Interim Consolidated Financial Statements

(unaudited)

For the period ended September 30, 2005

EnCana Corporation

U.S. DOLLARS

CONSOLIDATED STATEMENT OF EARNINGS *(unaudited)*

($ millions, except per share amounts)		Three Months Ended September 30, 2005	Three Months Ended September 30, 2004	Nine Months Ended September 30, 2005	Nine Months Ended September 30, 2004
REVENUES, NET OF ROYALTIES	*(Note 2)*				
Upstream		**$ 2,680**	$ 1,861	**$ 7,013**	$ 5,253
Midstream & Market Optimization		**1,348**	889	**3,914**	3,206
Corporate - Unrealized (loss) on risk management		**(939)**	(430)	**(1,596)**	(859)
- Other		**-**	-	**-**	2
		3,089	2,320	**9,331**	7,602
EXPENSES	*(Note 2)*				
Production and mineral taxes		**107**	79	**291**	216
Transportation and selling		**139**	118	**406**	390
Operating		**432**	340	**1,177**	960
Purchased product		**1,244**	800	**3,540**	2,909
Depreciation, depletion and amortization		**677**	605	**2,038**	1,761
Administrative		**78**	43	**205**	136
Interest, net		**218**	106	**419**	284
Accretion of asset retirement obligation	*(Note 8)*	**9**	7	**27**	16
Foreign exchange (gain)	*(Note 5)*	**(213)**	(290)	**(63)**	(213)
Stock-based compensation		**4**	5	**12**	14
(Gain) on divestitures	*(Note 4)*	**-**	-	**-**	(35)
		2,695	1,813	**8,052**	6,438
NET EARNINGS BEFORE INCOME TAX		**394**	507	**1,279**	1,164
Income tax expense	*(Note 6)*	**128**	75	**352**	141
NET EARNINGS FROM CONTINUING OPERATIONS		**266**	432	**927**	1,023
NET EARNINGS (LOSS) FROM DISCONTINUED OPERATIONS	*(Note 3)*	**-**	(39)	**133**	(90)
NET EARNINGS		**$ 266**	$ 393	**$ 1,060**	$ 933
NET EARNINGS FROM CONTINUING OPERATIONS PER COMMON SHARE	*(Note 11)*				
Basic		**$ 0.31**	$ 0.47	**$ 1.06**	$ 1.11
Diluted		**$ 0.30**	$ 0.46	**$ 1.04**	$ 1.10
NET EARNINGS PER COMMON SHARE	*(Note 11)*				
Basic		**$ 0.31**	$ 0.43	**$ 1.21**	$ 1.01
Diluted		**$ 0.30**	$ 0.42	**$ 1.19**	$ 1.00

CONSOLIDATED STATEMENT OF RETAINED EARNINGS *(unaudited)*

($ millions)		Nine Months Ended September 30, 2005	Nine Months Ended September 30, 2004
RETAINED EARNINGS, BEGINNING OF YEAR		**$ 7,935**	$ 5,276
Net Earnings		**1,060**	933
Dividends on Common Shares		**(174)**	(137)
Charges for Normal Course Issuer Bid	*(Note 9)*	**(1,495)**	(126)
Charges for Shares Repurchased and Held	*(Note 9)*	**(147)**	-
RETAINED EARNINGS, END OF PERIOD		**$ 7,179**	$ 5,946

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEET *(unaudited)*

($ millions)		**As at September 30, 2005**	As at December 31, 2004
ASSETS			
Current Assets			
Cash and cash equivalents		**$ 146**	$ 602
Accounts receivable and accrued revenues		**2,843**	1,898
Risk management	*(Note 12)*	**432**	336
Inventories		**680**	513
Assets of discontinued operations	*(Note 3)*	**309**	156
		4,410	3,505
Property, Plant and Equipment, net	*(Note 2)*	**23,891**	23,140
Investments and Other Assets		**461**	334
Risk Management	*(Note 12)*	**316**	87
Assets of Discontinued Operations	*(Note 3)*	**1,674**	1,623
Goodwill		**2,599**	2,524
	(Note 2)	**$ 33,351**	$ 31,213
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities		**$ 2,460**	$ 1,879
Income tax payable		**475**	359
Risk management	*(Note 12)*	**1,948**	241
Liabilities of discontinued operations	*(Note 3)*	**331**	280
Current portion of long-term debt	*(Note 7)*	**219**	188
		5,433	2,947
Long-Term Debt	*(Note 7)*	**8,225**	7,742
Other Liabilities		**116**	118
Risk Management	*(Note 12)*	**308**	192
Asset Retirement Obligation	*(Note 8)*	**674**	611
Liabilities of Discontinued Operations	*(Note 3)*	**177**	102
Future Income Taxes		**4,615**	5,193
		19,548	16,905
Shareholders' Equity			
Share capital	*(Note 9)*	**5,107**	5,299
Share options, net		**-**	10
Paid in surplus		**110**	28
Retained earnings		**7,179**	7,935
Foreign currency translation adjustment		**1,407**	1,036
		13,803	14,308
		$ 33,351	$ 31,213

