



take a closer look

Moving to LNG and CNG for Transportation “Highlighting the Business Case”

Fuel Forward: Propelling Transportation with Natural Gas
March 21, 2012



Highlighting the Business Case

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- Natural gas fundamentals
- Articulate the vision
- Walk the talk
- Market distribution
- Value distribution
- Detailed business example

Natural Gas Strategic Fit

Key part of a Western Canadian solution

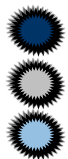
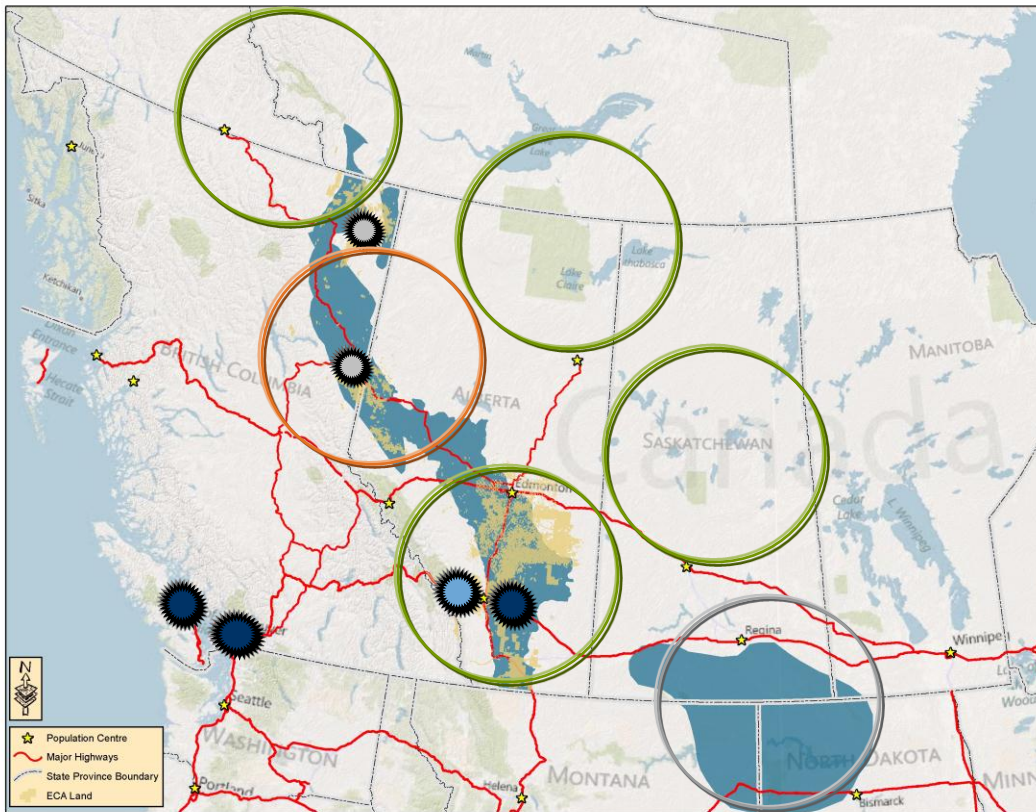
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Strategic Fit

- develop a natural gas region
- multiple markets, sectors
- co-exist & maximize reach
- economic sustainability

Proposed Impact

- address high emissions
- propel the economy
- reduce fuel cost profiles
- utilize local commodity



Current Source of LNG (~100,000 LNG gal/d) *

ECA Planned Source of LNG (~500,000 LNG gal/d)

Non-ECA Planned Source of LNG (~100,000 LNG gal/d)



Initial Service Area



Future Service Areas

* Represents current capacity at Fortis Tilbury, Fortis Mount Hayes, and Encana Cavalier

Natural Gas Fueling Projects through 2011

Paving Way for Transportation and Operations

- Infrastructure Investment
 - 5 CNG stations
 - 1 mini liquefaction plant
 - 6 mobile LNG stations
 - 1 fixed LNG station
- Vehicle Conversions
 - 200 Fleet Pick-up Trucks
 - 12 Demonstration Vehicles
- Operations
 - 14+ Drilling Rigs
 - Pilot Frac Pumping Project (4 units)
- Customer Fuel Sales
 - Internal and 3rd Party CNG
 - Over 200 3rd Party LNG Trucks committed
 - Internal sales for drilling rigs



