Interim Consolidated Financial Statements

(unaudited)

For the period ended June 30, 2004

EnCana Corporation

U.S. DOLLARS

EnCana Corporation

CONSOLIDATED STATEMENT OF EARNINGS (unaudited)

(US$ millions, except per share amounts)		June 30 Three Months Ended 2004	2003	Six Months Ended 2004	2003
REVENUES, NET OF ROYALTIES	*(Note 5)*				
Upstream		**$ 1,975**	$ 1,492	**$ 3,783**	$ 3,142
Midstream & Marketing		**898**	839	**2,317**	1,932
Corporate		**(155)**	1	**(532)**	1
		2,718	2,332	**5,568**	5,075
EXPENSES	*(Note 5)*				
Production and mineral taxes		**96**	48	**161**	98
Transportation and selling		**162**	125	**324**	250
Operating		**346**	325	**699**	638
Purchased product		**822**	769	**2,109**	1,714
Depreciation, depletion and amortization		**733**	501	**1,357**	972
Administrative		**44**	43	**93**	80
Interest, net		**96**	67	**175**	131
Accretion of asset retirement obligation	*(Note 10)*	**5**	5	**12**	10
Foreign exchange loss (gain)	*(Note 7)*	**21**	(206)	**79**	(416)
Stock-based compensation		**4**	6	**9**	6
Gain on dispositions	*(Note 4)*	**(1)**	-	**(35)**	-
		2,328	1,683	**4,983**	3,483
NET EARNINGS BEFORE INCOME TAX		**390**	649	**585**	1,592
Income tax expense (recovery)	*(Note 8)*	**140**	(156)	**45**	137
NET EARNINGS FROM CONTINUING OPERATIONS		**250**	805	**540**	1,455
NET EARNINGS FROM DISCONTINUED OPERATIONS	*(Note 6)*	**-**	2	**-**	189
NET EARNINGS		**$ 250**	$ 807	**$ 540**	$ 1,644
NET EARNINGS FROM CONTINUING OPERATIONS PER COMMON SHARE	*(Note 13)*				
Basic		**$ 0.54**	$ 1.67	**$ 1.17**	$ 3.03
Diluted		**$ 0.54**	$ 1.66	**$ 1.16**	$ 3.01
NET EARNINGS PER COMMON SHARE	*(Note 13)*				
Basic		**$ 0.54**	$ 1.68	**$ 1.17**	$ 3.42
Diluted		**$ 0.54**	$ 1.67	**$ 1.16**	$ 3.40

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

(US$ millions)		Six Months Ended June 30, 2004	2003
RETAINED EARNINGS, BEGINNING OF YEAR			
As previously reported		**$ 5,276**	$ 3,457
Retroactive adjustment for changes in accounting policies		**-**	66
As restated		**5,276**	3,523
Net Earnings		**540**	1,644
Dividends on Common Shares		**(92)**	(68)
Charges for Normal Course Issuer Bid	*(Note 11)*	**(126)**	(6)
RETAINED EARNINGS, END OF PERIOD		**$ 5,598**	$ 5,093

See accompanying Notes to Consolidated Financial Statements.

EnCana Corporation

CONSOLIDATED BALANCE SHEET (unaudited)

(US$ millions)		As at June 30, 2004	As at December 31, 2003
ASSETS			
Current Assets			
Cash and cash equivalents		**$ 202**	$ 148
Accounts receivable and accrued revenues		**1,953**	1,367
Risk management	*(Note 14)*	**64**	-
Inventories		**545**	573
Assets held for sale	*(Note 3)*	**278**	-
		3,042	2,088
Property, Plant and Equipment, net	*(Note 5)*	**22,963**	19,545
Investments and Other Assets		**582**	566
Risk Management	*(Note 14)*	**91**	-
Goodwill		**2,298**	1,911
	(Note 5)	**$ 28,976**	$ 24,110
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities		**$ 2,004**	$ 1,579
Risk management	*(Note 14)*	**597**	-
Income tax payable		**408**	65
Current portion of long-term debt	*(Note 9)*	**733**	287
		3,742	1,931
Long-Term Debt	*(Note 9)*	**8,582**	6,088
Other Liabilities		**101**	21
Risk Management	*(Note 14)*	**122**	-
Asset Retirement Obligation	*(Note 10)*	**467**	430
Future Income Taxes		**4,557**	4,362
		17,571	12,832
Shareholders' Equity			
Share capital	*(Note 11)*	**5,382**	5,305
Share options, net		**25**	55
Paid in surplus		**37**	18
Retained earnings		**5,598**	5,276
Foreign currency translation adjustment		**363**	624
		11,405	11,278
		$ 28,976	$ 24,110

See accompanying Notes to Consolidated Financial Statements.

Interim Report
For the period ended June 30, 2004

PREPARED IN US$

EnCana Corporation

CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited)

		June 30			
		Three Months Ended		Six Months Ended	
(US$ millions)		**2004**	2003	**2004**	2003
OPERATING ACTIVITIES					
Net earnings from continuing operations		**$ 250**	$ 805	**$ 540**	$ 1,455
Depreciation, depletion and amortization		**733**	501	**1,357**	972
Future income taxes	*(Note 8)*	**(63)**	(102)	**(390)**	171
Unrealized loss on risk management	*(Note 14)*	**155**	-	**531**	-
Unrealized foreign exchange loss (gain)	*(Note 7)*	**32**	(211)	**71**	(389)
Accretion of asset retirement obligation	*(Note 10)*	**5**	5	**12**	10
Gain on dispositions	*(Note 4)*	**(1)**	-	**(35)**	-
Other		**20**	41	**40**	11
Cash flow from continuing operations		**1,131**	1,039	**2,126**	2,230
Cash flow from discontinued operations		**-**	(32)	**-**	(2)
Cash flow		**1,131**	1,007	**2,126**	2,228
Net change in other assets and liabilities		**(41)**	17	**(46)**	29
Net change in non-cash working capital from continuing operations		**(294)**	10	**173**	41
Net change in non-cash working capital from discontinued operations		**-**	46	**-**	57
		796	1,080	**2,253**	2,355
INVESTING ACTIVITIES					
Business combination with Tom Brown, Inc.	*(Note 3)*	**(2,335)**	-	**(2,335)**	-
Capital expenditures	*(Note 5)*	**(1,207)**	(1,082)	**(2,745)**	(2,093)
Proceeds on disposal of property, plant and equipment		**106**	12	**131**	19
Dispositions (acquisitions)	*(Note 4)*	**-**	-	**288**	(116)
Equity investments	*(Note 4)*	**-**	(88)	**44**	(133)
Net change in investments and other		**(20)**	(4)	**(22)**	(27)
Net change in non-cash working capital from continuing operations		**(131)**	(24)	**(46)**	(158)
Discontinued operations		**-**	(11)	**-**	1,278
		(3,587)	(1,197)	**(4,685)**	(1,230)
FINANCING ACTIVITIES					
Issuance of long-term debt		**3,195**	361	**3,195**	361
Repayment of long-term debt		**(433)**	-	**(536)**	(892)
Issuance of common shares	*(Note 11)*	**43**	54	**154**	83
Purchase of common shares	*(Note 11)*	**(12)**	(122)	**(230)**	(122)
Dividends on common shares		**(46)**	(35)	**(92)**	(68)
Other		**(4)**	(12)	**(5)**	(13)
Discontinued operations		**-**	-	**-**	(282)
		2,743	246	**2,486**	(933)
DEDUCT: FOREIGN EXCHANGE LOSS ON CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCY		**-**	6	**-**	8
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(48)**	123	**54**	184
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		**250**	177	**148**	116
CASH AND CASH EQUIVALENTS, END OF PERIOD		**$ 202**	$ 300	**$ 202**	$ 300