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS *(unaudited)*

($ millions)		Three Months Ended September 30, 2005	Three Months Ended September 30, 2004	Nine Months Ended September 30, 2005	Nine Months Ended September 30, 2004
OPERATING ACTIVITIES					
Net earnings from continuing operations		**$ 266**	$ 432	**$ 927**	$ 1,023
Depreciation, depletion and amortization		**677**	605	**2,038**	1,761
Future income taxes	*(Note 6)*	**(41)**	(28)	**(716)**	(370)
Cash tax on sale of assets	*(Note 4)*	**-**	-	**591**	-
Unrealized loss on risk management	*(Note 12)*	**938**	426	**1,593**	852
Unrealized foreign exchange (gain)		**(202)**	(193)	**(79)**	(122)
Accretion of asset retirement obligation	*(Note 8)*	**9**	7	**27**	16
(Gain) on divestitures	*(Note 4)*	**-**	-	**-**	(35)
Other		**176**	10	**262**	51
Cash flow from continuing operations		**1,823**	1,259	**4,643**	3,176
Cash flow from discontinued operations		**108**	104	**273**	313
Cash flow		**1,931**	1,363	**4,916**	3,489
Net change in other assets and liabilities		**(160)**	(25)	**(174)**	(71)
Net change in non-cash working capital from continuing operations		**(543)**	(387)	**(659)**	(402)
Net change in non-cash working capital from discontinued operations		**(18)**	117	**(75)**	287
		1,210	1,068	**4,008**	3,303
INVESTING ACTIVITIES					
Business combination with Tom Brown, Inc.		**-**	-	**-**	(2,335)
Capital expenditures	*(Note 2)*	**(1,635)**	(1,002)	**(4,606)**	(3,308)
Proceeds on disposal of assets	*(Note 4)*	**34**	940	**2,493**	1,359
Cash tax on sale of assets	*(Note 4)*	**-**	-	**(591)**	-
Equity investments		**-**	8	**-**	52
Net change in investments and other		**35**	(8)	**27**	(25)
Net change in non-cash working capital from continuing operations		**(355)**	14	**93**	(98)
Discontinued operations		**(90)**	(221)	**(197)**	(599)
		(2,011)	(269)	**(2,781)**	(4,954)
FINANCING ACTIVITIES					
Net issuance (repayment) of revolving long-term debt		**1,691**	(662)	**976**	(215)
Issuance of long-term debt		**428**	1,000	**428**	3,761
Repayment of long-term debt		**(958)**	(1,205)	**(959)**	(1,754)
Issuance of common shares	*(Note 9)*	**86**	30	**270**	184
Purchase of common shares	*(Note 9)*	**(452)**	-	**(2,114)**	(230)
Dividends on common shares		**(64)**	(45)	**(174)**	(137)
Other		**(105)**	(6)	**(108)**	(11)
		626	(888)	**(1,681)**	1,598
DEDUCT: FOREIGN EXCHANGE GAIN ON CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCY		**4**	-	**2**	-
DECREASE IN CASH AND CASH EQUIVALENTS		**(179)**	(89)	**(456)**	(53)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		**325**	149	**602**	113
CASH AND CASH EQUIVALENTS, END OF PERIOD		**$ 146**	$ 60	**$ 146**	$ 60

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in $ millions unless otherwise specified)

1. BASIS OF PRESENTATION

The interim Consolidated Financial Statements include the accounts of EnCana Corporation and its subsidiaries ("EnCana" or the "Company"), and are presented in accordance with Canadian generally accepted accounting principles. The Company is in the business of exploration for, and production and marketing of, natural gas, crude oil and natural gas liquids, as well as natural gas storage, 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, 2004. 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, 2004.

