2014 SUSTAINABILITY REPORT

encana


These four assets are the growth engine for Encana and offer:
World class resources
Competitive supply costs
Significant scale and running room
Access to markets
Horn River
Montney
Duvernay
Deep Panuke
Piceance
DJ Basin
San Juan
Permian Basin
Haynesville
Tuscaloosa Marine Shale
Eagle Ford

EARNING OUR SOCIAL LICENSE TO OPERATE

Innovation, continuous improvement, responsible development and sound corporate governance lie at the heart of how Encana does business. While we are proud of our accomplishments in 2014, we constantly strive to enhance our performance.

2014 was a transformational year for Encana and our team's accomplishments surpassed even our own high expectations. Consistent with our strategy, we focused our capital on our growth assets, transformed our portfolio, enhanced our operational performance and significantly grew high-value liquids production.

Throughout these changes, many things remained constant – our focus on safety, minimizing our impact on the environment and striving to ensure we are welcome members of the communities in which we operate. These considerations are integral to advancing our strategy and are embedded throughout our planning, decision-making and operational processes.

Our commitment to continuous improvement helped make 2014 our strongest year for health and safety performance. Our teams achieved the lowest total recordable injury frequency and motor vehicle incident frequency in company history. Ensuring that our people return home safely every day remains our top priority and we intend to improve on these accomplishments in 2015.

Through the application of innovative operating practices and technologies, our teams strive to minimize our environmental impact. During a year in which we increased liquids production by over 60 percent, they worked hard to review and successfully implement an enhanced spill prevention program. This helped contribute to a decrease in the total number of spills and provided a solid foundation upon which we can build.

Effective community engagement is integral to earning and maintaining public acceptance, which in turn helps us advance our strategy. It's also important to our staff, many of whom live in the communities in which we operate. We place great emphasis on how we engage with communities and stakeholders connected to our operations. These activities are often tailored to specific local concerns and needs and we work hard to ensure our communities benefit both economically and socially from our operations.

Innovation, continuous improvement, responsible development and sound corporate governance lie at the heart of how Encana does business. While we are proud of our accomplishments in 2014, we constantly strive to enhance our performance.

We will continue to integrate financial, environmental, social and ethical considerations into the execution of our strategy. In doing so, we aim to deliver sustainable shareholder value and realize our vision of being a leading North American resource play company.

DOUG SUTTLES
PRESIDENT & CEO

DETERMINING WHAT MATTERS

Realizing our vision of being a leading North American resource play company requires far more than the production of oil and natural gas. It requires that we operate safely and in an environmentally responsible manner. To achieve this, we strive to address the concerns of our stakeholders and manage environmental, social and governance (ES&G) issues that may impact our business. Our Sustainability Report provides an overview of how we are working to responsibly develop our oil and gas resources, highlighting areas of strength as well as opportunities for improvement.

We have identified a wide range of ES&G issues facing the oil and gas industry using a thorough analysis that included reviews of stakeholder surveys, third-party research and interviews with internal and external subject matter experts. We assess these issues using two criteria: the relative importance of each issue to key stakeholder groups and the potential impacts to Encana's business strategy. Topics included in this year's report are those determined to be of the greatest interest to our stakeholders. Stakeholder groups considered in the creation of this report include investors, employees, regulators, non-government organizations and residents within our operating communities.

We also refer to a range of reporting guidelines to inform our sustainability reporting. We rely primarily on the Global Reporting Initiative (GRI). We follow guidance from organizations such as the International Petroleum Industry Environmental Conservation Association (IPIECA) and the Canadian Association of Petroleum Producers' (CAPP) Responsible Energy Program to assist in the preparation of our report.

FOCUSING ON WHAT MATTERS

Content in bold is included in this year's report. For information on the other topics listed below please visit **encana.com.**

CLIMATE CHANGE

Climate change legislation

Fugitive methane emissions

Renewable energy policy

Unburnable carbon/fossil fuel divestment

ENVIRONMENT

Spills

Wildlife and habitat

Chemical use and selection

Criteria air contaminants

Extreme weather

Operational Footprint

Waste

WATER MANAGEMENT

Groundwater protection

Water sourcing and use

Water disposal

SAFETY

Personal safety

Process safety

Induced seismicity

Asset and staff security

Occupational Health

SOCIAL

Opposition to oil and gas development

Community impacts

Aboriginal engagement

Local development restrictions

Diverse workforce

Human Rights

Skilled workforce

GOVERNANCE

Governance and ethics

Vendor compliance

We are continuously working to limit our footprint in the Montney. For example, by extending the horizontal lengths of our wells, we can access more natural gas and liquids from a single surface location. This allows us to construct fewer well pads, reducing our impact on the landscape.

CLIMATE CHANGE

Meeting the world's need for energy while managing greenhouse gas (GHG) emissions is a complex challenge and every individual has a responsibility to use resources wisely. The same applies to industry, including the oil and gas sector. With North American oil and gas production forecast to grow, energy companies are increasingly focused on improving efficiencies and, where possible, limiting emissions.

OUR APPROACH

We consider the associated costs of carbon emissions in our planning. We intend to continue our efforts to reduce our emissions intensity, improve our energy efficiency, harness technologies to reduce GHG emissions and help contribute to industry best practices for emissions management. We also continuously monitor developments in emerging climate change policy and legislation.

Fuel switching in power applications from coal-fired generation to natural gas is also resulting in reduced greenhouse gas emissions throughout North America. We encourage the increased use of natural gas through the phasing out of coal-fired electricity plants, facilitation of liquefied natural gas (LNG) and the use of natural gas as a transportation fuel.

CLIMATE CHANGE LEGISLATION

Encana's management and Board of Directors review the impact of a variety of carbon-constrained scenarios on the company's business plans, with a current price range of approximately $20 to $125 per tonne of emissions applied to a range of emissions coverage levels. The scenarios used for our analysis range from low international focus and action on climate change to high prioritization and policy action, such as the International Energy Agency's 2°C Scenario. We continue to assess and evaluate the cost of carbon relative to our investments across a range of scenarios to help manage the uncertainty around future GHG emissions regulations.

We operate in federal, provincial and state jurisdictions that have announced intentions to regulate GHGs and certain other air emissions. While some jurisdictions have provided details on these regulations, others are anticipated to announce emission reduction plans in the future.

For example, the White House has outlined a series of steps to address methane and volatile organic compound emissions from the oil and gas industry, including a new goal to reduce oil and gas methane emissions. In Canada, the federal government has announced that it will align GHG emission reduction targets with the U.S. and take a sector-by-sector approach. Although progress has been made working alongside industry and the provinces, no definitive timeline has been announced.

Our strategy for addressing the implications of emerging carbon regulations is composed of three elements:

- **Active cost management:** When regulations are implemented, a cost is placed on our emissions. Factors such as effective emissions tracking and attention to fuel consumption help to support and drive our focus on cost reduction.
- **Anticipate and respond to price signals:** The price of potential carbon reductions plays a role in the economics of the projects that are implemented. In response to the anticipated price of carbon, we are attempting, where appropriate, to realize the associated value of reduction projects. For example, we have built a large inventory of carbon offsets in Alberta and British Columbia through projects that reduce carbon dioxide and methane emissions.
- **Work with industry groups, governments and academic institutions:** By continuing to stay engaged in the debate on the most appropriate means to regulate GHG emissions, we gain useful knowledge that allows us to explore different strategies for managing our emissions and costs.

FUGITIVE METHANE EMISSIONS

Fugitive methane emissions include unintended releases of natural gas that result from the production, processing and transport of hydrocarbons. These emissions result in local air quality impacts, contribute to GHG emissions and represent product and revenue losses.

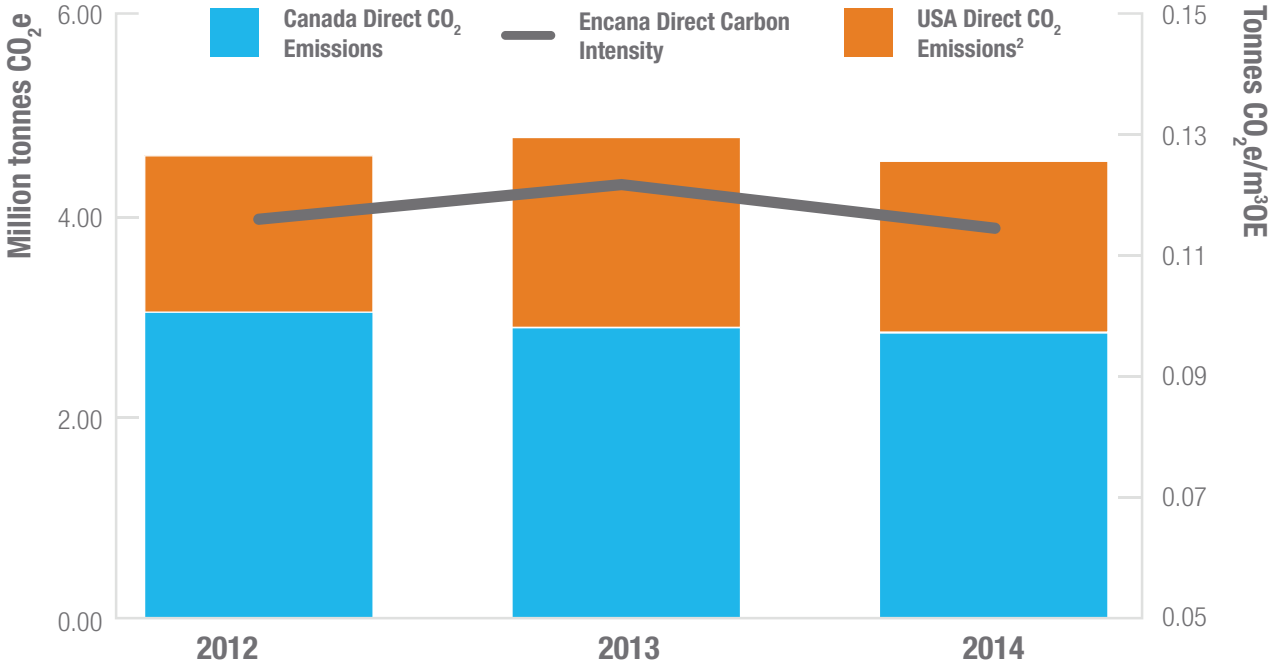
By identifying and understanding fugitive methane emission sources, we can implement fit-for-purpose technologies that improve our operational performance and reduce emissions. We collaborate with industry groups, non-governmental organizations, academic institutions and government agencies to better understand fugitive emissions from our operations, and we support the development of best practices, voluntary reduction initiatives and appropriate regulatory responses to the issue.