See accompanying Notes to Consolidated Financial Statements.

EnCana Corporation

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in US$ millions unless otherwise specified)

1. BASIS OF PRESENTATION

The interim Consolidated Financial Statements include the accounts of EnCana Corporation and its subsidiaries (the "Company"), and are presented in accordance with Canadian generally accepted accounting principles. The Company is in the business of exploration for, and production and marketing of, natural gas, natural gas liquids and crude oil, as well as natural gas storage operations, natural gas liquids processing and power generation operations.

The interim Consolidated Financial Statements have been prepared following the same accounting policies and methods of computation as the annual audited Consolidated Financial Statements for the year ended December 31, 2003, except as noted below. The disclosures provided below are incremental to those included with the annual audited Consolidated Financial Statements. The interim Consolidated Financial Statements should be read in conjunction with the annual audited Consolidated Financial Statements and the notes thereto for the year ended December 31, 2003.

2. CHANGE IN ACCOUNTING POLICIES AND PRACTICES

Hedging Relationships

On January 1, 2004, the Company adopted the amendments made to Accounting Guideline 13 (“AcG - 13”) “Hedging Relationships”, and EIC 128, “Accounting for Trading, Speculative or Non Trading Derivative Financial Instruments”. Derivative instruments that do not qualify as a hedge under AcG - 13, or are not designated as a hedge, are recorded in the Consolidated Balance Sheet as either an asset or liability with changes in fair value recognized in net earnings. The Company has elected not to designate any of its price risk management activities in place at June 30, 2004 as accounting hedges under AcG - 13 and, accordingly, will account for all these non-hedging derivatives using the mark-to-market accounting method. The impact on the Company’s Consolidated Financial Statements at January 1, 2004 resulted in the recognition of risk management assets with a fair value of $145 million, risk management liabilities with a fair value of $380 million and a net deferred loss of $235 million which will be recognized into net earnings as the contracts expire. At June 30, 2004, it is estimated that over the following 12 months, $102 million ($72 million, net of tax) will be reclassified into net earnings from net deferred losses.

The following table presents the deferred amounts expected to be recognized in net earnings as unrealized gains/(losses) over the years 2004 to 2008:

		Unrealized Gain/(Loss)
2004		
Quarter 3	$	(51)
Quarter 4		(64)
Total remaining to be recognized in 2004	$	(115)
2005		
Quarter 1	$	-
Quarter 2		13
Quarter 3		9
Quarter 4		9
Total to be recognized in 2005	$	31
2006		24
2007		15
2008		1
Total to be recognized	$	(44)

At June 30, 2004, the remaining net deferred loss totalled $44 million of which $139 million was recorded in Accounts receivable and accrued revenues, $3 million in Investments and other assets, $37 million in Accounts payable and accrued liabilities and $61 million in Other liabilities.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in US$ millions unless otherwise specified)

3. BUSINESS COMBINATION WITH TOM BROWN, INC.

In May 2004, the Company completed the tender offer for the common shares of Tom Brown, Inc., a Denver based independent energy company for total cash consideration of $2.3 billion.

The business combination has been accounted for using the purchase method with results of operations of Tom Brown, Inc. included in the Consolidated Financial Statements from the date of acquisition.

The calculation of the purchase price and the preliminary allocation to assets and liabilities is shown below. The purchase price and goodwill allocation is preliminary because certain items such as determination of the final tax bases and fair values of the assets and liabilities as of the acquisition date have not been completed.

Calculation of Purchase Price		
Cash paid for common shares of Tom Brown, Inc.	$	2,341
Transaction costs		13
Total purchase price	$	2,354
Plus: Fair value of liabilities assumed		
Current liabilities		276
Long-term debt		406
Other non-current liabilities		39
Future income taxes		710
Total Purchase Price and Liabilities Assumed	$	3,785
Fair Value of Assets Acquired		
Current assets (including cash acquired of $19 million)	$	440
Property, plant, and equipment		2,879
Other non-current assets		9
Goodwill		457
Total Fair Value of Assets Acquired	$	3,785

Included in current assets as Assets held for sale is $278 million related to the value of certain oil and gas properties located in west Texas and southwestern New Mexico and the assets of Sauer Drilling Company, a subsidiary of Tom Brown, Inc., which the Company has entered into purchase and sale agreements. These transactions are expected to close in the third quarter of 2004.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in US$ millions unless otherwise specified)

4. DISPOSITIONS (ACQUISITIONS)

In March 2004, the Company sold its investment in a well servicing company for approximately $44 million, recording a gain on sale of $34 million.

On February 18, 2004, the Company sold its 53.3 percent interest in Petrovera Resources ("Petrovera") for approximately $288 million, including working capital adjustments. In order to facilitate the transaction, EnCana purchased the 46.7 percent interest of its partner for approximately $253 million, including working capital adjustments, and then sold the 100 percent interest in Petrovera for a total of approximately $541 million, including working capital adjustments. There was no gain or loss recorded on this sale.

On January 31, 2003, the Company acquired the Ecuadorian interests of Vintage Petroleum Inc. ("Vintage") for net cash consideration of $116 million. This purchase was accounted for using the purchase method with the results reflected in the consolidated results of EnCana from the date of acquisition.

Other dispositions of discontinued operations are disclosed in Note 6.