2. SEGMENTED INFORMATION

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

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

- **Midstream & Market Optimization** is conducted by the Midstream & Marketing division. Midstream includes natural gas storage, natural gas liquids processing and power generation. The Marketing groups' primary responsibility is the sale of the Company's proprietary production. The results are included in the Upstream segment. Correspondingly, the Marketing groups also undertake market optimization activities which comprise third party purchases and sales of product that provide operational flexibility for transportation commitments, product type, delivery points and customer diversification. These activities are reflected in the Midstream & Market Optimization segment.

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

Midstream & Market Optimization purchases substantially 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 3.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in $ millions unless otherwise specified)

2. SEGMENTED INFORMATION (continued)

Results of Continuing Operations *(For the three months ended September 30)*

	Upstream		Midstream & Market Optimization	
	2005	2004	**2005**	2004
Revenues, Net of Royalties	**$ 2,680**	$ 1,861	**$ 1,348**	$ 889
Expenses				
Production and mineral taxes	**107**	79	**-**	-
Transportation and selling	**133**	114	**6**	4
Operating	**348**	262	**85**	77
Purchased product	**-**	-	**1,244**	800
Depreciation, depletion and amortization	**649**	583	**9**	8
Segment Income	**$ 1,443**	$ 823	**$ 4**	$ -

	Corporate *		Consolidated	
	2005	2004	**2005**	2004
Revenues, Net of Royalties	**$ (939)**	$ (430)	**$ 3,089**	$ 2,320
Expenses				
Production and mineral taxes	**-**	-	**107**	79
Transportation and selling	**-**	-	**139**	118
Operating	**(1)**	1	**432**	340
Purchased product	**-**	-	**1,244**	800
Depreciation, depletion and amortization	**19**	14	**677**	605
Segment Income (Loss)	**$ (957)**	$ (445)	**490**	378
Administrative			**78**	43
Interest, net			**218**	106
Accretion of asset retirement obligation			**9**	7
Foreign exchange gain			**(213)**	(290)
Stock-based compensation			**4**	5
Gain on divestitures			**-**	-
			96	(129)
Net Earnings Before Income Tax			**394**	507
Income tax expense			**128**	75
Net Earnings From Continuing Operations			**$ 266**	$ 432

* For the three months ended September 30, the unrealized gain (loss) on risk management is recorded in the Consolidated Statement of Earnings as follows (see also Note 12):

	2005	2004
Revenues, Net of Royalties - Corporate	**$ (939)**	$ (429)
Operating Expenses and Other - Corporate	**(1)**	1
Total Unrealized Loss on Risk Management - Continuing Operations	**$ (938)**	$ (430)

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in $ millions unless otherwise specified)

2. SEGMENTED INFORMATION (continued)

Results of Continuing Operations *(For the three months ended September 30)*

Upstream	Canada		United States	
	2005	2004	**2005**	2004
Revenues, Net of Royalties	**$ 1,807**	$ 1,283	**$ 797**	$ 512
Expenses				
Production and mineral taxes	**24**	23	**83**	56
Transportation and selling	**84**	91	**49**	23
Operating	**207**	170	**56**	32
Depreciation, depletion and amortization	**485**	445	**157**	131
Segment Income	**$ 1,007**	$ 554	**$ 452**	$ 270

	Other		Total Upstream	
	2005	2004	**2005**	2004
Revenues, Net of Royalties	**$ 76**	$ 66	**$ 2,680**	$ 1,861
Expenses				
Production and mineral taxes	**-**	-	**107**	79
Transportation and selling	**-**	-	**133**	114
Operating	**85**	60	**348**	262
Depreciation, depletion and amortization	**7**	7	**649**	583
Segment Income (Loss)	**$ (16)**	$ (1)	**$ 1,443**	$ 823

Midstream & Market Optimization	Midstream		Market Optimization		Total Midstream & Market Optimization	
	2005	2004	**2005**	2004	**2005**	2004
Revenues	**$ 195**	$ 158	**$ 1,153**	$ 731	**$ 1,348**	$ 889
Expenses						
Transportation and selling	**-**	-	**6**	4	**6**	4
Operating	**67**	65	**18**	12	**85**	77
Purchased product	**115**	88	**1,129**	712	**1,244**	800
Depreciation, depletion and amortization	**8**	8	**1**	-	**9**	8
Segment Income (Loss)	**$ 5**	$ (3)	**$ (1)**	$ 3	**$ 4**	$ -

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in $ millions unless otherwise specified)

2. SEGMENTED INFORMATION (continued)

Upstream Geographic and Product Information (Continuing Operations) *(For the three months ended September 30)*