Both our Canadian and U.S. operations are subject to regulatory and voluntary initiatives aimed at identifying, reporting and reducing fugitive methane emissions. Although our approaches

differ between the two countries according to regulatory and reporting requirements, directed inspection and maintenance programs serve as the basis of our efforts to manage fugitive emissions.

In Canada, our operating facilities undergo annual, third-party fugitive emission surveys to detect leaks and quantify leak rates for various equipment components which are then tagged for repair. In the U.S., we are subject to state-level fugitive emission reporting requirements and we are implementing directed inspection and maintenance programs to address fugitive emissions in some of our operating areas.

EMISSIONS[1]



1) Direct CO_2 emissions represent the total annual direct greenhouse gas emissions resulting from our operations expressed in tonnes of CO_2-equivalent units. Direct carbon intensity is the ratio of our total annual direct greenhouse gas emissions to our annual production in oil equivalent units.

Direct GHG emissions in both our Canadian and U.S. operations have been decreasing due to a number of factors that include strategic asset divestitures; the continued implementation of energy efficiency initiatives directed at our combustion, venting and flaring emission sources; and the ongoing improvement of our emissions accounting methods and systems. The steady decrease in our overall GHG emissions coupled with an increase in our production has resulted in a gradual decrease in our direct carbon intensity. This means that we are steadily emitting less carbon into the atmosphere per unit of production. This not only benefits us in terms of becoming more efficient over time, but it also contributes to the reduction of GHG emissions.

We minimize air emissions in the DJ Basin by equipping our facilities with vapour recovery systems and on-site combustors. These systems allow us to recover and sell the natural gas associated with oil production and reduce volatile organic compound emissions.

AIR REGULATION 7 IN COLORADO

In early 2014, we partnered with industry, the Environmental Defense Fund and the State of Colorado to develop air quality regulations aimed at significantly reducing air emissions associated with oil and gas operations.

These rules will reduce the emission of both methane and volatile organic compounds (VOCs) and are among the strongest air quality regulations in the United States. In addition to requiring companies to capture 95 percent of methane and volatile organic compounds, the regulations establish a new monitoring system for methane leak detection.

The finalization of these rules helps create regulatory certainty for our Colorado operations, which assists with our planning and investment in oil and gas operations in the state.

ENVIRONMENT

Environmental considerations in energy development vary depending on the surrounding landscape and the type of resource being produced. Leading oil and gas companies seek to embed environmental considerations throughout their business practices in order to minimize impacts to air, land and water. While regional variations can often require tailored approaches, working collaboratively with various stakeholders to identify and address environmental concerns is critical.

OUR APPROACH

We maintain a number of programs that help prevent and respond to spills, reduce habitat disturbance and protect plant and animal populations across many diverse regions, ecosystems and regulatory jurisdictions. We also operate under rigorous regulatory frameworks, which are designed to minimize environmental impacts.

For example, our Environment, Health & Safety (EH&S) management system provides company-wide guidance on managing a range of environmental topics, including air quality, spills, waste, wildlife and habitat. From this overarching standard our operations teams implement regional practices and procedures that best meet the unique needs and regulatory expectations of our various operating areas.

SPILLS

We regularly handle large volumes of liquids, including produced water, flowback fluid, crude oil and drilling and completions fluids. Preventing spills is essential in limiting our environmental impact, ensuring a safe workplace and reducing costs. Effective spill management requires routine maintenance, situational preparedness and continuous improvement in every phase of our operations.

Our Spill Prevention Program is designed to reduce spills, enhance understanding and reporting of spills and drive continuous improvement in support of our EH&S targets. First introduced in the spring of 2014, our program comprises five key pillars:

- operating area engagement
- education and feedback
- contractor management
- incident management
- data systems and analysis

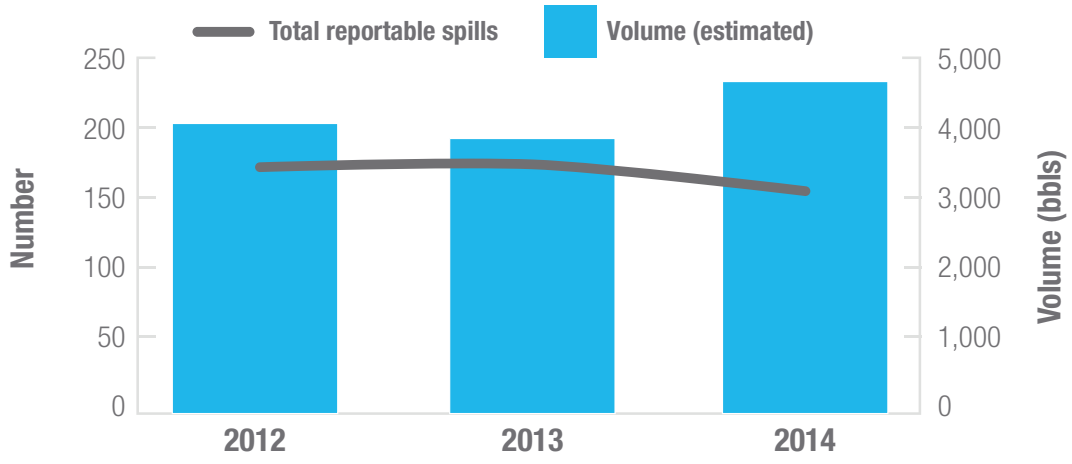
This company-wide focus on improving spill prevention contributed to a 10 percent year-over-year decrease in the number of reportable spills, however our total spill volume increased in 2014 due to two produced water spills in one of our operating areas.

To help achieve a reduction in the number of spills, we focused our spill prevention efforts on four key components: transferring fluid, following procedures, equipment integrity and site design. We continue to use these four focus areas to promote tangible, field-based measures that can be incorporated into our operations and work sites. As we continue to implement and refine our spill prevention program, we are targeting a 10 percent reduction in spill frequency for 2015.

Wildlife control measures, such as these fences and bird nets on our water treatment facility in the Piceance Basin, help avoid impacts to wildlife.

PREVENTING SPILLS AND **MINIMIZING DISTURBANCE TO WILDLIFE** AND **HABITAT** ARE ESSENTIAL IN LIMITING OUR ENVIRONMENTAL IMPACT.

SPILLS



WILDLIFE AND HABITAT

Minimizing our impact to wildlife and habitat is not only regulated by law, but is an important consideration as we strive to conduct our business responsibly. We actively manage our development schedules and operational footprint to account for a wide range of wildlife and habitat pressures. In order to identify site-specific wildlife and habitat issues and minimize disturbance, we conduct environmental and wildlife assessments as part of the project planning process and continuously monitor our performance throughout the life cycle of our operations.

In the Duvernay resource play in Alberta, where woodland caribou are currently assessed as “threatened” under Alberta’s Wildlife Act, we have proactively worked to offset new disturbance by reclaiming historic or unused disturbed land to a standard that often exceeds regulatory requirements. We are also a part of the Little Smoky Caribou Range Plan Multi-Stakeholder Advisory Group, working to provide strategic advice to the Government of Alberta to inform key requirements related to caribou range planning efforts. We are incorporating predator breaks when constructing our infrastructure in the area in order to mitigate the impact of caribou predation and adhere to seasonal timing restrictions, which require that we plan our activity to avoid disruptions to caribou populations during calving season.

In the Piceance Basin of Colorado, where sensitive species such as the greater sage grouse and Colorado River cutthroat trout are present, we have implemented voluntary wildlife disturbance mitigation practices, including activity timing restrictions, spatial setbacks and operational standards based upon the results of wildlife monitoring.

After acquiring a significant position in the oil-rich Permian Basin, we completed an in-depth environmental compliance assessment, which will set the foundation for continuous improvement within our operations.

PERMIAN ASSET INVENTORY SUPPORTS ENVIRONMENTAL AND REGULATORY COMPLIANCE

With the acquisition of Athlon Energy Inc. in November 2014 we assumed ownership of over 140,000 acres in the oil-rich Permian Basin. Following the acquisition, we developed and implemented a comprehensive project to inventory all Permian assets and complete an in-depth environmental compliance assessment. Over the course of an eight-week period, over 1,200 wells and 340 tank batteries and saltwater disposal facilities were inventoried, with field data collected using electronic tools to feed directly into our internal information and tracking systems.