5. SEGMENTED INFORMATION

The Company has defined its continuing operations into the following segments:

- Upstream includes the Company’s exploration for, and development and production of, natural gas, natural gas liquids and crude oil and other related activities. The majority of the Company's Upstream operations are located in Canada, the United States, the United Kingdom and Ecuador. International new venture exploration is mainly focused on opportunities in Africa, South America and the Middle East.

- Midstream & Marketing includes natural gas storage operations, natural gas liquids processing and power generation operations, as well as marketing activities. These marketing activities include the sale and delivery of produced product and the purchasing of third party product primarily for the optimization of midstream assets, as well as the optimization of transportation arrangements not fully utilized for the Company's own production.

- Corporate includes unrealized gains or losses recorded on derivative instruments. Once amounts are settled, the realized gains and losses are recorded in the operating segment to which the derivative instrument relates.

Midstream & Marketing purchases all of the Company's North American Upstream production. Transactions between business segments are based on market values and eliminated on consolidation. The tables in this note present financial information on an after eliminations basis.

Operations that have been discontinued are disclosed in Note 6.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in US$ millions unless otherwise specified)

5. SEGMENTED INFORMATION (continued)

Results of Operations (For the three months ended June 30)

	Upstream		Midstream & Marketing	
	2004	2003	**2004**	2003
Revenues, Net of Royalties	**$ 1,975**	$ 1,492	**$ 898**	$ 839
Expenses				
Production and mineral taxes	**96**	48	**-**	-
Transportation and selling	**154**	110	**8**	15
Operating	**280**	242	**69**	83
Purchased product	**-**	-	**822**	769
Depreciation, depletion and amortization	**674**	483	**45**	7
Segment Income	**$ 771**	$ 609	**$ (46)**	$ (35)

	Corporate		Consolidated	
	2004	2003	**2004**	2003
Revenues, Net of Royalties *	**$ (155)**	$ 1	**$ 2,718**	$ 2,332
Expenses				
Production and mineral taxes	**-**	-	**96**	48
Transportation and selling	**-**	-	**162**	125
Operating	**(3)**	-	**346**	325
Purchased product	**-**	-	**822**	769
Depreciation, depletion and amortization	**14**	11	**733**	501
Segment Income	**$ (166)**	$ (10)	**559**	564
Administrative			**44**	43
Interest, net			**96**	67
Accretion of asset retirement obligation			**5**	5
Foreign exchange loss (gain)			**21**	(206)
Stock-based compensation			**4**	6
Gain on dispositions			**(1)**	-
			169	(85)
Net Earnings Before Income Tax			**390**	649
Income tax expense (recovery)			**140**	(156)
Net Earnings from Continuing Operations			**$ 250**	**$** 805

* Corporate revenue primarily reflects unrealized gains or losses recorded on derivative instruments. See also Note 14.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in US$ millions unless otherwise specified)

5. SEGMENTED INFORMATION (continued)

Results of Operations (For the three months ended June 30)

Upstream	Canada		United States		Ecuador	
	2004	2003	**2004**	2003	**2004**	2003
Revenues, Net of Royalties	**$ 1,266**	$ 1,084	**$ 443**	$ 253	**$ 147**	$ 75
Expenses						
Production and mineral taxes	**18**	20	**65**	24	**13**	4
Transportation and selling	**84**	80	**45**	19	**14**	8
Operating	**161**	158	**28**	15	**29**	19
Depreciation, depletion and amortization	**435**	365	**117**	67	**69**	31
Segment Income	**$ 568**	$ 461	**$ 188**	$ 128	**$ 22**	$ 13

Transportation and selling in 2004 for the United States includes a one-time payment of $21 million made to terminate a long-term physical delivery contract.

	U.K. North Sea		Other		Total Upstream	
	2004	2003	**2004**	2003	**2004**	2003
Revenues, Net of Royalties	**$ 65**	$ 24	**$ 54**	$ 56	**$ 1,975**	$ 1,492
Expenses						
Production and mineral taxes	**-**	-	**-**	-	**96**	48
Transportation and selling	**11**	3	**-**	-	**154**	110
Operating	**14**	4	**48**	46	**280**	242
Depreciation, depletion and amortization	**34**	19	**19**	1	**674**	483
Segment Income	**$ 6**	$ (2)	**$ (13)**	$ 9	**$ 771**	$ 609

Midstream & Marketing	Midstream		Marketing		Total Midstream & Marketing	
	2004	2003	**2004**	2003	**2004**	2003
Revenues	**$ 172**	$ 151	**$ 726**	$ 688	**$ 898**	$ 839
Expenses						
Transportation and selling	**-**	-	**8**	15	**8**	15
Operating	**56**	52	**13**	31	**69**	83
Purchased product	**118**	107	**704**	662	**822**	769
Depreciation, depletion and amortization	**43**	7	**2**	-	**45**	7
Segment Income	**$ (45)**	$ (15)	**$ (1)**	$ (20)	**$ (46)**	$ (35)

Midstream Depreciation, depletion and amortization in 2004 includes a $35 million impairment charge on the Company's interest in Oleoducto Trasandino in Argentina and Chile.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in US$ millions unless otherwise specified)

5. SEGMENTED INFORMATION (continued)

Upstream Geographic and Product Information (For the three months ended June 30)

Produced Gas

	Produced Gas							
	Canada		United States		U.K. North Sea		Total	
	2004	2003	**2004**	2003	**2004**	2003	**2004**	2003
Revenues, Net of Royalties	**$ 981**	$ 803	**$ 406**	$ 230	**$ 13**	$ 3	**$ 1,400**	$ 1,036
Expenses								
Production and mineral taxes	**13**	14	**60**	24	**-**	-	**73**	38
Transportation and selling	**69**	61	**45**	19	**8**	3	**122**	83
Operating	**97**	82	**28**	15	**-**	-	**125**	97
Operating Cash Flow	**$ 802**	$ 646	**$ 273**	$ 172	**$ 5**	$ -	**$ 1,080**	$ 818

Transportation and selling in 2004 for the United States includes a one-time payment of $21 million made to terminate a long-term physical delivery contract.