Produced Gas

	Produced Gas					
	Canada		United States		Total	
	2005	2004	**2005**	2004	**2005**	2004
Revenues, Net of Royalties	**$ 1,317**	$ 970	**$ 726**	$ 462	**$ 2,043**	$ 1,432
Expenses						
Production and mineral taxes	**19**	18	**77**	51	**96**	69
Transportation and selling	**70**	72	**49**	23	**119**	95
Operating	**134**	99	**56**	32	**190**	131
Operating Cash Flow	**$ 1,094**	$ 781	**$ 544**	$ 356	**$ 1,638**	$ 1,137

Oil & NGLs

	Oil & NGLs					
	Canada		United States		Total	
	2005	2004	**2005**	2004	**2005**	2004
Revenues, Net of Royalties	**$ 490**	$ 313	**$ 71**	$ 50	**$ 561**	$ 363
Expenses						
Production and mineral taxes	**5**	5	**6**	5	**11**	10
Transportation and selling	**14**	19	**-**	-	**14**	19
Operating	**73**	71	**-**	-	**73**	71
Operating Cash Flow	**$ 398**	$ 218	**$ 65**	$ 45	**$ 463**	$ 263

Other & Total Upstream

	Other		Total Upstream	
	2005	2004	**2005**	2004
Revenues, Net of Royalties	**$ 76**	$ 66	**$ 2,680**	$ 1,861
Expenses				
Production and mineral taxes	**-**	-	**107**	79
Transportation and selling	**-**	-	**133**	114
Operating	**85**	60	**348**	262
Operating Cash Flow	**$ (9)**	$ 6	**$ 2,092**	$ 1,406

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in $ millions unless otherwise specified)

2. SEGMENTED INFORMATION (continued)

Results of Continuing Operations *(For the nine months ended September 30)*

	Upstream		Midstream & Market Optimization	
	2005	2004	**2005**	2004
Revenues, Net of Royalties	**$ 7,013**	$ 5,253	**$ 3,914**	$ 3,206
Expenses				
Production and mineral taxes	**291**	216	**-**	-
Transportation and selling	**390**	370	**16**	20
Operating	**936**	740	**244**	224
Purchased product	**-**	-	**3,540**	2,909
Depreciation, depletion and amortization	**1,957**	1,657	**27**	60
Segment Income (Loss)	**$ 3,439**	$ 2,270	**$ 87**	$ (7)

	Corporate *		Consolidated	
	2005	2004	**2005**	2004
Revenues, Net of Royalties	**$ (1,596)**	$ (857)	**$ 9,331**	$ 7,602
Expenses				
Production and mineral taxes	**-**	-	**291**	216
Transportation and selling	**-**	-	**406**	390
Operating	**(3)**	(4)	**1,177**	960
Purchased product	**-**	-	**3,540**	2,909
Depreciation, depletion and amortization	**54**	44	**2,038**	1,761
Segment Income (Loss)	**$ (1,647)**	$ (897)	**1,879**	1,366
Administrative			**205**	136
Interest, net			**419**	284
Accretion of asset retirement obligation			**27**	16
Foreign exchange gain			**(63)**	(213)
Stock-based compensation			**12**	14
Gain on divestitures			**-**	(35)
			600	202
Net Earnings Before Income Tax			**1,279**	1,164
Income tax expense			**352**	141
Net Earnings From Continuing Operations			**$ 927**	$ 1,023

* For the nine months ended September 30, the unrealized loss on risk management is recorded in the Consolidated Statement of Earnings as follows (see also Note 12):

	2005	2004
Revenues, Net of Royalties - Corporate	**$ (1,596)**	$ (859)
Operating Expenses and Other - Corporate	**(3)**	(4)
Total Unrealized Loss on Risk Management - Continuing Operations	**$ (1,593)**	$ (855)

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in $ millions unless otherwise specified)

2. SEGMENTED INFORMATION (continued)

Results of Continuing Operations *(For the nine months ended September 30)*

Upstream	Canada		United States	
	2005	2004	**2005**	2004
Revenues, Net of Royalties	**$ 4,747**	$ 3,770	**$ 2,071**	$ 1,313
Expenses				
Production and mineral taxes	**75**	61	**216**	155
Transportation and selling	**256**	277	**134**	93
Operating	**599**	505	**148**	80
Depreciation, depletion and amortization	**1,416**	1,296	**516**	330
Segment Income	**$ 2,401**	$ 1,631	**$ 1,057**	$ 655