This comprehensive inventory project involved groups from multiple disciplines, including EH&S, operations, security, geographic information systems and regulatory compliance. The site-specific information collected through this effort is important as we move into this new area to ensure we maintain compliance with environmental regulations at both the federal and state level and continuously improve how we operate for years to come.

WATER MANAGEMENT

Water is a precious resource. With growing competition for water resources and significant regional variability in its quality and quantity, all water users need to use it responsibly, including industry. Energy companies continue to adopt responsible approaches to the sourcing, use, transportation and disposal of water.

OUR APPROACH

Water is used throughout our operations, including both drilling and hydraulic fracturing. Our water requirements and the challenges posed by our operations require tailored approaches to water management. In keeping with our commitment to continuous improvement, we regularly assess and implement technologies and processes to improve our water management performance. We also work in compliance with robust regulatory regimes, which encourage responsible water use.

For example, we are actively exploring closed-loop drilling and completions technologies and processes to increase the amount of recycled, reused, produced and flowback water used in our operations. These systems reduce the need for fresh water and lower disposal costs. In some areas, we are also exploring and using other alternative sources of water, such as saline groundwater and wastewater effluent, to decrease our freshwater requirements. To improve the efficiency of water handling and transportation we often rely on pipelines, as opposed to trucks, which reduces air emissions while also reducing truck traffic and associated safety hazards and costs.

GROUNDWATER PROTECTION

We have numerous processes in place to protect groundwater and minimize environmental impact before, during and after wellbore construction. All groundwater-bearing rock formations are protected from wellbore fluids during drilling, completions and production operations by layers of steel casing and cement. Proper design and construction of the wellbore is critical to protecting groundwater resources, and we take great care to install effective well casing systems. We also monitor these wellbore casing systems before, during and after hydraulic fracturing operations are complete using processes such as pressure tests and surface casing vent tests.

WATER SOURCING AND USE

How we source water for our operations is unique to each location, as the availability and quality of water can vary significantly depending on the nature of each resource play and location of every well pad.

There are various sources of water used in developing oil and natural gas: surface water, shallow subsurface aquifers, deep subsurface aquifers and recycled/reused water. Depending on the availability, cost and regulatory requirements in each area, we may use any, or all, of these sources for our operations.

In 2014, approximately 57 percent of our total water use was sourced from fresh water, such as lakes, rivers and deep non-saline aquifers. We supplemented these fresh water supplies across our operations with alternative water sources, such as deep saline groundwater and recycled/reused water, where possible and economically practical.

The volumes of water needed for each well varies depending on the unique characteristics of each play. As a result of greater oil and liquids production, the acquisition of new assets and the continued improvement in our water use tracking programs, our total water use volumes were higher in 2014 than in previous years. We expect to report an increase in our future water use, with our recent portfolio transition and continued improvement on our water tracking programs.

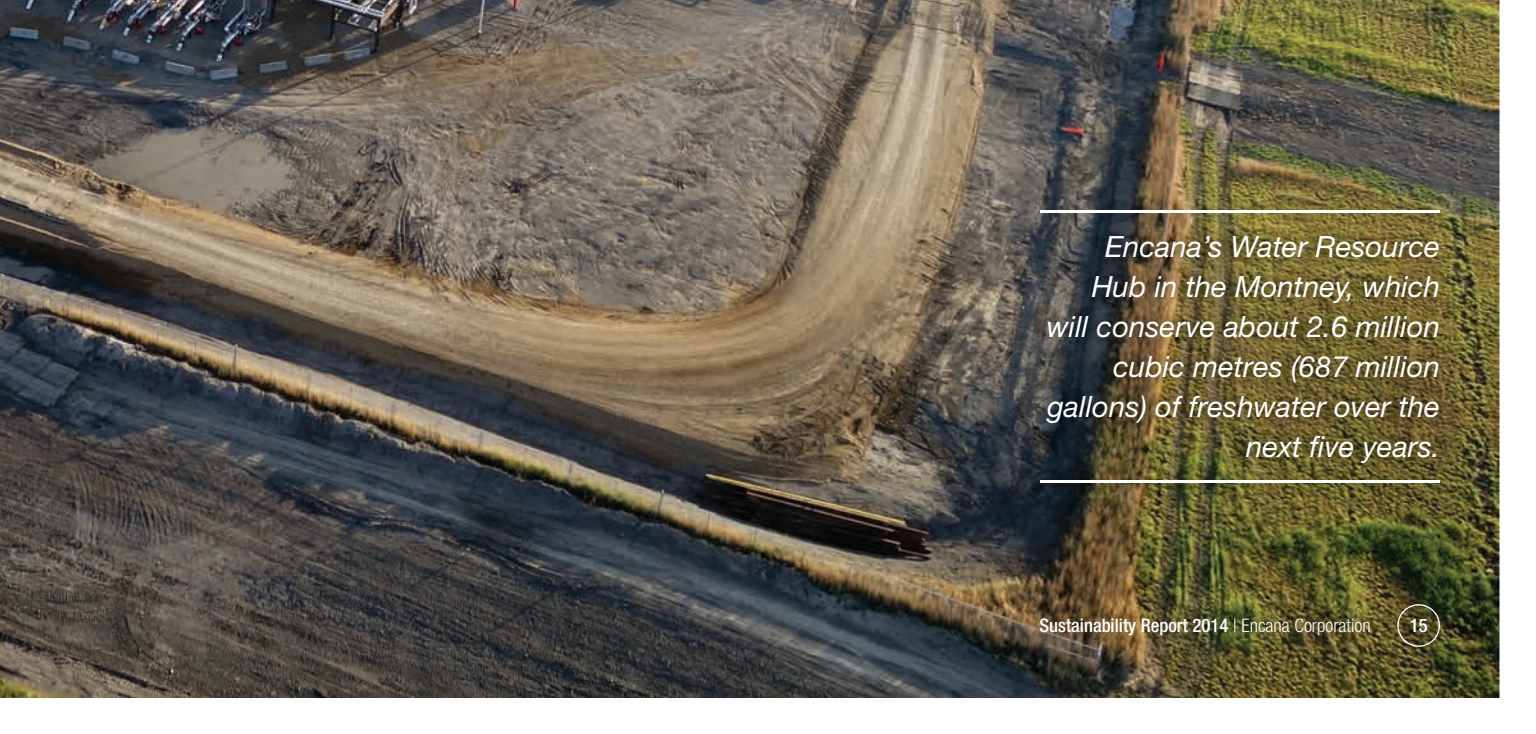
REGIONAL APPROACHES TO ALTERNATIVE WATER SOURCING

At the end of 2014, Encana marked a major milestone initiating full operation of the Water Resource Hub in our Montney asset in northern British Columbia. By tapping into a subsurface aquifer that is too saline for domestic or agricultural use, this centralized hub facility is expected to meet up to 75 percent of our water requirements for hydraulic fracturing operations near Dawson Creek and result in the conservation of about 2.6 million cubic metres (687 million gallons) of freshwater over the next five years.

Fed by several source wells, the facility offers a number of benefits beyond reducing our operational dependence on surface water, including significantly reducing truck traffic, dust, noise and safety risks while also reducing costs. The pipeline infrastructure used to transport water from the facility to our operations will result in approximately 160,000 fewer water hauling truck trips over five years. The hub model functions as a recycle and reuse loop by blending water returned from hydraulic fracturing and produced water from nearby compressor stations with deep groundwater. This will further reduce the use of surface water in this region of the resource play.

This hub and spoke approach is consistent with other Encana operating areas where similar systems have been built to recycle produced and flowback water for use in hydraulic fracturing. In the Piceance Basin in Colorado, we have a large closed-loop drilling and completion pipeline network that gathers produced water and flowback from well sites and transports it to facilities for treatment, storage and ultimately reuse. Due to the large volumes of produced water generated in this field, use of additional water sources is not generally required for our operations.

We also rely on alternative water sources in the Eagle Ford, where we work closely with the Evergreen Underground Water Conservation District to secure water for our operations. We drill deep water wells, allowing us to access saline water that is unfit for human or agricultural use. We can then use surface pipelines to transport water from these saline wells to our well locations. The use of saline water minimizes competition with nearby water-intensive industries, such as agriculture, and helps limit our reliance on fresh water resources.



Encana's Water Resource Hub in the Montney, which will conserve about 2.6 million cubic metres (687 million gallons) of freshwater over the next five years.