Oil & NGLs

	Oil & NGLs					
	Canada		United States		Ecuador	
	2004	2003	**2004**	2003	**2004**	2003
Revenues, Net of Royalties	**$ 285**	$ 281	**$ 37**	$ 23	**$ 147**	$ 75
Expenses						
Production and mineral taxes	**5**	6	**5**	-	**13**	4
Transportation and selling	**15**	19	**-**	-	**14**	8
Operating	**64**	76	**-**	-	**29**	19
Operating Cash Flow	**$ 201**	$ 180	**$ 32**	$ 23	**$ 91**	$ 44

	Oil & NGLs			
	U.K. North Sea		Total	
	2004	2003	**2004**	2003
Revenues, Net of Royalties	**$ 52**	$ 21	**$ 521**	$ 400
Expenses				
Production and mineral taxes	**-**	-	**23**	10
Transportation and selling	**3**	-	**32**	27
Operating	**14**	4	**107**	99
Operating Cash Flow	**$ 35**	$ 17	**$ 359**	$ 264

Other & Total Upstream

	Other		Total Upstream	
	2004	2003	**2004**	2003
Revenues, Net of Royalties	**$ 54**	$ 56	**$ 1,975**	$ 1,492
Expenses				
Production and mineral taxes	**-**	-	**96**	48
Transportation and selling	**-**	-	**154**	110
Operating	**48**	46	**280**	242
Operating Cash Flow	**$ 6**	$ 10	**$ 1,445**	$ 1,092

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in US$ millions unless otherwise specified)

5. SEGMENTED INFORMATION (continued)

Results of Operations (For the six months ended June 30)

	Upstream		Midstream & Marketing	
	2004	2003	**2004**	2003
Revenues, Net of Royalties	**$ 3,783**	$ 3,142	**$ 2,317**	$ 1,932
Expenses				
Production and mineral taxes	**161**	98	**-**	-
Transportation and selling	**308**	217	**16**	33
Operating	**557**	461	**147**	177
Purchased product	**-**	-	**2,109**	1,714
Depreciation, depletion and amortization	**1,275**	942	**52**	12
Segment Income	**$ 1,482**	$ 1,424	**$ (7)**	$ (4)

	Corporate		Consolidated	
	2004	2003	**2004**	2003
Revenues, Net of Royalties *	**$ (532)**	$ 1	**$ 5,568**	$ 5,075
Expenses				
Production and mineral taxes	**-**	-	**161**	98
Transportation and selling	**-**	-	**324**	250
Operating	**(5)**	-	**699**	638
Purchased product	**-**	-	**2,109**	1,714
Depreciation, depletion and amortization	**30**	18	**1,357**	972
Segment Income	**$ (557)**	$ (17)	**918**	1,403
Administrative			**93**	80
Interest, net			**175**	131
Accretion of asset retirement obligation			**12**	10
Foreign exchange loss (gain)			**79**	(416)
Stock-based compensation			**9**	6
Gain on dispositions			**(35)**	-
			333	(189)
Net Earnings Before Income Tax			**585**	1,592
Income tax expense (recovery)			**45**	137
Net Earnings from Continuing Operations			**$ 540**	**$** 1,455

* Corporate revenue primarily reflects unrealized gains or losses recorded on derivative instruments. See also Note 14.

PREPARED IN US$

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in US$ millions unless otherwise specified)

5. SEGMENTED INFORMATION (continued)

Results of Operations (For the six months ended June 30)

Upstream	Canada		United States		Ecuador	
	2004	2003	**2004**	2003	**2004**	2003
Revenues, Net of Royalties	**$ 2,487**	$ 2,271	**$ 801**	$ 564	**$ 273**	$ 162
Expenses						
Production and mineral taxes	**38**	29	**99**	53	**24**	16
Transportation and selling	**186**	161	**70**	34	**33**	15
Operating	**335**	312	**48**	25	**59**	34
Depreciation, depletion and amortization	**851**	712	**199**	133	**134**	54
Segment Income	**$ 1,077**	$ 1,057	**$ 385**	$ 319	**$ 23**	$ 43

Transportation and selling in 2004 for the United States includes a one-time payment of $21 million made to terminate a long-term physical delivery contract.

	U.K. North Sea		Other		Total Upstream	
	2004	2003	**2004**	2003	**2004**	2003
Revenues, Net of Royalties	**$ 118**	$ 56	**$ 104**	$ 89	**$ 3,783**	$ 3,142
Expenses						
Production and mineral taxes	**-**	-	**-**	-	**161**	98
Transportation and selling	**19**	7	**-**	-	**308**	217
Operating	**20**	7	**95**	83	**557**	461
Depreciation, depletion and amortization	**67**	41	**24**	2	**1,275**	942
Segment Income	**$ 12**	$ 1	**$ (15)**	$ 4	**$ 1,482**	$ 1,424

Midstream & Marketing	Midstream		Marketing		Total Midstream & Marketing	
	2004	2003	**2004**	2003	**2004**	2003
Revenues	**$ 723**	$ 469	**$ 1,594**	$ 1,463	**$ 2,317**	$ 1,932
Expenses						
Transportation and selling	**-**	-	**16**	33	**16**	33
Operating	**127**	131	**20**	46	**147**	177
Purchased product	**567**	311	**1,542**	1,403	**2,109**	1,714
Depreciation, depletion and amortization	**50**	11	**2**	1	**52**	12
Segment Income	**$ (21)**	$ 16	**$ 14**	$ (20)	**$ (7)**	$ (4)

Midstream Depreciation, depletion and amortization in 2004 includes a $35 million impairment charge on the Company's interest in Oleoducto Trasandino in Argentina and Chile.

EnCana Corporation

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in US$ millions unless otherwise specified)

5. SEGMENTED INFORMATION (continued)

Upstream Geographic and Product Information (For the six months ended June 30)

Produced Gas

	Produced Gas							
	Canada		United States		U.K. North Sea		Total	
	2004	2003	**2004**	2003	**2004**	2003	**2004**	2003
Revenues, Net of Royalties	**$ 1,917**	$ 1,728	**$ 736**	$ 517	**$ 26**	$ 6	**$ 2,679**	$ 2,251
Expenses								
Production and mineral taxes	**28**	18	**91**	52	**-**	-	**119**	70
Transportation and selling	**150**	122	**70**	34	**12**	5	**232**	161
Operating	**198**	169	**48**	25	**-**	-	**246**	194
Operating Cash Flow	**$ 1,541**	$ 1,419	**$ 527**	$ 406	**$ 14**	$ 1	**$ 2,082**	$ 1,826

Transportation and selling in 2004 for the United States includes a one-time payment of $21 million made to terminate a long-term physical delivery contract.