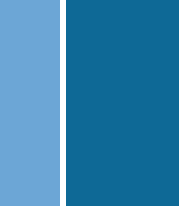
Louisiana CNG Station



Mobile LNG Station



Natural Gas Drilling Rig

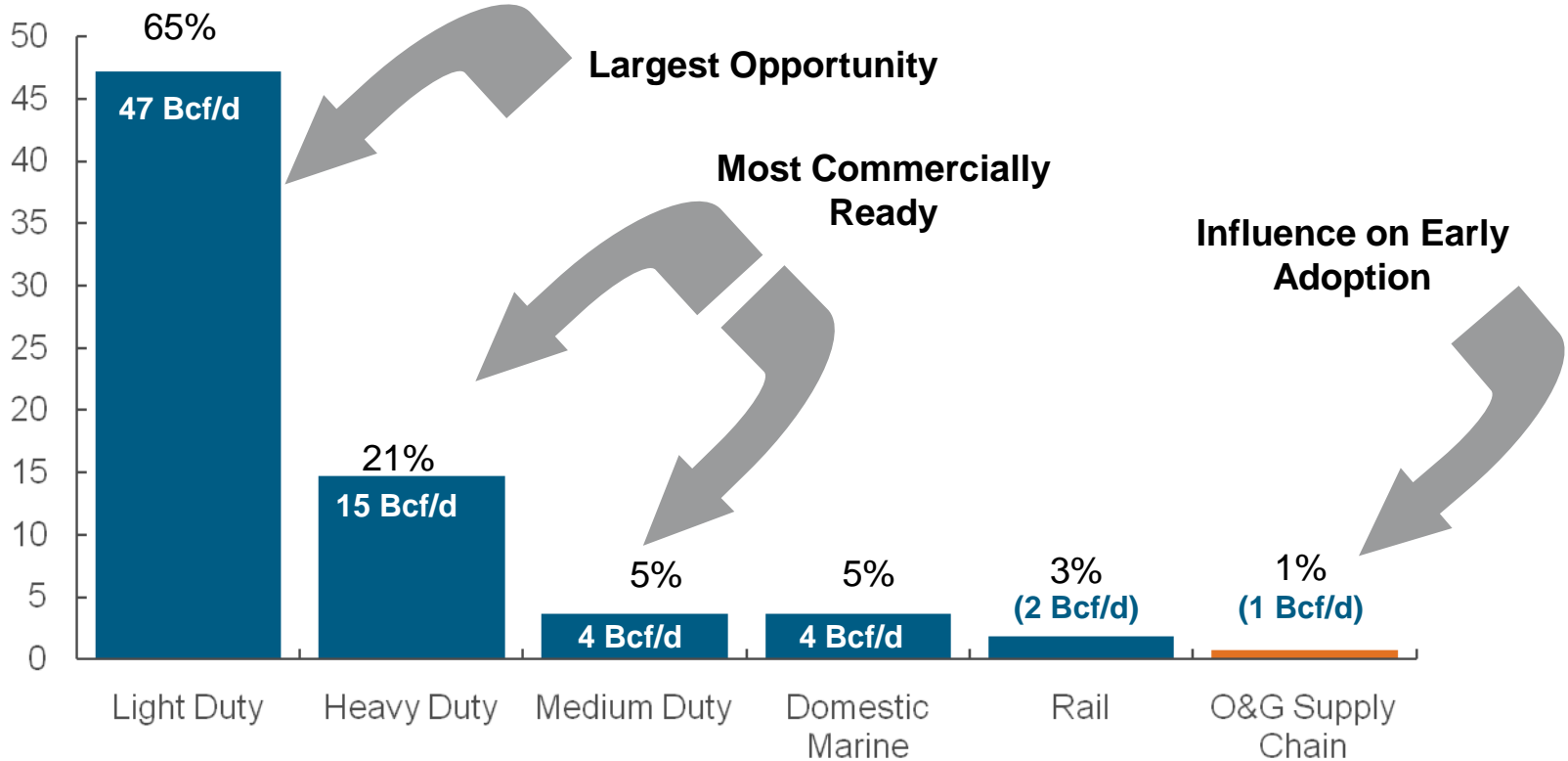


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Fuel Consumption by Market Segment

Displaceable Volume 73 Bcf/d

 Emission reduction efficiency (\$)