A COMPREHENSIVE WATER MANAGEMENT STRATEGY IN THE DUVERNAY

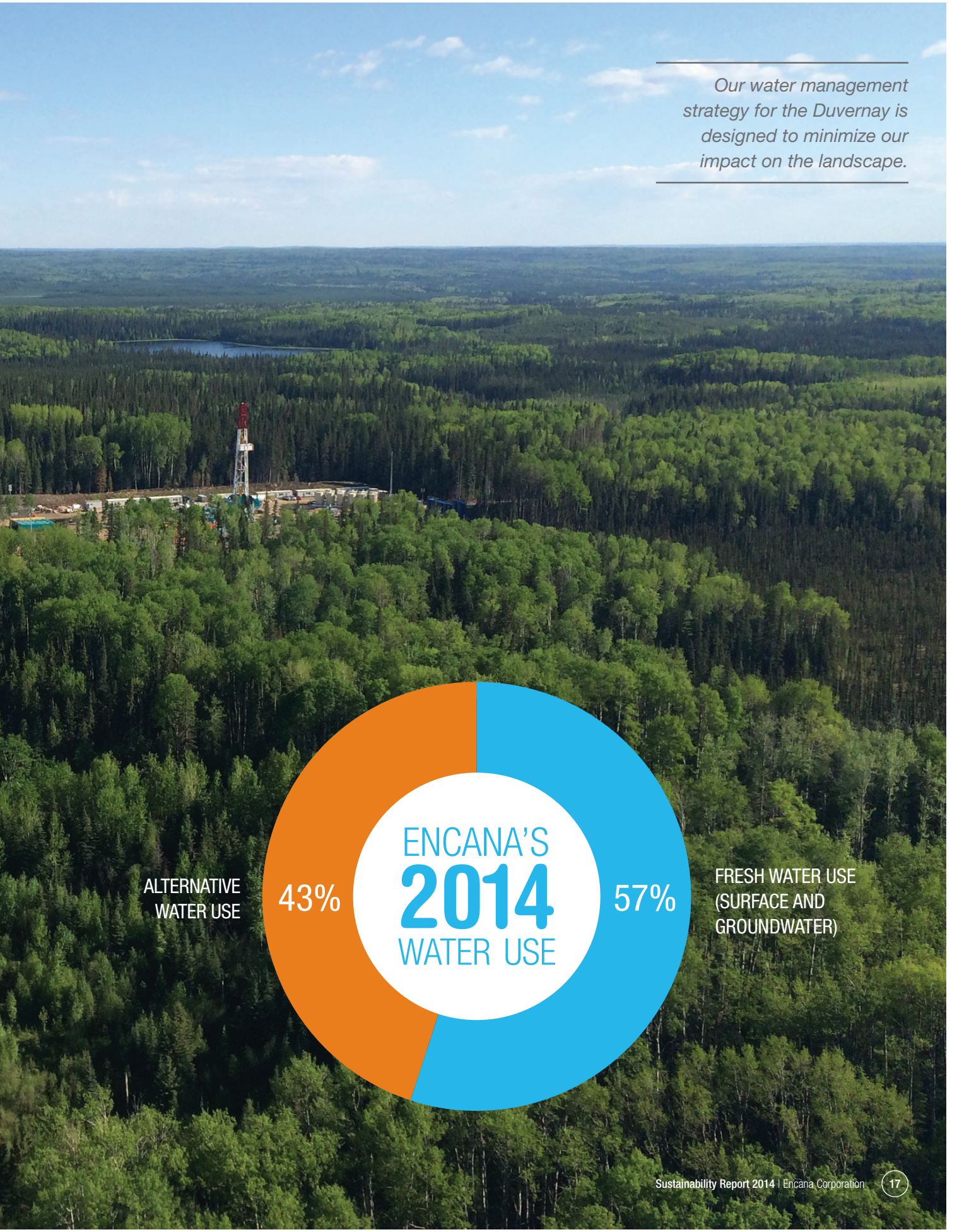
In support of our Simonette development in the Duvernay, we have developed a comprehensive, fit-for-purpose water management strategy. This strategy outlines actions being taken to reduce fresh water consumption per unit of hydrocarbon produced, increase the use of alternative sources including brackish and saline water, increase recycling of flowback water, and collaborate with industry on water management and stakeholder engagement.

The primary water source for our operations in the Simonette area is the Little Smoky River. To help us minimize withdrawals during periods of low river flow, we are constructing a system of surface reservoirs, pipelines and transfer stations. To ensure that we do not exceed our permitted withdrawals, we are installing monitoring stations that continuously track the water levels in the Little Smoky River. These stations will provide real-time, year-round data to help inform the timing of our withdrawals and minimize our impact to the river.

While the Little Smoky River is our primary source of water for the Simonette, we are continually exploring for alternative sources to reduce our fresh water consumption. We are piloting the reuse of produced and flowback water in our operations, and we are actively looking at brackish and saline water sources. We are also exploring water treatment technologies, and are looking to maximize produced and flowback volumes to again offset fresh water requirements. While these alternative sources will not meet all of our water requirements, the reuse of this water helps offset our fresh water needs.

To help minimize the impact of our water infrastructure on the landscape, we have incorporated a number of mitigation measures where possible. For example, we are building fish habitat to offset the impact of our intake facility along the river, resulting in no net loss of habitat. Our temporary surface pipelines for water will be located along existing linear disturbances where possible, minimizing the need for additional disturbance, and will be removed following use.

Our water management strategy for the Duvernay is designed to minimize our impact on the landscape.



SAFETY

Ensuring the health and safety of workers and communities is critical in all industries. Developing oil and gas resources, which involves the use and movement of heavy equipment and petroleum products, can be hazardous for the individuals working on site. Maintaining safe operations and preventing incidents are important areas of focus for the energy sector.

OUR APPROACH

Safety is a foundational value for Encana and our top priority is ensuring that everyone on our worksites goes home safely at the end of the day. Throughout our business, from the office to the field, we strive to proactively identify and manage the risks associated with our operations and ensure that our expectations are clearly communicated and followed by staff and service providers. Ensuring the safety of our staff, service providers and the public is one of the most basic tenets of running our business efficiently.

Our Health & Safety Policy, Alcohol & Drug Policy, Integrity Hotline and risk management processes are some of the programs we use to communicate our expectations. Our EH&S management system also plays a critical role in enhancing worker safety through company-wide guidance on how to manage issues such as emergency preparedness, management of change, safety practices and security.

PERSONAL SAFETY

In addition to our EH&S management system, we use a variety of programs to help maintain and improve safety performance. First introduced in 2013, our Pressure and Pipe Principles (or P3) were created to improve safety performance while working with gas and liquids under pressure. Consisting of cross-border safety practices, policy improvements and training and awareness programs, this company-wide initiative is designed to help identify and manage the risks associated with pressure. With expectations now clearly stated, this focus will continue in 2015, as we continue to integrate the P3 program into our day-to-day operations.

Data-driven decision making is a critical component of managing and measuring our safety performance. To ensure that service providers meet our expectations, we use online prequalification and safety data management systems using set performance thresholds, and contractors and service providers are required to sign off on their understanding and acceptance of Encana's expectations.

We continue to place a strong emphasis on driving safety, which is among the most dangerous and challenging tasks in our industry. In 2014, Encana's Driving Safety Program was consolidated into one company-wide effort, consisting of annual Motor Vehicle Records checks, vision screening for fleet drivers, updates to Encana's Fitness for Work practice and enhancements to our in-vehicle-monitoring systems.

PROCESS SAFETY

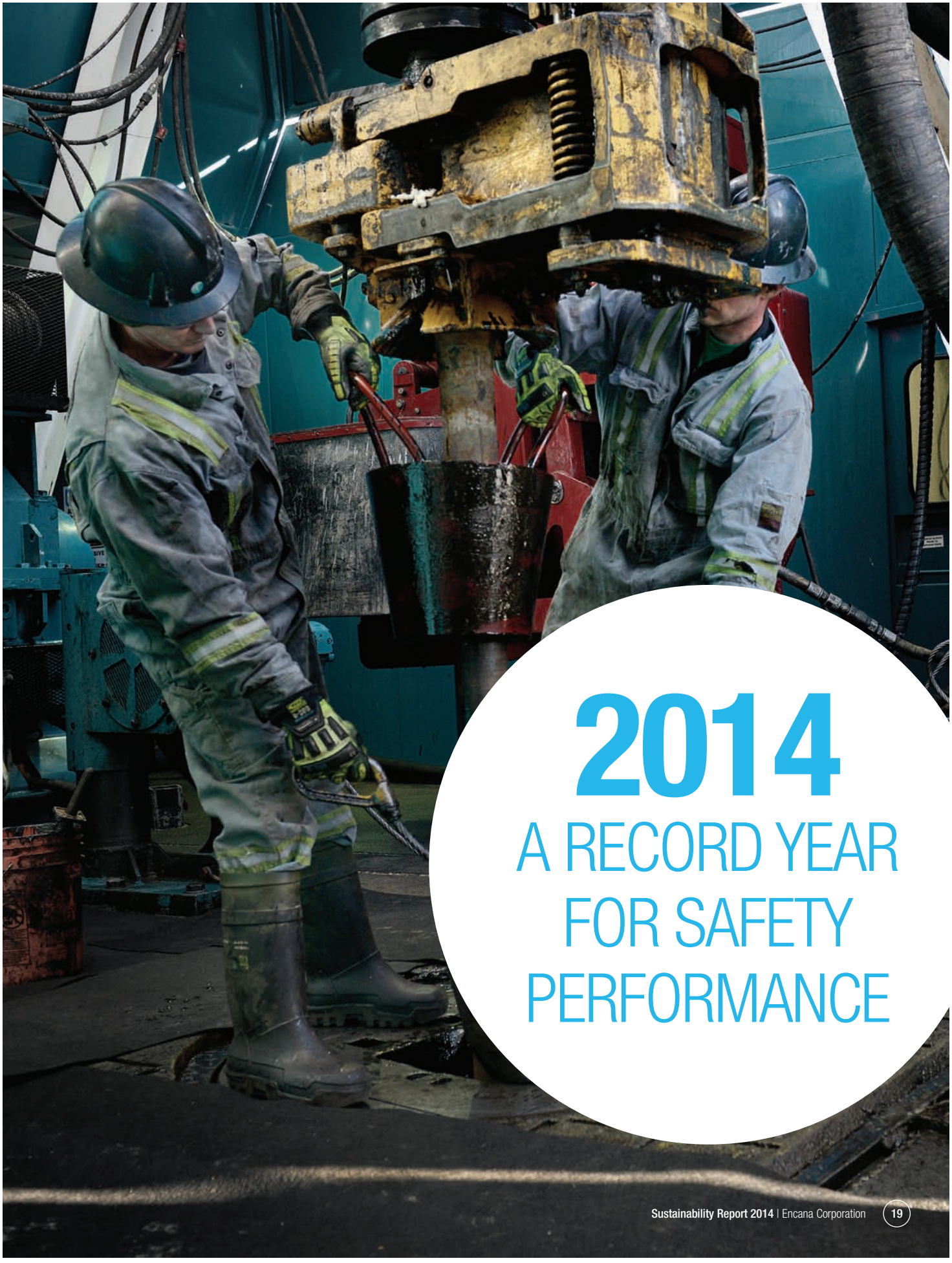
Ensuring that our facilities are well designed and safely operated was a significant area of focus over the course of 2014 and continues to feature prominently in our overarching approach to managing safety. We focus on a number of key elements to support process safety, such as ensuring appropriate training for staff, preserving asset and mechanical integrity, effectively managing change to prevent new and unrecognized hazards, ensuring our standard operating procedures are current, accurate and available, and ensuring that our facilities are designed with process safety in mind. Our contractors and service providers are also identified, evaluated and selected based upon an analysis of strong EH&S management practices, including those components related to process safety.

