may materially affect the recorded or disclosed fair values of assets or liabilities.
 - (d) The fair value amounts of the asset retirement obligations cannot be determined with sufficient reliability for the reasons disclosed in the financial statements.

To the best of our knowledge and belief, no events have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

A handwritten signature in black ink, appearing to read 'W. A. Stevenson', is written over a horizontal line.

William A. Stevenson
Executive Vice-President & Chief Accounting Officer
Encana Corporation

Encana Ekwan Pipeline Inc.

Financial Statements

(Canadian Dollars)

December 31, 2009

Encana Ekwan Pipeline Inc.
(Canadian Dollars)

STATEMENT OF EARNINGS

For the years ended December 31		<u>2009</u>	<u>2008</u>
Tariff Revenue	(Note 8)	\$ 9,026,193	\$ 9,304,603
Expenses			
Operating		1,389,501	1,362,711
Depreciation		2,094,240	2,094,240
Interest, net	(Note 5)	<u>412,338</u>	<u>(441,761)</u>
		<u>3,896,079</u>	<u>3,015,190</u>
Net Earnings Before Income Tax		5,130,114	6,289,413
Income Tax Expense	(Note 3)	<u>1,707,225</u>	<u>2,035,825</u>
Net Earnings		<u>\$ 3,422,889</u>	<u>\$ 4,253,588</u>

STATEMENT OF COMPREHENSIVE INCOME

For the years ended December 31,		<u>2009</u>	<u>2008</u>
Net Earnings		\$ 3,422,889	\$ 4,253,588
Other Comprehensive Income, Net of Tax		<u>-</u>	<u>-</u>
Comprehensive Income		<u>\$ 3,422,889</u>	<u>\$ 4,253,588</u>

See accompanying Notes to Financial Statements

Encana Ekwan Pipeline Inc.

(Canadian Dollars)

BALANCE SHEET

As at December 31		<u>2009</u>	<u>2008</u>
ASSETS			
Current Assets			
Accounts receivable and accrued revenues		143,058	233,367
Income tax receivable		-	472,300
Due from parent	(Note 5)	<u>9,133,452</u>	<u>2,434,887</u>
		9,276,510	3,140,554
Property, Plant and Equipment, net	(Note 4)	40,315,089	42,409,329
Future Income Taxes		<u>188,285</u>	<u>169,489</u>
		<u>\$ 49,779,884</u>	<u>\$ 45,719,372</u>
LIABILITIES AND SHAREHOLDER'S EQUITY			
Current Liabilities			
Bank Overdraft		\$ 3,093	\$ -
Income tax payable		<u>634,530</u>	<u>-</u>
		637,623	-
Shareholder's Equity			
Share capital	(Note 6)	46,000,001	46,000,001
Retained earnings (Deficit)		<u>3,142,260</u>	<u>(280,629)</u>
Total Shareholder's Equity		<u>49,142,261</u>	<u>45,719,372</u>
		<u>\$ 49,779,884</u>	<u>\$ 45,719,372</u>

See accompanying Notes to Financial Statements

Encana Ekwon Pipeline Inc.

(Canadian Dollars)

STATEMENT OF SHAREHOLDERS' EQUITY

For the years ended December 31

	<u>2009</u>	<u>2008</u>
Share Capital		
Balance, Beginning of Year	\$ 46,000,001	\$ 1
Common Shares Issued	(Note 6) -	46,000,000
Balance, End of Year	<u>\$ 46,000,001</u>	<u>\$ 46,000,001</u>
Retained Earnings (Deficit)		
Balance, Beginning of Year	\$ (280,629)	\$ 16,465,783
Net Earnings	3,422,889	4,253,588
Dividend on Common Shares	-	(21,000,000)
Balance, End of Year	<u>\$ 3,142,260</u>	<u>\$ (280,629)</u>
Total Shareholders' Equity	<u>\$ 49,142,261</u>	<u>\$ 45,719,372</u>

See accompanying Notes to Financial Statements

Encana Ekwan Pipeline Inc.