Oil & NGLs

	Oil & NGLs					
	Canada		United States		Ecuador	
	2004	2003	**2004**	2003	**2004**	2003
Revenues, Net of Royalties	**$ 570**	$ 543	**$ 65**	$ 47	**$ 273**	$ 162
Expenses						
Production and mineral taxes	**10**	11	**8**	1	**24**	16
Transportation and selling	**36**	39	**-**	-	**33**	15
Operating	**137**	143	**-**	-	**59**	34
Operating Cash Flow	**$ 387**	$ 350	**$ 57**	$ 46	**$ 157**	$ 97

	Oil & NGLs			
	U.K. North Sea		Total	
	2004	2003	**2004**	2003
Revenues, Net of Royalties	**$ 92**	$ 50	**$ 1,000**	$ 802
Expenses				
Production and mineral taxes	**-**	-	**42**	28
Transportation and selling	**7**	2	**76**	56
Operating	**20**	7	**216**	184
Operating Cash Flow	**$ 65**	$ 41	**$ 666**	$ 534

Other & Total Upstream

	Other		Total Upstream	
	2004	2003	**2004**	2003
Revenues, Net of Royalties	**$ 104**	$ 89	**$ 3,783**	$ 3,142
Expenses				
Production and mineral taxes	**-**	-	**161**	98
Transportation and selling	**-**	-	**308**	217
Operating	**95**	83	**557**	461
Operating Cash Flow	**$ 9**	$ 6	**$ 2,757**	$ 2,366

EnCana Corporation

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in US$ millions unless otherwise specified)

5. SEGMENTED INFORMATION (continued)

Capital Expenditures

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	**2004**	2003
Upstream				
Canada	**$ 675**	$ 679	**$ 1,703**	$ 1,386
United States	**316**	196	**526**	346
Ecuador	**56**	34	**110**	107
United Kingdom	**116**	10	**329**	26
Other Countries	**19**	31	**34**	48
	1,182	950	**2,702**	1,913
Midstream & Marketing	**16**	113	**25**	149
Corporate	**9**	19	**18**	31
Total	**$ 1,207**	$ 1,082	**$ 2,745**	$ 2,093

Property, Plant and Equipment and Total Assets

	Property, Plant and Equipment		Total Assets	
	As at		As at	
	June 30, 2004	December 31, 2003	**June 30, 2004**	December 31, 2003
Upstream	**$ 21,980**	$ 18,532	**$ 26,373**	$ 21,742
Midstream & Marketing	**768**	784	**1,763**	1,879
Corporate	**215**	229	**840**	489
Total	**$ 22,963**	$ 19,545	**$ 28,976**	$ 24,110

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in US$ millions unless otherwise specified)

6. DISCONTINUED OPERATIONS

On February 28, 2003, the Company completed the sale of its 10 percent working interest in the Syncrude Joint Venture ("Syncrude") to Canadian Oil Sands Limited for net cash consideration of C$1,026 million ($690 million). On July 10, 2003, the Company completed the sale of the remaining 3.75 percent interest in Syncrude and a gross overriding royalty for net cash consideration of C$427 million ($309 million). There was no gain or loss on this sale.

On January 2, 2003 and January 9, 2003, the Company completed the sales of its interests in the Cold Lake Pipeline System and Express Pipeline System for total consideration of approximately C$1.6 billion ($1 billion), including assumption of related long-term debt by the purchaser, and recorded an after-tax gain on sale of C$263 million ($169 million).

As all discontinued operations have either been disposed of or wind up has been completed by December 31, 2003, there are no remaining assets or liabilities on the Consolidated Balance Sheet. The following tables present the effect of the discontinued operations on the Consolidated Statement of Earnings for 2003:

Consolidated Statement of Earnings

	For the three months ended June 30, 2003		
	Syncrude	Midstream - Pipelines	Total
Revenues, Net of Royalties	$ 19	$ -	$ 19
Expenses			
Transportation and selling	1	-	1
Operating	14	-	14
Depreciation, depletion and amortization	1	-	1
Gain on discontinuance	-	-	-
	16	-	16
Net Earnings Before Income Tax	3	-	3
Income tax expense	1	-	1
Net Earnings from Discontinued Operations	$ 2	$ -	$ 2

Consolidated Statement of Earnings

	For the six months ended June 30, 2003		
	Syncrude	Midstream - Pipelines	Total
Revenues, Net of Royalties	$ 79	$ -	$ 79
Expenses			
Transportation and selling	2	-	2
Operating	42	-	42
Depreciation, depletion and amortization	6	-	6
Gain on discontinuance	-	(220)	(220)
	50	(220)	(170)
Net Earnings Before Income Tax	29	220	249
Income tax expense	9	51	60
Net Earnings from Discontinued Operations	$ 20	$ 169	$ 189

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in US$ millions unless otherwise specified)

7. FOREIGN EXCHANGE LOSS (GAIN)

	Three Months Ended June 30, 2004	Three Months Ended June 30, 2003	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003
Unrealized Foreign Exchange Loss (Gain) on Translation of U.S. Dollar Debt Issued in Canada	**$ 32**	$ (211)	**$ 71**	$ (389)
Realized Foreign Exchange Loss (Gain)	**(11)**	5	**8**	(27)
	$ 21	$ (206)	**$ 79**	$ (416)

8. INCOME TAXES

The provision for income taxes is as follows:

	Three Months Ended June 30, 2004	Three Months Ended June 30, 2003	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003
Current				
Canada	**$ 160**	$ (61)	**$ 365**	$ (49)
United States	**7**	-	**15**	-
Ecuador	**35**	5	**54**	13
United Kingdom	**-**	2	**-**	2
Other	**1**	-	**1**	-
Total Current Tax	**203**	(54)	**435**	(34)
Future	**(63)**	260	**(281)**	533
Future Tax Rate Reductions *	**-**	(362)	**(109)**	(362)
Total Future Tax	**(63)**	(102)	**(390)**	171
	$ 140	$ (156)	**$ 45**	$ 137

* On March 31, 2004, the Alberta government substantively enacted the income tax rate reduction previously announced in February 2004.