	Other		Total Upstream	
	2005	2004	**2005**	2004
Revenues, Net of Royalties	**$ 195**	$ 170	**$ 7,013**	$ 5,253
Expenses				
Production and mineral taxes	**-**	-	**291**	216
Transportation and selling	**-**	-	**390**	370
Operating	**189**	155	**936**	740
Depreciation, depletion and amortization	**25**	31	**1,957**	1,657
Segment Income (Loss)	**$ (19)**	$ (16)	**$ 3,439**	$ 2,270

Midstream & Market Optimization	Midstream		Market Optimization		Total Midstream & Market Optimization	
	2005	2004	**2005**	2004	**2005**	2004
Revenues	**$ 930**	$ 881	**$ 2,984**	$ 2,325	**$ 3,914**	$ 3,206
Expenses						
Transportation and selling	**-**	-	**16**	20	**16**	20
Operating	**204**	192	**40**	32	**244**	224
Purchased product	**630**	655	**2,910**	2,254	**3,540**	2,909
Depreciation, depletion and amortization	**26**	58	**1**	2	**27**	60
Segment Income (Loss)	**$ 70**	$ (24)	**$ 17**	$ 17	**$ 87**	$ (7)

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

2. SEGMENTED INFORMATION (continued)

Upstream Geographic and Product Information (Continuing Operations) *(For the nine months ended September 30)*

Produced Gas	Produced Gas					
	Canada		United States		Total	
	2005	2004	**2005**	2004	**2005**	2004
Revenues, Net of Royalties	**$ 3,634**	$ 2,887	**$ 1,891**	$ 1,198	**$ 5,525**	$ 4,085
Expenses						
Production and mineral taxes	**56**	46	**198**	142	**254**	188
Transportation and selling	**211**	222	**134**	93	**345**	315
Operating	**377**	297	**148**	80	**525**	377
Operating Cash Flow	**$ 2,990**	$ 2,322	**$ 1,411**	$ 883	**$ 4,401**	$ 3,205

Oil & NGLs	Oil & NGLs					
	Canada		United States		Total	
	2005	2004	**2005**	2004	**2005**	2004
Revenues, Net of Royalties	**$ 1,113**	$ 883	**$ 180**	$ 115	**$ 1,293**	$ 998
Expenses						
Production and mineral taxes	**19**	15	**18**	13	**37**	28
Transportation and selling	**45**	55	**-**	-	**45**	55
Operating	**222**	208	**-**	-	**222**	208
Operating Cash Flow	**$ 827**	$ 605	**$ 162**	$ 102	**$ 989**	$ 707

Other & Total Upstream	Other		Total Upstream	
	2005	2004	**2005**	2004
Revenues, Net of Royalties	**$ 195**	$ 170	**$ 7,013**	$ 5,253
Expenses				
Production and mineral taxes	**-**	-	**291**	216
Transportation and selling	**-**	-	**390**	370
Operating	**189**	155	**936**	740
Operating Cash Flow	**$ 6**	$ 15	**$ 5,396**	$ 3,927

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in $ millions unless otherwise specified)

2. SEGMENTED INFORMATION (continued)

Capital Expenditures (Continuing Operations)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	**2005**	2004
Upstream				
Canada	**$ 912**	$ 634	**$ 2,806**	$ 2,337
United States	**647**	328	**1,540**	854
Other Countries	**10**	15	**39**	49
	1,569	977	**4,385**	3,240
Midstream & Market Optimization	**32**	15	**172**	40
Corporate	**34**	10	**49**	28
Total	**$ 1,635**	$ 1,002	**$ 4,606**	$ 3,308

Property, Plant and Equipment and Total Assets

		Property, Plant and Equipment As at		Total Assets As at	
		September 30, 2005	December 31, 2004	**September 30, 2005**	December 31, 2004
Upstream		**$ 22,670**	$ 22,097	**$ 27,640**	$ 26,118
Midstream & Market Optimization		**971**	804	**2,449**	1,904
Corporate		**250**	239	**1,279**	1,412
Assets of Discontinued Operations	*(Note 3)*			**1,983**	1,779
Total		**$ 23,891**	$ 23,140	**$ 33,351**	$ 31,213

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in $ millions unless otherwise specified)

3. DISCONTINUED OPERATIONS

Ecuador

At December 31, 2004, EnCana decided to divest of its Ecuador operations and such operations have been accounted for as discontinued operations. EnCana's Ecuador operations include the 100 percent working interest in the Tarapoa Block, majority operating interest in Blocks 14, 17 and Shiripuno, the non-operated economic interest in Block 15 and the 36.3 percent indirect equity investment in Oleoducto de Crudos Pesados (OCP) Ltd. ("OCP"), which is the owner of a crude oil pipeline in Ecuador that ships crude oil from the producing areas of Ecuador to an export marine terminal. The Company is a shipper on the OCP Pipeline and pays commercial rates for tariffs. The majority of the Company's crude oil produced in Ecuador is sold to a single marketing company. Payments are secured by letters of credit from a major financial institution which has a high quality investment grade credit rating.