(Canadian Dollars)

STATEMENT OF CASH FLOWS

For the years ended December 31

		<u>2009</u>	<u>2008</u>
Operating Activities			
Net earnings		\$ 3,422,889	\$ 4,253,588
Depreciation		2,094,240	2,094,240
Future income taxes		(18,796)	(65,768)
Net change in non-cash working capital	(Note 9)	<u>1,197,139</u>	<u>(1,160,872)</u>
Cash From Operating Activities		<u>6,695,472</u>	<u>5,121,188</u>
Financing Activities			
Advances from parent		(6,698,565)	(30,121,188)
Dividend on common shares		-	(21,000,000)
Issuance of common shares	(Note 6)	<u>-</u>	<u>46,000,000</u>
Cash Used in Financing Activities		<u>(6,698,565)</u>	<u>(5,121,188)</u>
(Decrease) Increase in Cash and Cash Equivalents		<u>(3,093)</u>	<u>-</u>
Bank Overdraft, Beginning of Year		-	
Bank Overdraft, End of Year		<u>\$ (3,093)</u>	<u>\$ -</u>
Supplemental Cash Flow Information	(Note 9)		

See accompanying Notes to Financial Statements

Encana Ekwan Pipeline Inc.

Notes to Financial Statements

(Canadian Dollars)

For the year ended December 31, 2009

1. CORPORATE INFORMATION

Encana Ekwan Pipeline Inc. (the "Company") was incorporated on January 17, 2001 as 3857069 Canada Inc. under the Canada Business Corporations Act. One common share was issued to PanCanadian Petroleum Limited, a predecessor to Encana Corporation.

On February 25, 2003, 3857069 Canada Inc. changed its name to Encana Ekwan Pipeline Inc. The Company owns and operates a natural gas pipeline which transports natural gas from the Sierra area in northeast British Columbia to Nova Transmission Limited's northwest mainline in Alberta. The Company commenced commercial operation in April 2004.

At December 31, 2009, Encana Ekwan Pipeline Inc. is a wholly owned subsidiary of Encana Corporation ("Parent").

2. ACCOUNTING POLICIES

(A) Basis of Presentation

These Financial Statements, which have been prepared for statutory and other purposes, are presented in accordance with Canadian generally accepted accounting principles ("GAAP").

(B) Measurement Uncertainty

The timely preparation of the Financial Statements in conformity with Canadian GAAP requires that Management make estimates and assumptions and use judgment regarding the reported amounts of assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the period. Such estimates primarily relate to unsettled transactions and events as of the date of the Financial Statements. Accordingly, actual results may differ from estimated amounts as future confirming events occur.

Tax interpretations, regulations and legislation in the various jurisdictions in which the Company operates are subject to change. As such, income taxes are subject to measurement uncertainty.

(C) Revenue Recognition

Revenues associated with the sale of transportation services are recognized when the service is provided. The Company is subject to the authority of the National Energy Board with respect to the determination of tariffs, construction and operations.

(D) Income Taxes

The Company follows the liability method of accounting for income taxes. Under this method, future income taxes are recorded for the effect of any difference between the accounting and income tax basis of an asset or liability, using the substantively enacted income tax rates. Accumulated future income tax balances are adjusted to reflect changes in income tax rates that are substantively enacted with the adjustment being recognized in net earnings in the period the change occurs.

(E) Cash and Cash Equivalents

Cash and cash equivalents include short-term investments, such as money market deposits or similar type instruments, with a maturity of three months or less when purchased.

(F) Property, Plant and Equipment

Property, plant and equipment is carried at cost and depreciated using the straight-line method over its estimated economic life of 25 years.

Encana Ekwan Pipeline Inc.

Notes to Financial Statements

(Canadian Dollars)

For the year ended December 31, 2009

2. ACCOUNTING POLICIES (continued)

(G) Financial Instruments

Financial instruments are measured at fair value on initial recognition of the instrument, except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instrument has been classified as "held-for-trading", "available-for-sale", "held-to-maturity", "loans and receivables", or "other financial liabilities" as defined by the accounting standard.

Financial assets and financial liabilities "held-for-trading" are measured at fair value with changes in those fair values recognized in net earnings. Financial assets "available-for-sale" are measured at fair value, with changes in those fair values recognized in Other Comprehensive Income. Financial assets "held-to-maturity", "loans and receivables" and "other financial liabilities" are measured at amortized cost using the effective interest method of amortization.