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

	Three Months Ended June 30, 2004	Three Months Ended June 30, 2003	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003
Net Earnings Before Income Tax	**$ 390**	$ 649	**$ 585**	$ 1,592
Canadian Statutory Rate	**39.1%**	41.0%	**39.1%**	41.0%
Expected Income Taxes	**153**	266	**229**	652
Effect on Taxes Resulting from:				
Non-deductible Canadian crown payments	**51**	54	**103**	132
Canadian resource allowance	**(59)**	(45)	**(116)**	(150)
Canadian resource allowance on unrealized risk management losses	**6**	-	**27**	-
Statutory and other rate differences	**(21)**	(13)	**(30)**	(24)
Effect of tax rate changes	**-**	(362)	**(109)**	(362)
Non-taxable capital gains	**7**	(36)	**14**	(70)
Previously unrecognized capital losses	**2**	-	**15**	-
Tax recovery on dispositions	**(23)**	-	**(103)**	-
Large corporations tax	**3**	10	**7**	17
Other	**21**	(30)	**8**	(58)
	$ 140	$ (156)	**$ 45**	$ 137
Effective Tax Rate	**35.9%**	(24.0%)	**7.7%**	8.6%

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in US$ millions unless otherwise specified)

9. LONG-TERM DEBT

	As at June 30, 2004	As at December 31, 2003
Canadian Dollar Denominated Debt		
Revolving credit and term loan borrowings	**$ 1,660**	$ 1,425
Unsecured notes and debentures	**1,250**	1,335
Preferred securities	**149**	252
	3,059	3,012
U.S. Dollar Denominated Debt		
Revolving credit and term loan borrowings	**2,306**	417
Unsecured notes and debentures	**3,722**	2,713
Preferred securities	**150**	150
	6,178	3,280
Increase in Value of Debt Acquired *	**78**	83
Current Portion of Long-Term Debt	**(733)**	(287)
	$ 8,582	$ 6,088

* Certain of the notes and debentures of the Company were acquired in business combinations and were accounted for at their fair value at the dates of acquisition. The difference between the fair value and the principal amount of the debt is being amortized over the remaining life of the outstanding debt acquired, approximately 27 years.

To fund the acquisition of Tom Brown, Inc., the Company arranged a $3 billion non-revolving term loan facility with a group of the Company's lenders. Currently the facility size has been reduced to $1.8 billion with a drawn amount of $1.7 billion. Amounts borrowed under the facility are to be repaid as follows: 25 percent within nine months of initial drawdown, a further 50 percent within 15 months of the initial drawdown and the final 25 percent within 24 months of initial drawdown.

10. ASSET RETIREMENT OBLIGATION

The following table presents the reconciliation of the beginning and ending aggregate carrying amount of the obligation associated with the retirement of oil and gas properties:

	As at June 30, 2004	As at December 31, 2003
Asset Retirement Obligation, Beginning of Year	**$ 430**	$ 309
Liabilities Incurred	**55**	64
Liabilities Settled	**(6)**	(23)
Liabilities Disposed	**(13)**	-
Accretion Expense	**12**	19
Other	**(11)**	61
Asset Retirement Obligation, End of Period	**$ 467**	$ 430

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in US$ millions unless otherwise specified)

11. SHARE CAPITAL

(millions)	**June 30, 2004** Number		Amount	December 31, 2003 Number		Amount
Common Shares Outstanding, Beginning of Year	**460.6**	**$**	**5,305**	478.9	$	5,511
Shares Issued under Option Plans	**5.9**		**154**	5.5		114
Shares Repurchased	**(5.5)**		**(77)**	(23.8)		(320)
Common Shares Outstanding, End of Period	**461.0**	**$**	**5,382**	460.6	$	5,305

To June 30, 2004, the Company purchased, for cancellation, 5,490,000 Common Shares for total consideration of approximately C$304 million ($230 million). Of the amount paid, C$101 million ($77 million) was charged to Share capital, C$36 million ($27 million) was charged to Paid in surplus and C$167 million ($126 million) was charged to Retained earnings.

The Company has stock-based compensation plans that allow employees and directors to purchase Common Shares of the Company. Option exercise prices approximate the market price for the Common Shares on the date the options were issued. Options granted under the plans are generally fully exercisable after three years and expire five years after the grant date. Options granted under previous successor and/or related company replacement plans expire ten years from the date the options were granted.

The following tables summarize the information about options to purchase Common Shares at June 30, 2004:

	Stock Options ***(millions)***	**Weighted Average Exercise Price** ***(C$)***
Outstanding, Beginning of Year	**28.8**	**43.13**
Exercised	**(5.9)**	**34.71**
Forfeited	**(0.5)**	**47.06**
Outstanding, End of Period	**22.4**	**45.20**
Exercisable, End of Period	**14.1**	**43.15**

	Outstanding Options			**Exercisable Options**	
Range of Exercise Price (C$)	Number of Options Outstanding *(millions)*	Weighted Average Remaining Contractual Life *(years)*	Weighted Average Exercise Price *(C$)*	Number of Options Outstanding *(millions)*	Weighted Average Exercise Price *(C$)*
13.50 to 19.99	0.5	0.8	18.63	0.5	18.63
20.00 to 24.99	0.9	1.2	22.50	0.9	22.50
25.00 to 29.99	0.8	1.4	26.23	0.8	26.23
30.00 to 43.99	0.7	1.9	39.45	0.7	38.92
44.00 to 53.00	19.5	3.3	47.96	11.2	47.38
	22.4	2.6	45.20	14.1	43.15

The Company has recorded stock-based compensation expense in the Consolidated Statement of Earnings for stock options granted to employees and directors in 2003 using the fair-value method. Compensation expense has not been recorded in the Consolidated Statement of Earnings related to stock options granted prior to 2003. If the Company had applied the fair-value method to options granted prior to 2003, pro forma Net Earnings and Net Earnings per Common Share for the three months ended June 30, 2004 would have been $241 million; $0.52 per common share - basic; $0.52 per common share - diluted (2003 - $798 million; $1.66 per common share - basic; $1.65 per common share - diluted). Pro forma Net Earnings and Net Earnings per Common Share for the six months ended June 30, 2004 would have been $522 million; $1.13 per common share - basic; $1.12 per common share - diluted (2003 - $1,627 million; $3.39 per common share - basic; $3.36 per common share - diluted).

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in US$ millions unless otherwise specified)

11. SHARE CAPITAL (continued)

The fair value of each option granted is estimated on the date of grant using the Black-Scholes option-pricing model with weighted average assumptions for grants as follows:

	June 30, 2003
Weighted Average Fair Value of Options Granted *(C$)*	$ 12.18
Risk Free Interest Rate	3.96%
Expected Lives *(years)*	3.00
Expected Volatility	0.33
Annual Dividend per Share *(C$)*	$ 0.40

12. COMPENSATION PLANS

The tables below outline certain information related to the Company's compensation plans at June 30, 2004. Additional information is contained in Note 16 of the Company's annual audited Consolidated Financial Statements for the year ended December 31, 2003.