In 2014, following a six-month internal evaluation of process safety at Encana, we created a cross-company Process Safety Task Force Committee consisting of a number of disciplines, including EH&S, drilling, completions, production operations and facilities. In 2015, the committee is assessing our process safety management systems by evaluating the practices and guidance outlined within our EH&S management system as well as the practices and processes employed by our operations teams.

INDUCED SEISMICITY

Seismic activity resulting from human activity is called induced seismicity and is associated with several industrial processes, including geothermal energy development, mining, dam building, construction and oil and gas activities.

Induced seismic activity associated with oil and gas activity is highly dependent upon the geology of each area. We have been actively involved with our industry peers and associations in understanding the issue and advancing best practices for safely managing induced seismicity for a number of years and we continue to work with regulators to support their understanding of the issue. In British Columbia and part of Alberta, regulators have introduced regulations requiring operators to assess the potential for induced seismicity before hydraulic



2014
A RECORD YEAR FOR SAFETY PERFORMANCE

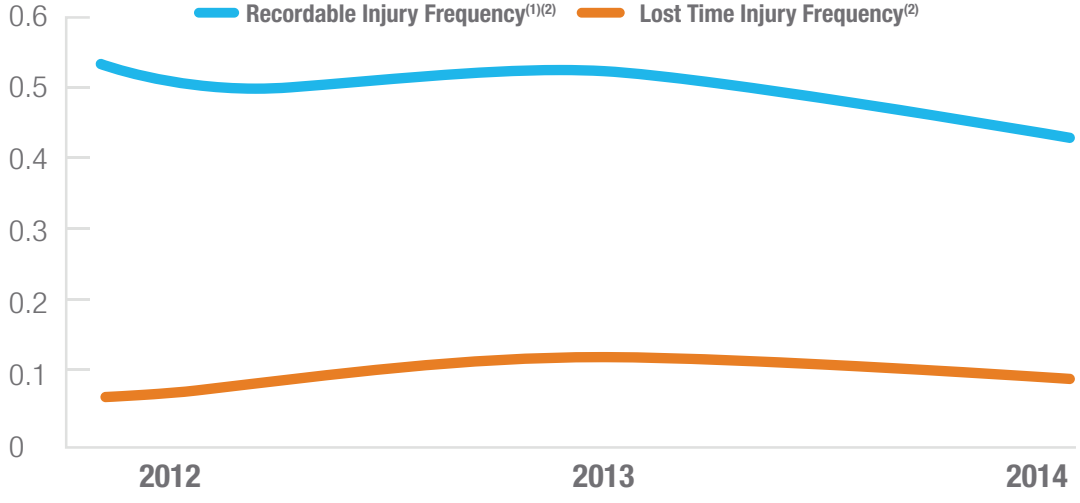
fracturing and follow a “traffic light” process during operations to monitor and respond to identified seismic events. The regulations in both provinces are consistent with CAPP’s guiding principles for managing induced seismic activity as well as our existing protocols for managing the issue.

In the United States, induced seismicity has been linked to the disposal of wastewater through deep well injection. Deep well injection is a process where water, consisting primarily of flowback fluids and produced water from oil and gas production, is re-injected deep underground. To help better understand this phenomenon, we have partnered with Stanford University’s School of Earth, Energy & Environmental Sciences as an affiliate member of the Stanford Center for Induced and Triggered Seismicity. The Center was created to conduct research on the processes responsible for induced seismicity and to develop a scientifically-based framework for risk assessments on induced seismic activity.

In Canada, our strategy for managing induced seismicity depends on local geology, operating conditions and regulatory requirements. There are a number of options available to manage observed seismic activity as a result of our operations. For example, we may:

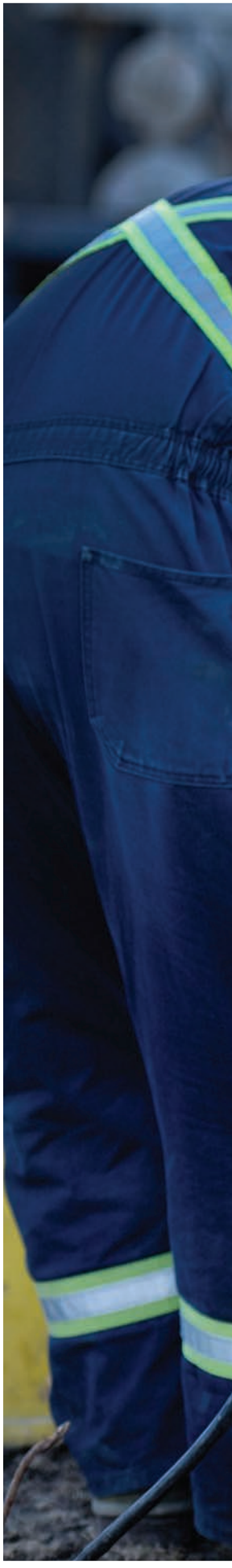
- map and risk nearby faults and, if necessary, modify our completions design in order to minimize the risk
- actively watch for activity using seismic monitoring equipment and on-the-ground observations during completions activities
- alter our completions design by changing volumes, pump rates or wells if induced seismic activity occurs

INJURY FREQUENCY



(1) Recordable injuries include permanent total disabilities, lost workday cases, restricted work cases, medical treatment cases and fatalities.

(2) Injury frequency is defined as the number of injuries per 200,000 exposure hours. Exposure hours are calculated using American Petroleum Institute methodology.



2014 A RECORD YEAR FOR SAFETY PERFORMANCE AT ENCANA

We transformed our portfolio in 2014, requiring some of our staff to change roles and familiarize themselves with new responsibilities and assets. Amidst all of this change, we successfully delivered the lowest total recordable injury frequency (TRIF) and motor vehicle incident (MVI) frequency in company history. We achieved a 23 percent reduction in employee MVIs, 20 percent fewer injuries and a 9 percent reduction in lost time injury frequency relative to 2013.

For 2015, we are aiming for a 10 percent improvement over 2014 results. A number of safety initiatives are already underway to help achieve that target, including:

- continued integration of the Permian and Eagle Ford into Encana's EH&S systems
- reasonable suspicion training provided to all employees, in support of our Alcohol & Drug Policy, to help staff recognize signs of impairment on the job and help safely resolve issues
- introduction of Encana's Life Saving Rules, which are aimed at raising awareness of activities which are most likely to result in fatalities

We remain focused on continually improving our safety performance. For this reason, we have identified critical incident prevention as one of our EH&S priority areas for 2015 and have developed a High Potential (HIPO) Events program to raise awareness and outline expectations of Encana staff in the event a near-hit or high-potential event occurs. Although these events do not result in injuries, there is a potential for serious injury or fatality. By identifying, responding to and investigating near-hit or high potential events we can prevent critical incidents from happening in the first place.

SOCIAL

The energy industry is a significant source of economic growth. It creates opportunities for employment, drives investment and generates tax revenues. In parallel to these benefits, energy development can impact local communities and issues such as noise, traffic and the use of shared infrastructure can generate concern. The energy industry looks to engage with communities and other stakeholders and considers these social impacts in both project planning and operation.

OUR APPROACH

Social challenges associated with our operations vary depending on the operating area and stakeholders involved. We seek to work with local stakeholders near our operations in a transparent way to address concerns and look for opportunities to create value through employing and developing local workforces, using local suppliers and other investments in our operating communities.

We are also actively involved in industry efforts in Canada and the U.S. to inform the public about the economic benefits of energy development and the innovative, responsible operating practices we use.

OPPOSITION TO OIL AND GAS DEVELOPMENT

Opposition to the development and use of fossil fuels can present a number of challenges to oil and gas producers. In recent years this opposition has manifested in a number of ways, prompting delays in critical infrastructure expansion, increasing pressure and scrutiny on regulators and resulting in attempts to stigmatize the oil and gas industry through shareholder divestment campaigns.