CNG

LNG is a solution for HD engines

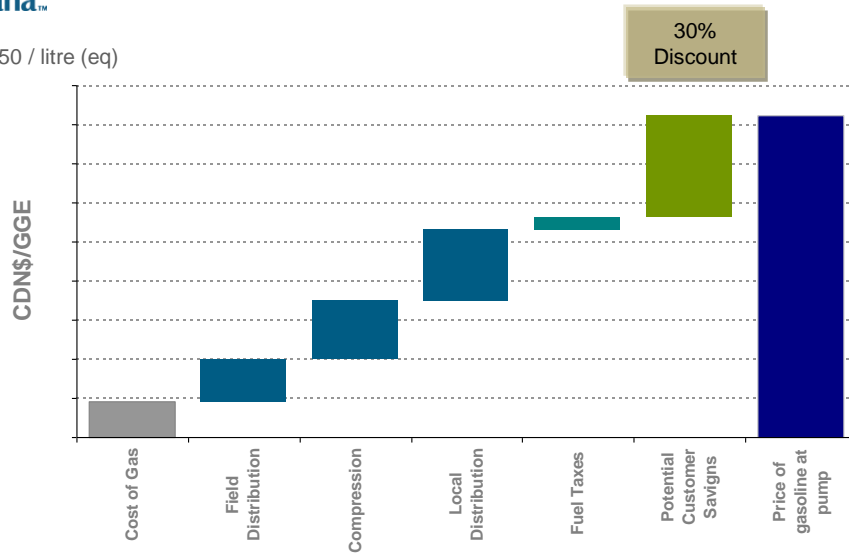
Source: Data and forecast from EIA, Encana

Economic Value Chain

Must work for all involved!

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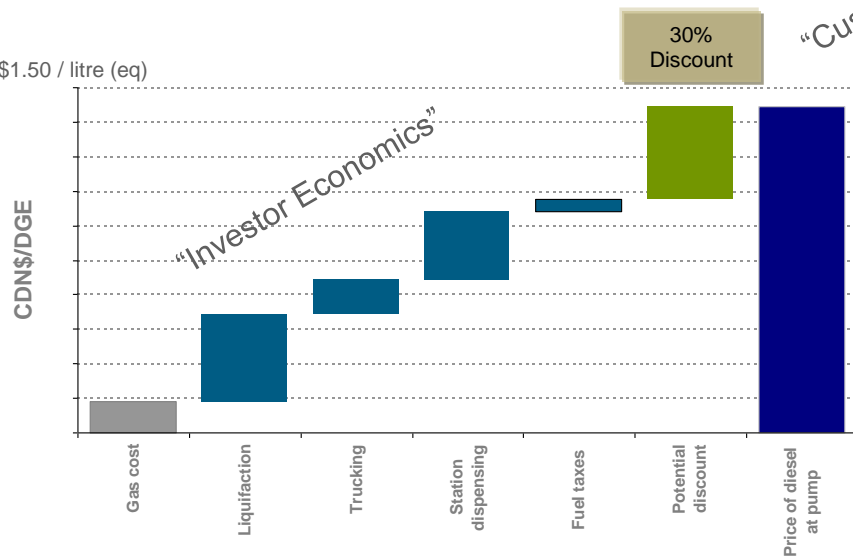
\$1.00 - \$1.50 / litre (eq)



CNG Activity:

- less intensive processing
- faster to implement
- lighter-duty applications
- more flexible to implement

\$1.00 - \$1.50 / litre (eq)



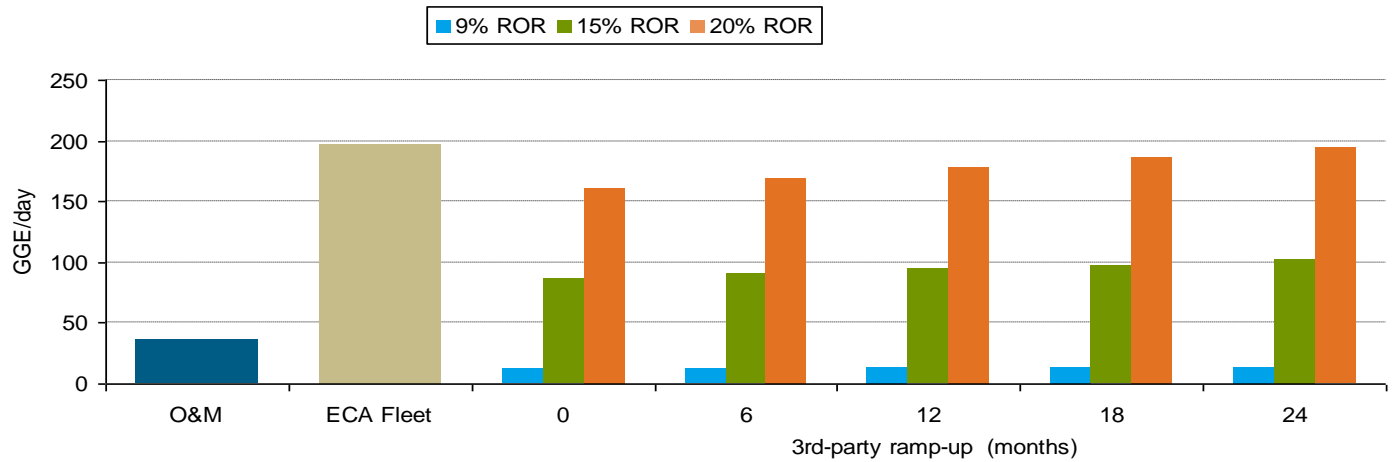
LNG Activity:

- more commercially ready
- more emissions impact
- heavier-duty applications
- better investment economics

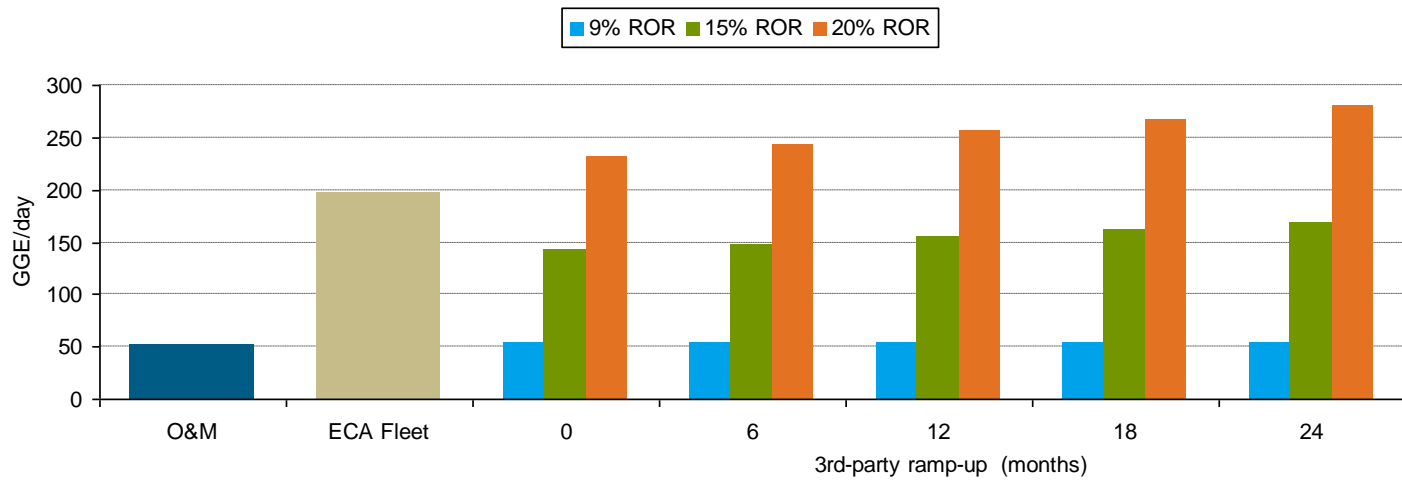
CNG Station Example

Investments dependant on throughput

Volume Requirement @ 20% Customer Savings



Volume Requirement @ 30% Customer Savings

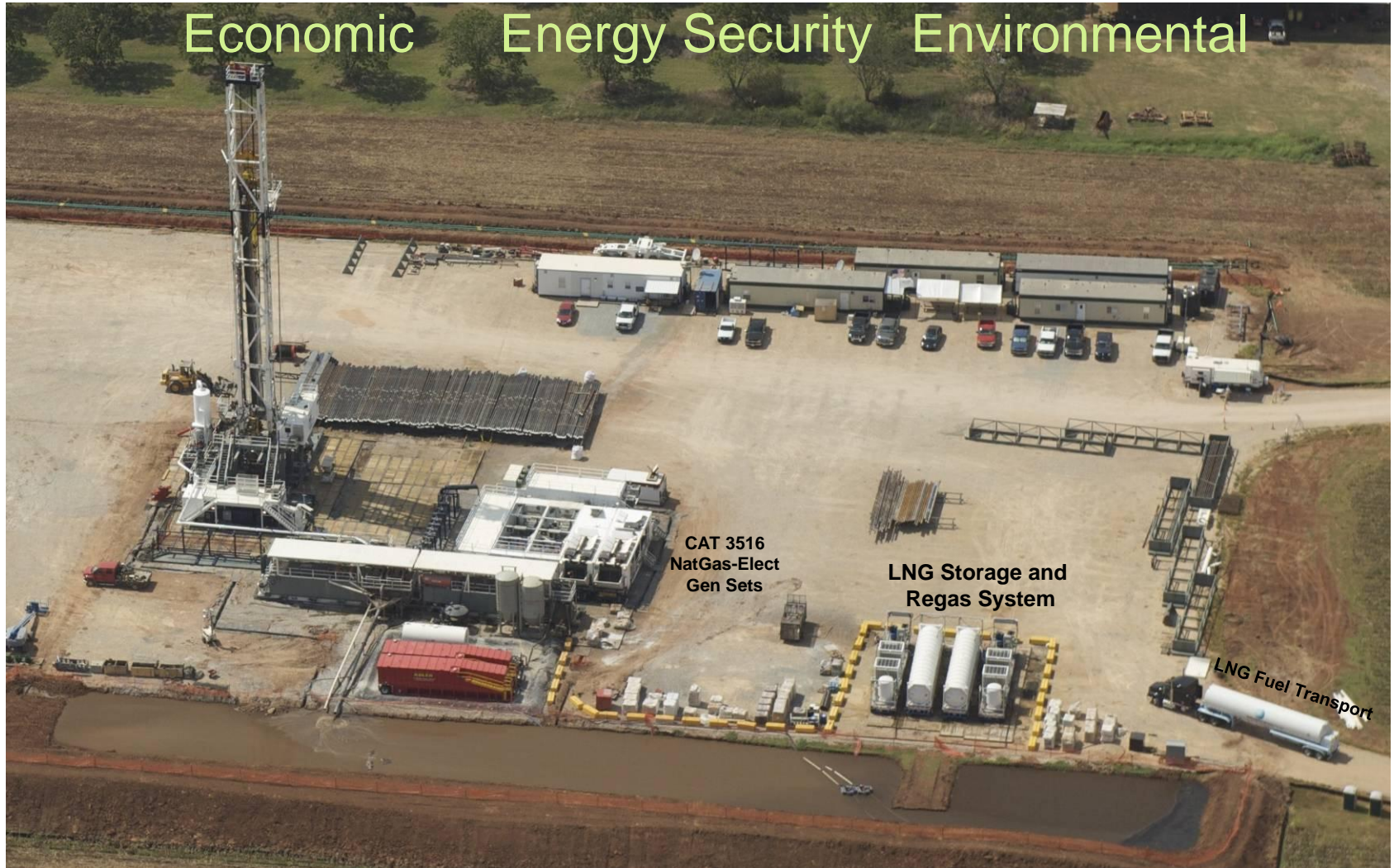


Driving the Transformation

Natural Gas on Drilling Sites

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Economic Energy Security Environmental



The process of instituting the transformation to natural gas begins at our drill sites

Cost-savings example (Drilling rig)

Diesel vs. LNG, Haynesville Shale 4-Well Pad

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	Gallons	\$
Build standard pad location	7,000	
Drilling, 40 days, 1,500 gal/day	60,000	
Frac, 17 stages, 4,000 gal/stage	68,000	
Total gallons/well, drill and frac	135,000	
Diesel Consumption, 4-well pad	540,000	
Total Cost, Diesel ⁽¹⁾		\$1,771,000
Equivalent LNG Consumption, 4-well pad with flash skid package	848,000 ⁽²⁾	<i>(>1,000 cars driving for 1 year)</i>
TOTAL COST, LNG ⁽³⁾		\$941,000

Fuel Cost Savings for 4-Well Pad Using LNG: \$830,000

(1) Pricing: \$3.28/gal on 8/2/11

(2) LNG equivalent = 540,000 gallons x 1.57

(3) Pricing: \$1.11/gal on 8/1/11

Natural Gas Summary – Fuel-Forward

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- Incredible opportunity available to us
- Investments and benefits can take many forms
- Market sustainability is achievable
- Value chain is a delicate one
- Economics largely depend on throughput
- Multiple levels of success obtainable
 - Economic growth
 - Incremental job creation
 - Emissions reduction
 - Fuel cost savings
 - Use of locally produced resource

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