A) Pensions

The following table summarizes the net benefit plan expense:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	**2004**	2003
Current Service Cost	**$ 1**	$ 2	**$ 3**	$ 3
Interest Cost	**3**	3	**6**	6
Expected Return on Plan Assets	**(3)**	(3)	**(6)**	(5)
Amortization of Net Actuarial Loss	**2**	1	**2**	2
Amortization of Transitional Obligation	**(1)**	(1)	**(1)**	(1)
Amortization of Past Service Cost	**1**	1	**1**	1
Expense for Defined Contribution Plan	**4**	3	**7**	6
Net Benefit Plan Expense	**$ 7**	$ 6	**$ 12**	$ 12

At June 30, 2004, $9 million has been contributed to the pension plans and the Company expects to make additional contributions of $8 million in 2004.

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

The following table summarizes the information about SAR's at June 30, 2004:

	Outstanding SAR's	**Weighted Average Exercise Price *($)***
Canadian Dollar Denominated *(C$)*		
Outstanding, Beginning of Year	**1,175,070**	**35.87**
Exercised	**(434,342)**	**35.48**
Forfeited	**(11,040)**	**29.25**
Outstanding, End of Period	**729,688**	**36.18**
Exercisable, End of Period	**729,688**	**36.18**
U.S. Dollar Denominated *(US$)*		
Outstanding, Beginning of Year	**753,417**	**28.98**
Exercised	**(249,358)**	**29.26**
Forfeited	**(1,472)**	**24.08**
Outstanding, End of Period	**502,587**	**28.86**
Exercisable, End of Period	**502,587**	**28.86**

EnCana Corporation

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in US$ millions unless otherwise specified)

12. COMPENSATION PLANS (continued)

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

The following table summarizes the information about Tandem SAR's at June 30, 2004:

	Outstanding Tandem SAR's	Weighted Average Exercise Price *(C$)*
Canadian Dollar Denominated *(C$)*		
Outstanding, Beginning of Year	-	-
Granted	897,850	54.44
Forfeited	(7,400)	53.01
Outstanding, End of Period	890,450	54.45
Exercisable, End of Period	-	-

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

The following table summarizes the information about DSU's at June 30, 2004:

	Outstanding DSU's	Weighted Average Exercise Price *(C$)*
Canadian Dollar Denominated *(C$)*		
Outstanding, Beginning of Year	319,250	48.68
Granted, Directors	56,295	53.98
Granted, Senior Executives	1,145	55.71
Outstanding, End of Period	376,690	49.49
Exercisable, End of Period	295,472	50.86

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

The following table summarizes the information about PSU's at June 30, 2004:

	Outstanding PSU's	Weighted Average Exercise Price *($)*
Canadian Dollar Denominated *(C$)*		
Outstanding, Beginning of Year	126,283	46.52
Granted	1,669,150	53.97
Forfeited	(34,768)	53.61
Outstanding, End of Period	1,760,665	53.44
Exercisable, End of Period	-	-
U.S. Dollar Denominated *(US$)*		
Outstanding, Beginning of Year	-	-
Granted	248,529	41.12
Forfeited	(6,599)	41.12
Outstanding, End of Period	241,930	41.12
Exercisable, End of Period	-	-

EnCana Corporation

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(All amounts in US$ millions unless otherwise specified)

13. PER SHARE AMOUNTS

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

	Three Months Ended			Six Months Ended	
	March 31,	June 30,		June 30,	
(millions)	2004	**2004**	2003	**2004**	2003
Weighted Average Common Shares Outstanding - Basic	460.9	**460.3**	480.6	**460.6**	480.3
Effect of Dilutive Securities	6.2	**5.2**	3.8	**6.2**	3.5
Weighted Average Common Shares Outstanding - Diluted	467.1	**465.5**	484.4	**466.8**	483.8

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

As discussed in Note 2, on January 1, 2004, the fair value of all outstanding financial instruments that were not considered accounting hedges was recorded on the Consolidated Balance Sheet with an offsetting net deferred loss amount. The deferred loss is recognized into net earnings over the life of the related contracts. Changes in fair value after that time are recorded on the Consolidated Balance Sheet with the associated unrealized gain or loss recorded in net earnings. The estimated fair value of all derivative instruments is based on quoted market prices or, in their absence, third party market indications and forecasts.

The following table presents a reconciliation of the change in the unrealized amounts from January 1, 2004 to June 30, 2004:

		Acquired	Net Deferred Amounts Recognized on Transition	Fair Market Value	**Total Unrealized Gain/(Loss)**
Fair Value of Contracts, January 1, 2004	*(Note 2)*	$ -	$ 235	$ (235)	**$ -**
Fair Value of Contracts Acquired with Tom Brown, Inc.		16	-	(16)	**-**
Change in Fair Value of Contracts Still Outstanding at June 30, 2004		-	-	(267)	**(267)**
Fair Value of Contracts Realized During the Period		-	(191)	191	**-**
Fair Value of Contracts Entered into During the Period		-	-	(264)	**(264)**
Fair Value of Contracts Outstanding		16	44	(591)	**(531)**
Premiums Paid on Collars and Options		-	-	27	**-**
Fair Value of Contracts Outstanding and Premiums Paid, End of Period		$ 16	$ 44	$ (564)	**$ (531)**

The total realized loss recognized in net earnings for the quarter and year-to-date ended June 30, 2004 was $263 million ($177 million, net of tax) and $408 million ($276 million, net of tax), respectively.

EnCana Corporation
Notes to Consolidated Financial Statements *(unaudited)*
(All amounts in US$ millions unless otherwise specified)

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

At June 30, 2004, the net deferred amounts recognized on transition and the risk management amounts are recorded on the Consolidated Balance Sheet as follows:

		As at June 30, 2004
Deferred Amounts Recognized on Transition		
Accounts receivable and accrued revenues	$	139
Investments and other assets		3
Accounts payable and accrued liabilities		37
Other liabilities		61
Total Net Deferred Loss	$	44
Risk Management		
Current asset	$	64
Long-term asset		91
Current liability		597
Long-term liability		122
Total Net Risk Management Liability	$	(564)

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

		As at June 30, 2004
Commodity Price Risk		
Natural gas	$	(197)
Crude oil		(400)
Power		8
Foreign Currency Risk		-
Interest Rate Risk		25
	$	(564)

Information with respect to power, foreign currency risk and interest rate risk contracts in place at December 31, 2003 is disclosed in Note 17 to the Company's annual audited Consolidated Financial Statements. No significant new contracts have been entered into as at June 30, 2004.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in US$ millions unless otherwise specified)

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Natural Gas

At June 30, 2004, the Company's gas risk management activities for financial contracts had an unrealized loss of $(181) million and a fair market value position of $(197) million. The contracts were as follows:

	Notional Volumes *(MMcf/d)*	Term	Average Price		Fair Market Value
Sales Contracts					
Fixed Price Contracts					
Fixed AECO price	457	2004	6.19	C$/Mcf	$ (61)
NYMEX Fixed price	753	2004	5.13	US$/Mcf	(159)
Chicago Fixed price	40	2004	5.42	US$/Mcf	(7)
Colorado Interstate Gas (CIG)	53	2004	5.51	US$/Mcf	2
Houston Ship Channel (HSC)	60	2004	5.92	US$/Mcf	(3)
Mid-Continent	5	2004	4.62	US$/Mcf	(1)
Rockies	20	2004	5.36	US$/Mcf	-
San Juan	17	2004	4.98	US$/Mcf	(2)
Texas Oklahoma	5	2004	4.80	US$/Mcf	(1)
Waha	25	2004	5.50	US$/Mcf	(2)
NYMEX Fixed Price	170	2005	5.65	US$/Mcf	(30)
Colorado Interstate Gas (CIG)	114	2005	4.87	US$/Mcf	(18)
Houston Ship Channel (HSC)	40	2005	5.46	US$/Mcf	(7)
Rockies	30	2005	4.95	US$/Mcf	(5)
Waha	40	2005	5.16	US$/Mcf	(7)
NYMEX Fixed Price	195	2006	5.23	US$/Mcf	(24)
Colorado Interstate Gas (CIG)	100	2006	4.44	US$/Mcf	(12)
Houston Ship Channel (HSC)	90	2006	5.08	US$/Mcf	(12)
Rockies	35	2006	4.45	US$/Mcf	(5)
San Juan	16	2006	4.50	US$/Mcf	(2)
Waha	30	2006	4.79	US$/Mcf	(4)
Collars and Other Options					
AECO Collars	73	2004	5.34 - 7.52	C$/Mcf	(4)
NYMEX Collars	38	2004	4.40 - 5.79	US$/Mcf	(4)
Purchased NYMEX Put Options	10	2004	5.00	US$/Mcf	-
Other [(1)]	65	2004	4.21- 6.16	US$/Mcf	(2)
Purchased NYMEX Put Options	47	2005	5.00	US$/Mcf	-
NYMEX 3-Way Call Spread	180	2005	5.00/6.69/7.69	US$/Mcf	(10)
Basis Contracts					
Fixed NYMEX to AECO Basis	345	2004	(0.55)	US$/Mcf	27
Fixed NYMEX to Rockies Basis	299	2004	(0.50)	US$/Mcf	19
Fixed NYMEX to Chicago Basis	10	2004	0.09	US$/Mcf	-
Fixed NYMEX to San Juan Basis	71	2004	(0.63)	US$/Mcf	2
Fixed NYMEX to CIG Basis	37	2004	(0.77)	US$/Mcf	2
Fixed Rockies to CIG Basis	50	2004	(0.10)	US$/Mcf	-
Other [(1)]	44	2004	(0.36)	US$/Mcf	-
Fixed NYMEX to AECO basis	877	2005	(0.66)	US$/Mcf	51
Fixed NYMEX to Rockies basis	268	2005	(0.49)	US$/Mcf	24
Fixed NYMEX to San Juan basis	90	2005	(0.63)	US$/Mcf	1
Fixed NYMEX to CIG basis	137	2005	(0.77)	US$/Mcf	3
Fixed Rockies to CIG basis	50	2005	(0.10)	US$/Mcf	-
Other [(1)]	118	2005	(0.26)	US$/Mcf	-
Fixed NYMEX to AECO basis	402	2006-2008	(0.65)	US$/Mcf	31
Fixed NYMEX to Rockies basis	162	2006-2008	(0.56)	US$/Mcf	21
Fixed NYMEX to San Juan basis	62	2006	(0.63)	US$/Mcf	1
Fixed Rockies to CIG basis	31	2006-2007	(0.10)	US$/Mcf	-
Fixed NYMEX to CIG basis	279	2006	(0.83)	US$/Mcf	(1)
Other [(1)]	70	2006	(0.30)	US$/Mcf	-
Total Sales Contracts					$ (199)

[(1)] For the Collars and Other Options, these Other contracts relate to various price points at Permian, San Juan, Waha, Colorado Interstate Gas (CIG), Houston Ship (HSC), Mid-Continent, Rockies and Texas Oklahoma while for the Basis Contracts, they relate to HSC, Mid-Continent, Waha and Ventura.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in US$ millions unless otherwise specified)

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

	Notional Volumes *(MMcf/d)*	Term	Average Price		Fair Market Value
Total Sales Contracts *(continued)*					$ (199)
Purchase Contracts					
Basis Contracts					
Fixed NYMEX to AECO Basis	112	2004	(0.96)	US$/Mcf	(2)
Premiums Paid on 3-Way Call Spread					1
Total Natural Gas Financial Positions					(200)
Gas Storage Financial Positions					(4)
Gas Marketing Financial Positions [2]					7
Total Fair Value Positions					(197)
Contracts Acquired					16
Total Unrealized Loss on Financial Contracts					$ (181)

[2] The gas marketing activities are part of the daily ongoing operations of the Company's proprietary production management.

Crude Oil

At June 30, 2004, the Company's oil risk management activities for all financial contracts had an unrealized loss of $(426) million and a fair market value position of $(400) million. The contracts were as follows:

	Notional Volumes *(bbl/d)*	Term	Average Price *(US$/bbl)*	Fair Market Value
Fixed WTI NYMEX Price	62,500	2004	23.13	$ (156)
Collars on WTI NYMEX	62,500	2004	20.00-25.69	(127)
Purchased WTI NYMEX Call Options	111,000	2004	46.64	(10)
Fixed WTI NYMEX Price	45,000	2005	28.41	(105)
3-Way Put Spread	10,000	2005	20.00/25.00/28.78	(25)
Purchased WTI NYMEX Call Options	38,000	2005	49.76	(4)
				(427)
Crude Oil Marketing Financial Positions [1]				1
Total Unrealized Loss on Financial Contracts				(426)
Premiums Paid on Call Options				26
Total Fair Value Positions				$ (400)

[1] The crude oil marketing activities are part of the daily ongoing operations of the Company's proprietary production management.

15. SUBSEQUENT EVENT

In July 2004, the Company entered into agreements to sell certain crude oil and natural gas assets in Canada for total proceeds of approximately $660 million. These sales are expected to close in the third quarter.

16. RECLASSIFICATION

Certain information provided for prior periods has been reclassified to conform to the presentation adopted in 2004.