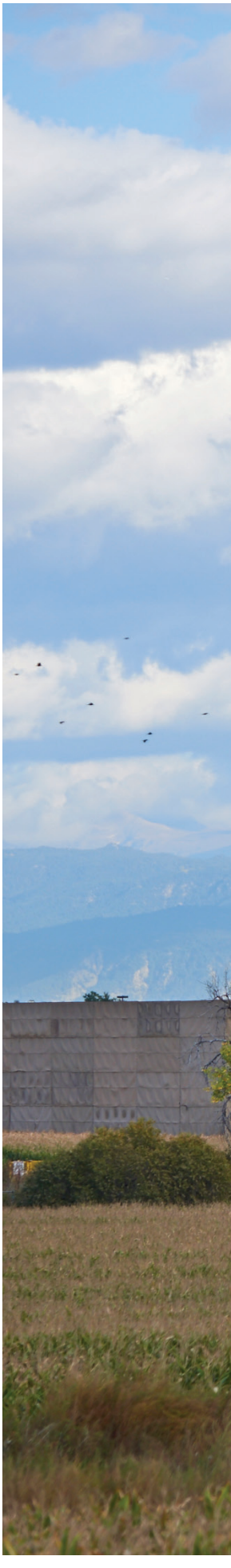
It is increasingly important that industry communicates with and engages stakeholders in constructive dialogue on resource development. We believe that oil and gas products are essential to meeting the societal demand for energy, manufactured goods and the quality of life our generation has come to expect, and we are committed to meeting this demand while maintaining strong social and environmental performance.

Through our involvement in industry trade associations, we are working to encourage national dialogue about the positive role energy plays in our lives and build energy literacy among key stakeholder groups. In addition, we have undertaken similar campaigns independently, developing communications and outreach strategies designed to engage key internal and external stakeholders in response to specific issues impacting the company.

COMMUNITY IMPACTS

The concerns of those living near our operations are important to us and we work to manage local issues such as dust, noise, waste and traffic in a systematic way. Courtesy Matters, our company-wide program to manage and minimize local impacts of energy development, plays an important role in our community and stakeholder engagement efforts. We also frequently survey and poll our operating communities to help us better understand local concerns and issues, and seek to integrate those findings into our operational and engagement efforts.

To minimize the disturbance to local communities, we use appropriate, fit-for-purpose technologies that help to manage localized challenges. For example, in the DJ Basin in Colorado where our operations are located in close proximity to residential developments, we use noise mitigation techniques such as sound walls and sound abatement blankets to help decrease noise impacts. With the completion of our Water Resource Hub and pipeline infrastructure near Dawson Creek, British Columbia, we will significantly reduce water hauling truck traffic, thereby cutting down on emissions, dust, noise and wear and tear on rural roads.



FIT-FOR-PURPOSE TECHNOLOGIES HELP MANAGE LOCAL CHALLENGES

Sound walls, designed to reduce noise pollution associated with oil and gas operations, surround one of our well pads.

ABORIGINAL ENGAGEMENT

Aboriginal interests are an important consideration in our engagement efforts. We strive for positive relationships with Aboriginal communities near our operations by respecting cultural values and, where appropriate, collaborating on community investment, educational and economic development opportunities.

Recognizing the unique interests and rights of Aboriginal peoples, we work to ensure that appropriate and meaningful engagement activities are incorporated into our project planning. We keep potentially impacted communities informed of our development plans and provide updates as those plans evolve. This early and ongoing engagement helps build our understanding of matters of importance and helps provide a framework for open dialogue and collaboration.

Beyond consultation requirements, our engagement efforts generate economic development opportunities through procurement of services such as infrastructure construction, transportation and catering. In 2014, we spent over $20 million in procurement from Aboriginal suppliers. We also provide community investment aimed towards enhancing community life, supporting education, or environmental initiatives.

LOCAL DEVELOPMENT RESTRICTIONS

A number of provincial, state, county and municipal governments across Canada and the U.S. have enacted moratoriums or other restrictions on oil and gas development. In Colorado, certain cities have passed ordinances limiting or banning certain oil and gas activities, including hydraulic fracturing. We are actively engaged in a multi-stakeholder initiative to protect oil and gas production in the state.

Moving forward, we continue to work to respond to oil and gas-related concerns with provincial, state and local governments, industry leaders and concerned local stakeholders. We will continue to contribute to the development of industry best practices to help manage some of the local issues that are of the greatest concern to stakeholders in and around impacted communities.

Doug Suttles (far left), Encana President and CEO, participated in the STARS CEO Rescue in the Rockies fundraiser to support safe, rapid and highly specialized emergency medical transport for the critically ill and injured.

EMPLOYEE ENGAGEMENT DRIVES COMMUNITY INVESTMENT

Part of our community investment strategy includes supporting the causes and organizations in the communities where we live and work which matter most to our employees. To achieve that objective, Encana offers a suite of employee giving programs:

- The **Encana Cares Campaign** runs during the month of October and encourages employees to plan their annual giving. Employees select the charity or charities they want to support and can then choose to donate in a one-time, lump-sum payment or enrol to pay by payroll deduction over the course of the year. Encana provides a dollar-for-dollar match and offers the entire donation amount to the designated charity at the beginning of the year to support their budgeting and planning cycles.
- **Encana Matches** allows employees to submit their tax receipts for donations they make anytime throughout the year for a matching grant. Each employee is entitled to request matching grants up to a $25,000 combined total between Encana Cares and Encana Matches.
- **Encana Volunteers** honours the time employees and their immediate family members (spouses and children) give to charities with grants based on the number of hours volunteered.

Encana Cares 2014 by the numbers:

- 1,169 charities received funding
- More than $2.4 million raised

GOVERNANCE

Sound corporate governance supports the ability of any company to create value for its shareholders, encourages ethical business practices and plays a critical role in meeting regulatory and legal requirements. Corporate governance frameworks are also important in protecting the rights and interests of shareholders by ensuring transparency and accountability.

OUR APPROACH

Strong corporate governance plays a critical role in our corporate culture and our ability to execute on our business strategy. More than a mechanism to ensure Encana meets or exceeds applicable laws and regulations, strong corporate governance promotes accountability and transparency throughout the company.

We continuously monitor our corporate governance framework to ensure it meets the needs and expectations of our diverse and evolving group of stakeholders. We have a well-established, comprehensive framework of business ethics and compliance policies and practices. Our commitment to ensuring that we conduct our business ethically and legally is contained in our Business Code of Conduct (the "Code"). The Code clearly communicates our expectations and the obligations of all staff in the areas of legal compliance, acceptance of gifts, conflicts of interest, confidentiality, competition and antitrust, fraud prevention, disclosure, prevention of corruption, political contributions, lobbying, privacy, securities trading and insider reporting. The Code is supported by more detailed practices, which clearly outline our expectations and the obligations of staff in each of these areas. The Code and each of Encana's supporting policies, practices and guidelines apply to all employees, officers and directors.

We continually evaluate our framework, as well as best practices in the areas of compliance and business ethics, to ensure that our governance structure remains effective, clearly communicates expected behaviors, and is overall consistent with principles of good governance.

GOVERNANCE & ETHICS

Our commitment to compliance and ethical behaviour is reinforced through a policy commitment process in which all employees are required to formally commit to the Code and our supporting policies and practices. Staff are also required to review and declare any potential conflicts of interest which may impact Encana.

We have increased the frequency with which our staff are required to recommit to our Business Code of Conduct, Competition and Antitrust Laws Compliance Policy and Conflict of Interest Policy. Formerly required every two years, staff must now sign off on their understanding and compliance with these key policies on an annual basis.

To support greater awareness and compliance among the teams with the greatest potential exposure to issues covered within the Code, we deliver advanced training to relevant groups within our business. Staff receive advanced training based on the scope and nature of their work and day-to-day activities. Over the course of the year, we provide advanced in-person and online training for the Code, as well as our Competition and Antitrust Laws Compliance Policy, Conflict of Interest Policy and Political Contributions Policy.

VENDOR COMPLIANCE

Service providers and suppliers play critical roles in supporting strong EH&S, governance and social performance. We expect all vendors to uphold the same practices as our employees, and we often work directly with these organizations in identifying and developing strategies to manage relevant issues.

Before we enter into a relationship with a vendor, we use an online prequalification and safety data management system to ensure that they meet our expectations. Companies must provide a review of their health and safety programs and quarterly health and safety statistics. We then combine this information with data gathered in our evaluations and inspections in order to determine a company's overall grade. All onsite contractors must maintain a passing grade in the appropriate safety data management system to be eligible for work at our sites.

To encourage continued compliance, we regularly evaluate and audit our vendors throughout the year. We verify that the programs submitted by vendors during prequalification are effectively implemented in the field and that they are aligned with the criteria outlined in our Contractor Expectations Manuals. We conducted 237 contractor audits and evaluations in 2014. Vendors can be selected for this audit process based on a number of criteria, from those organizations we do business with most often to those which have dealt with recent EH&S incidents or issues.

2014 PERFORMANCE DATA

	2012	2013	**2014**
FINANCIAL HIGHLIGHTS (US$ MILLIONS, EXCEPT PER SHARE AMOUNTS)[1]			
Revenues, Net of Royalties	5,160	5,858	**8,019**
Cash Flow[2]	3,537	2,581	**2,934**
Per Share – Diluted	4.80	3.50	**3.96**
Net Earnings Attributable to Common Shareholders	(2,794)	236	**3,392**
Per Share – Diluted	(3.79)	0.32	**4.58**
Operating Earnings[2]	997	802	**1,002**
Per Share – Diluted	1.35	1.09	**1.35**
Total Capital Investment	3,476	2,712	**2,526**
Net Acquisition (Divestitures)	(3,664)	(776)[3]	**(1,329)**
Net Capital Investment	(188)	1,936	**1,197**
Dividends Per Common Share	0.80	0.67	**0.28**
Dividend Yield (%)[4]	4.0	3.7	**2.0**
Debt to Adjusted Capitalization (%)[2]	37	36	**30**
Debt to Adjusted Cash Flow[2]	2.0	2.4	**2.1**
OPERATIONAL HIGHLIGHTS (AFTER ROYALTIES)			
Production Volumes (average)			
Natural Gas (MMcf/d)			
Canadian Operations	1,359	1,432	**1,378**
USA Operations	1,622	1,345	**972**
Total Natural Gas (MMcf/d)	2,981	2,777	**2,350**
Oil & NGLs (Mbbls/d)			
Canadian Operations	19.4	30.4	**37.2**
USA Operations	11.6	23.5	**49.6**
Total Oil and NGLs (Mbbls/d)	31.0	53.9	**86.8**

(1) Reported using financial information prepared in accordance with U.S. Generally Accepted Accounting Principles.
(2) Non-GAAP measures as referenced in the Management's Discussion & Analysis section of Encana's Annual Report 2014 (pages 44 to 46).
(3) 2013 includes proceeds received from the sale of the Company's 30 percent interest in the proposed Kitimat liquefied natural gas export terminal.
(4) Based on NYSE closing price at year-end.