Cash and cash equivalents are designated as "held-for-trading" and are measured at fair value. Accounts receivable are designated as "loans and receivables". Accounts payable and accrued liabilities are designated as "other financial liabilities".

(H) Recent Accounting Pronouncements

In February 2008, the Canadian Institute of Chartered Accountants' Accounting Standard Board confirmed that International Financial Reporting Standards ("IFRS") will replace Canadian GAAP in 2011 for profit-oriented Canadian publicly accountable enterprises. As the Company's ultimate parent, Encana Corporation, will be required to report its results in accordance with IFRS starting in 2011, the Company is assessing the potential impact of this changeover and developing its plan accordingly. As IFRS are expected to change prior to 2011, the impact of IFRS on the Company's financial statements is not reasonably determinable at this time.

(I) Reclassification

Certain information provided for the prior year has been reclassified to conform to the presentation adopted in 2009.

3. INCOME TAXES

The provision for income taxes is as follows:

	2009	2008
Current Tax	\$ 1,726,021	\$ 2,101,593
Future Tax	(18,796)	(65,768)
	<u>\$ 1,707,225</u>	<u>\$ 2,035,825</u>

4. PROPERTY, PLANT AND EQUIPMENT, NET

	2009	2008
Gas Transmission Pipeline	\$ 52,355,970	\$ 52,355,970
Accumulated Depreciation	(12,040,881)	(9,946,641)
	<u>\$ 40,315,089</u>	<u>\$ 42,409,329</u>

Encana Ekwan Pipeline Inc.

Notes to Financial Statements

(Canadian Dollars)

For the year ended December 31, 2009

5. DUE FROM/TO PARENT

The amount due from/to parent is unsecured, non-interest bearing and has no fixed terms of repayment.

As a result of the split transaction on November 30, 2009, Encana Finance Limited, previously an affiliate, became part of Cenovus Energy Inc. All balances owing were transferred to Encana Corporation. The amount due to Encana Finance Ltd was interest bearing, whereas amount due to parent is non-interest bearing.

6. SHARE CAPITAL

Authorized

The Company is authorized to issue an unlimited number of Class A Common Shares without nominal or par value and an unlimited number of non-cumulative, redeemable Class B Preferred Shares without nominal or par value.

Issued and Outstanding:

	2009		2008	
	Number	Amount	Number	Amount
Common Shares Outstanding,				
Beginning of Year	1,000,000	\$ 46,000,001	1	\$ 1
Shares issued	-	-	999,999	46,000,000
Common Shares Outstanding, End of Year	1,000,000	\$ 46,000,001	1,000,000	\$ 46,000,001

7. RELATED PARTY TRANSACTIONS

The Company has agreements with an parent for the transportation of natural gas at market rates. During the year \$8,797,342 (2008 - \$8,769,342) of tariff revenue was received from the parent.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(A) Fair Value of Financial Assets and Liabilities

The fair values of cash and cash equivalents, accounts receivable and accrued revenues and due from/to parent, bank overdrafts and accounts payable and accrued liabilities approximate their carrying amount due to the short-term maturity of those instruments.

(B) Credit Risk

Credit risk arises from the potential that the Company may incur a loss if a counterparty to a financial instrument fails to meet its obligations in accordance with agreed terms. A substantial portion of the Company's accounts receivable are with customers in the oil and gas industry and are subject to normal industry credit risks. The Company has a receivable with its Parent for which there is no credit risk due to the balances being settled on a regular basis.

9. SUPPLEMENTARY INFORMATION

(A) Net Change in Non-Cash Working Capital

	2009	2008
<i>Operating Activities</i>		
Accounts receivable	\$ 90,309	\$ 280,599
Other Assets	-	103,240
Income tax payable	1,106,830	(1,544,711)
	<u>\$ 1,197,139</u>	<u>\$ (1,160,872)</u>

(B) Supplementary Cash Flow Information

	2009	2008
Income Taxes Paid	\$ 440,691	\$ 3,512,411
Interest Paid	\$ 122	\$ 62,259