	2012	2013	**2014**
AIR[1]			
Total energy use (10^3GJ)			
Canada	31,001	32,571	**34,602[2]**
USA	5,264	13,942	**11,762[3]**
Emissions intensity – Canada			
Production energy intensity (GJ/m^3OE)	1.86	1.78	**1.49**
Direct carbon intensity (tonnes/m^3OE)	0.17	0.14	**0.13**
Production carbon intensity (tonnes/m^3OE)	0.17	0.15	**0.14**
Emissions intensity – USA			
Direct carbon intensity (tonnes/m^3OE)	0.07	0.09	**0.09**
Production carbon intensity (tonnes/m^3OE)	0.09	0.10	**0.10**
GHG emissions – Canada			
Direct CO_2e (10^3 tonnes)	3,037	2,889	**2,738**
Total purchased electrical consumption (MWh)	368,068	358,284	**426,568[4]**
Indirect CO_2e (10^3 tonnes)	136	117	**174[5]**
GHG emissions – USA			
Direct CO_2e (10^3 tonnes)	1,583	1,907	**1,737[6]**
Total purchased electrical consumption (MWh)	678,412	377,153	**312,783[7]**
Indirect CO_2e (10^3 tonnes)	577	322	**270[8]**
Nitrogen oxides (NO_x) emissions (tonnes)			
Canada	11,361	9,179	**7,976[9]**
USA	1,485	1,818	**1,544[10]**
Sulphur dioxide (SO_2) emissions (tonnes)			
Canada	2,475	3,578	**8,235[11]**
USA	5	6	**9[12]**
Total gas flared (10^3m^3/yr)			
Canada	34,662	79,460	**70,892[13]**
USA	55,938	65,262	**60,303[14]**
Total gas vented (10^3m^3/yr)			
Canada	3,184	1,822	**1,752**
USA	111,001	65,968	**65,512[15]**

(1) Our 2014 USA emissions metrics exclude the Permian and Eagle Ford assets as they were acquired later in the year and were still in the process of being integrated into our existing data management systems at the time of this report's preparation.

(2) The increase in our total energy use is due to greatly increased overall production, most significantly from Deep Panuke in 2014.

(3) The decrease in our 2014 total energy use is a result of significant divestitures in our US operations in 2014. Our 2013 total energy use was revised to reflect more accurate information resulting from ongoing refinements to our air emissions and related metrics calculation methodologies.

(4) The increase in our 2014 purchased electrical consumption is a result of the addition of several new compressors and a new processing plant in our Canadian operations in 2014.

(5) The increase in our 2014 indirect CO_2e emissions is a result of increased purchased electrical consumption in 2014.

(6) The decrease in our 2014 direct CO_2e emissions is a result of significant divestitures in our US operations in 2014. Our 2013 direct CO_2e value was revised to reflect more accurate information resulting from ongoing refinements to our air emissions calculation methodologies that include refinements to our equipment inventory based on more accurate counts and reconciliations, improved analyses of methodologies and improved data QAQC processes.

(7) The decrease in our 2014 purchased electrical consumption is a result of significant divestitures in our US operations in 2014.

(8) The decrease in our 2014 indirect CO_2e emissions is a result of decreased purchased electrical consumption in 2014.

(9) The decrease in our 2014 NO_x emissions is a result of both a reduction in the amount of diesel combusted and a change from diesel to condensate combustion at Deep Panuke, as well as reduced fuel usage in our Alberta and B.C. facilities due to operational changes.

(10) Our 2013 NO_x value was revised to reflect more accurate information resulting from ongoing refinements to our air emissions and related metrics calculation methodologies that include refinements to our equipment inventory based on more accurate counts and reconciliations, improved analyses of methodologies and improved data QAQC processes. The decrease in our 2014 NO_x emissions is a result of significant divestitures in our US operations in 2014.

(11) The increase in our 2014 SO_2 emissions is due to increased flaring of acid gas as a result of significantly increased production at Deep Panuke in 2014.

(12) The increase in our 2014 SO_2 emissions is due to the addition of sour wells and associated equipment that were brought on-line in our US operations in 2014.

(13) The decrease in our 2014 total flaring volume is a result of significantly decreased flaring for well testing in our B.C. operations in 2014.

(14) The decrease in our 2014 total flaring volume is a result of significant divestitures in our US operations in 2014. Our 2013 total flaring volume was revised to reflect more accurate information resulting from ongoing refinements to our air emissions and related metrics calculation methodologies that include refinements to our equipment inventory based on more accurate counts and reconciliations, improved analyses of methodologies and improved data QAQC processes.

(15) Our 2013 total vented volume was revised to reflect more accurate information resulting from ongoing refinements to our air emissions and related metrics calculation methodologies that include refinements to our equipment inventory based on more accurate counts and reconciliations, improved analyses of methodologies and improved data QAQC processes.

	2012	2013	**2014**
WATER USE[1]			
Fresh water use (MMbbls)	34.33	41.87	**136.68**[2]
Alternative sources of water (MMbbls)[3]	0.052	36.78	**103.94**[4]
Total source water used (MMbbls)[5]	34.38	78.65	**240.63**[6]
SPILLS[7]			
Reportable spills (number)	173	175	**156**[8]
Estimated reportable volume (bbls)	4,079	3,866	**4,676**[9]
ENVIRONMENTAL FINES			
Environmental fines (USD)[10, 11]	$ 46,971	$169,954	**$ 33,735**
ABANDONMENT AND RECLAMATION[12]			
Abandoned wells awaiting reclamation (number)	537	451	**698**
Abandoned wells undergoing active reclamation (number)	937	596	**796**
Abandoned wells, reclamation complete, awaiting certificate (number)	217	589[13]	**238**
Reclamation certificates received (number)	52	14	**110**[14]
Total reclaimed land (acres)	434.1	68.9	**286.6**
ENERGY INNOVATION			
Internal rate of return (percent)	72%	55%	**25%**
Cumulative CO_2e avoided (10^3 tonnes)	900	1,160	**1,410**[15]
Cumulative natural gas conserved (Bcf)	7	8	**9**[16]
Capital (million US$)	$ 11.5	$ 6.8	**$ 4.0**
COMMUNITY INVOLVEMENT			
Community involvement spend (million US$)	$ 11.8	$ 10.4	**$ 6.2**
ABORIGINAL ENGAGEMENT			
Procurement from aboriginal suppliers (million US$)	$ 30.9[17]	$ 21.0	**$ 20.2**
GOVERNANCE			
Total Integrity Hotline contacts (number)	64	81	**51**
Contacts regarding concerns	58	72	**48**
Contacts requesting information	6	9	**3**
New business conduct investigations (number)	28	32	**16**
Incidents of violations involving rights of indigenous people (number)	0	0	**0**
Percent of business analyzed for risk related to corruption	100%	100%	**100%**
Employees who have signed off on ethics practices (percent)	100%	100%	**100%**
Significant fines and total non-monetary sanction for non-compliance (US$)	$ 146,870	$ 0	**$ 0**

(1) Water use includes water used in drilling, completions, production, facilities, geophysics, road & lease construction, camps, and pipelines (hydrostatic testing).

(2) Fresh water use includes water sourced from surface locations and groundwater aquifers. The increase in fresh water volumes is attributed to acquisitions, an overall increase in completions activity and improvements to our water tracking capabilities.

(3) Alternative sources of water include saline and brackish water, recycled/reused produced water, and recycled/reused flowback water.

(4) Recycled and reused water data became available in 2014; as a result, 2013 data has been revised. Saline volumes were up in 2014 while reused/recycled volumes were down when compared to 2013. The increase in saline water use is primarily attributed to the acquisition of the Eagle Ford asset in Texas, where approximately 60 percent of water used is from saline sources. The decrease in the recycled/reused volumes used in 2014 is attributed to the divestiture of our Jonah field combined with a decrease in activity in the Piceance region.

(5) Total source water used consists of fresh, saline, produced, recycled and reused water.

(6) The increase in water use is attributed to our recent acquisitions, an overall increase in completions activity and improvements to our water tracking capabilities.

(7) Spill metrics exclude the Permian assets as they were acquired late in the year and were not fully integrated into our existing data management systems at the time of this report's preparation.

(8) The decrease in our 2014 total reportable spills is due to our greater emphasis on spill prevention as a result of the spill prevention program.

(9) The increase in spill volume is attributed to two produced water spills of 818 bbls and 629 bbls, respectively.

(10) The amount reported for environmental fines reflects the amount paid in the year indicated, and may include fines levied in previous years.

(11) In the United States, most federal actions against businesses or individuals for failure to comply with environmental laws are resolved through settlement agreements. As part of a settlement, an alleged violator may voluntarily agree to undertake an environmentally beneficial project related to the violation in exchange for mitigation of the penalty to be paid. Supplemental Environmental Projects (SEPs) further the Environmental Protection Agency's goal of protecting and enhancing public health and the environment. Encana paid $74,340 towards SEPs in 2014. The indicator shows only the portion of the settlement agreement that may be considered an environmental fine.

(12) Due to increased A&D activity in 2014, there is an overall increase in the number of plugged and abandoned wells.

(13) In 2013, the liability associated with an estimated 376 plugged and abandoned wells was acquired in the San Juan Basin.

(14) The increase in reclamation certificates received is due to the number of certificate applications submitted in 2013.

(15) CO_2e avoided includes results from projects completed in previous years that have ongoing emissions reductions. Figures are rounded to the nearest 10,000 tonnes.

(16) Gas conserved includes results from projects completed in previous years that have ongoing gas savings.

(17) Aboriginal procurement in 2012 includes one-time contracts awarded for services as a result of construction of the Cabin Gas Plant.

	2012	2013	**2014**
PEOPLE			
Total staff (employees and contractors)			
Canada	2,995	2,228	**2,003**
USA	1,942	1,546	**1,541**
Total Staff	4,937	3,774	**3,544**
Gender ratio (percent of total)			
Male (percent)	62%	63%	**64%**
Female (percent)	38%	37%	**36%**
Breakdown by age (percent of total)[1]			
20-25	6%	5%	**5%**
26-30	14%	14%	**14%**
31-35	15%	16%	**17%**
36-40	14%	15%	**15%**
41-45	11%	12%	**13%**
46-50	11%	11%	**10%**
51-55	15%	13%	**13%**
56-60	9%	9%	**10%**
61-65	3%	3%	**3%**
66-99	1%	1%	**0%**
Voluntary turnover (percent of total)			
Male (percent)	7%	8%	**8%**
Female (percent)	7%	8%	**7%**
Executive Team gender ratio			
Male (percent)	80%	70%	**60%**
Female (percent)	20%	30%	**40%**
Board of Directors gender ratio			
Male (percent)	70%	70%	**80%**
Female (percent)	30%	30%	**20%**

(1) Breakdown by age includes employees only.

	2012	2013	**2014**
SAFETY			
Recordable Injuries[1]			
Employees (number)	19	11	**27**
Contractors (number)	154	157	**107**
Total Recordable Injuries	173	168	**134**
Lost Time Injuries			
Employees (number)	4	5	**10**
Contractors (number)	24	29	**21**
Total Lost Time Injuries	28	34	**31**
Fatalities			
Employees (number)	0	0	**0**
Contractors (number)	2	1	**0**
Total Fatalities	2	1	**0**
Recordable Injury Frequency[2]			
Employees	0.46	0.23	**0.86**
Contractors	0.52	0.57	**0.39**
Total Recordable Injury Frequency	0.51	0.52	**0.44**
Lost Time Injury Frequency[2]			
Employees	0.10	0.10	**0.32**
Contractors	0.08	0.11	**0.08**
Total Lost Time Injury Frequency	0.08	0.11	**0.10**

(1) Recordable injuries include permanent total disabilities, lost workday cases, restricted work cases, medical treatment cases and fatalities.

(2) Injury frequency is defined as the number of injuries per 200,000 exposure hours. Exposure hours are calculated using American Petroleum Institute methodology.

INDEPENDENT ASSURANCE REPORT

TO THE BOARD OF DIRECTORS AND MANAGEMENT OF ENCANA CORPORATION ("ENCANA")

We have reviewed selected performance indicators presented in Encana's Sustainability Report (the "Report") for the year ended December 31, 2014. A review does not constitute an audit and, consequently, we do not express an audit opinion on the selected performance indicators.

SUBJECT MATTER

We reviewed the selected performance indicators listed below and set out in the Report [GRI Reference]:

CORPORATE

Total number of reportable spills	[EN23] 156 spills
Estimated volume of reportable spills	[EN23] 4,676 barrels
Employee and contractor lost time injury frequency	[LA7] 0.10 (# of loss time incidents per 200K hours worked)
Employee and contractor total recordable injury frequency	[LA7] 0.44 (# of recordable injuries per 200K hours worked)

CANADIAN OPERATIONS

Canadian direct carbon dioxide equivalent	[EN16] 2,738 kilotonnes of carbon dioxide equivalent ($ktCO_2e$)

US OPERATIONS

US direct carbon dioxide equivalent	[EN16] 1,737 $ktCO_2e$

The performance indicators were chosen by Encana management primarily on the basis of perceived external stakeholder interest. We did not review the narrative sections of the Report except where they incorporated the performance indicators, nor did we review other indicators included in the Report.

RESPONSIBILITIES

Encana management is responsible for the collection and presentation of the performance indicators set out in the Report. Our responsibility is to express a conclusion, based on our assurance procedures, as to whether anything has come to our attention to suggest that the performance indicators are not presented fairly in accordance with the relevant criteria.

ASSURANCE STANDARDS AND PROCEDURES

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Federation of Accountants. As such, we planned and performed our work in order to provide limited assurance with respect to the performance indicators. We obtained and evaluated evidence using a variety of procedures including:

- Interviewing relevant management and staff responsible for data collection and reporting;
- Obtaining an understanding of the management systems, processes and the relevant controls used to generate, aggregate, and report the data at Encana operations and corporate office;
- Reviewing relevant documents and records on a sample basis;
- Testing and re-calculating information related to the selected performance indicators on a sample basis; and,
- Assessing the information for consistency with our knowledge of Encana's operations, including comparing Encana's assertions to publicly available third-party information.

Our assurance criteria comprised the Global Reporting Initiative (GRI) Sustainability Reporting 3.1 Guidelines (2011), industry standards, and Encana internal management definitions as disclosed in the Report, informed by relevant regulations. Our assurance team included individuals with environmental and assurance experience.

Environmental and energy use data are subject to inherent limitations of accuracy given the nature and the methods used for determining such data. The selection of different acceptable measurement techniques can result in materially different measurements. The precision of different measurement techniques may also vary.

CONCLUSION

Based on our work as described in this report, nothing has come to our attention that causes us to believe that the performance indicators are not, in all material respects, presented fairly in accordance with the relevant criteria. This report is intended solely for use by the Management and Board of Directors of Encana.

Deloitte LLP

Deloitte LLP
Calgary, Alberta, Canada
May 22, 2015

ADVISORIES AND TERMS

CURRENCY AND VOLUMES

All information included in this document has been prepared in accordance with United States ("U.S.") generally accepted accounting principles ("U.S." GAAP") and in U.S. dollars, except where another currency has been indicated. Production volumes are presented on an after royalties basis consistent with U.S. oil and gas reporting standards and the disclosure of U.S. oil and gas companies. The term "liquids" is used to represent oil, natural gas liquids ("NGLs") and condensate. The term "liquids rich" is used to represent natural gas streams with associated liquids volumes.

NON-GAAP MEASURES

Certain measures in this document do not have any standardized meaning as prescribed by U.S. GAAP and, therefore, are considered non-GAAP measures. Non-GAAP measures are commonly used in the oil and gas industry and by Encana to provide shareholders and potential investors with additional information regarding the Company's liquidity and its ability to generate funds to finance its operations. Non-GAAP measures include: Cash Flow; Operating Earnings; Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA"); Debt to Adjusted EBITDA; and Debt to Adjusted Capitalization. Further information can be found in the Non-GAAP Measures section of Encana's Management Discussion and Analysis for the year ended of December 31, 2014.

RESOURCE PLAY

Resource play is a term used by Encana to describe an accumulation of hydrocarbons known to exist over a large areal expanse and/or thick vertical section, which when compared to a conventional play typically has a lower geological and/or commercial development risk and lower average decline rate.

REFERENCES TO ENCANA

Unless otherwise specified or the context otherwise requires, reference to Encana or to the Company includes reference to subsidiaries of and partnership interests held by Encana Corporation and its subsidiaries.

DEFINITIONS

Aquifer – a body of permeable rock that can contain or transmit groundwater.

Deep saline – a deep underground rock formation composed of permeable materials and containing highly saline fluids.

Direct emissions – emissions resulting from our activities and that come from sources owned and controlled by us.

Flowback – water that is brought to the surface during the completions operations and may include fracturing fluids.

Indirect emissions – emissions that arise from our consumption of purchased electricity.

Motor vehicle incident – an incident which involves a motor vehicle in motion coming in contact with another vehicle, other property, person(s) or animal(s).

Non-potable water – water that is not of drinking water quality.

Produced water – water that is brought to the surface during the production of hydrocarbons. Produced water may include reused water or water produced from the geologic formation.

Reclamation – the process of restoring, improving or reclaiming disturbed land to productive uses and sustainability, or as defined and required by applicable regulatory agencies.

ABBREVIATIONS

bbls	barrels
bbls/d	barrels per day
Bcf	billion cubic feet
Bcf/d	billion cubic feet per day
$CO_2(e)$	carbon dioxide equivalent
CO_2	carbon dioxide
EBITDA	earnings before interest, taxes, depreciation and amortization
Mbbls	thousand barrels
Mbbls/d	thousand barrels per day
MMbbls	million barrels
MMbbls/d	million barrels per day
Mcf	thousand cubic feet
MMcf	million cubic feet
MMcf/d	million cubic feet per day
NGL	natural gas liquids
NO_x	nitrogen oxides
NPR	not previously reported
SO_2	sulphur dioxide
Tcf	trillion cubic feet

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