In accordance with Canadian generally accepted accounting principles, depletion, depreciation and amortization expense has not been recorded in the Consolidated Statement of Earnings for discontinued operations.

On September 13, 2005, EnCana announced it had reached an agreement to sell all its interest in its Ecuador properties for $1.42 billion, which is approximately equivalent to the asset's net book value at July 1, 2005, the referenced effective date of the transaction. Net earnings for the third quarter were $123 million. However, at September 30, 2005, a provision of $123 million has been recorded against the net book value to recognize management's best estimate of the difference between the selling price and the September 30, 2005 underlying accounting value of the related investments at the sales date, as required under Canadian generally accepted accounting principles.

United Kingdom

On December 1, 2004, the Company completed the sale of its 100 percent interest in EnCana (U.K.) Limited for net cash consideration of approximately $2.1 billion. EnCana's U.K. operations included crude oil and natural gas interests in the U.K. central North Sea including the Buzzard, Scott and Telford oil fields, as well as other satellite discoveries and exploration licenses. A gain on sale of approximately $1.4 billion was recorded. Accordingly, these operations have been accounted for as discontinued operations.

Consolidated Statement of Earnings

The following table presents the effect of the discontinued operations in the Consolidated Statement of Earnings:

	For the three months ended September 30,					
	Ecuador		United Kingdom		Total	
	2005	2004	**2005**	2004	**2005**	2004
Revenues, Net of Royalties	**$ 291**	$ 108	**$ -**	$ 30	**$ 291**	$ 138
Expenses						
Production and mineral taxes	**49**	18	**-**	-	**49**	18
Transportation and selling	**15**	16	**-**	10	**15**	26
Operating	**38**	30	**-**	12	**38**	42
Depreciation, depletion and amortization	**123**	63	**-**	26	**123**	89
Interest, net	**-**	-	**-**	(3)	**-**	(3)
Accretion of asset retirement obligation	**-**	-	**-**	1	**-**	1
Foreign exchange loss (gain)	**(1)**	1	**-**	1	**(1)**	2
	224	128	**-**	47	**224**	175
Net Earnings (Loss) Before Income Tax	**67**	(20)	**-**	(17)	**67**	(37)
Income tax expense (recovery)	**67**	9	**-**	(7)	**67**	2
Net Loss From Discontinued Operations	**$ -**	$ (29)	**$ -**	$ (10)	**$ -**	$ (39)

	For the nine months ended September 30,					
	Ecuador		United Kingdom		Total	
	2005	2004	**2005**	2004	**2005**	2004
Revenues, Net of Royalties *	**$ 723**	$ 298	**$ -**	$ 126	**$ 723**	$ 424
Expenses						
Production and mineral taxes	**101**	42	**-**	-	**101**	42
Transportation and selling	**46**	49	**-**	29	**46**	78
Operating	**100**	89	**-**	32	**100**	121
Depreciation, depletion and amortization	**123**	197	**-**	93	**123**	290
Interest, net	**-**	(1)	**-**	(5)	**-**	(6)
Accretion of asset retirement obligation	**1**	1	**-**	3	**1**	4
Foreign exchange loss (gain)	**-**	1	**(3)**	3	**(3)**	4
	371	378	**(3)**	155	**368**	533
Net Earnings (Loss) Before Income Tax	**352**	(80)	**3**	(29)	**355**	(109)
Income tax expense (recovery)	**221**	(7)	**1**	(12)	**222**	(19)
Net Earnings (Loss) From Discontinued Operations	**$ 131**	$ (73)	**$ 2**	$ (17)	**$ 133**	$ (90)

* Revenues, net of royalties in Ecuador include $105 million of realized losses (2004 - $171 million) and $50 million of unrealized gains (2004 - $134 million of losses) related to derivative financial instruments.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in $ millions unless otherwise specified)

3. DISCONTINUED OPERATIONS (continued)

Consolidated Balance Sheet

The impact of the discontinued operations in the Consolidated Balance Sheet is as follows:

	As at						
	September 30, 2005			December 31, 2004			
	Ecuador	United Kingdom	Total	Ecuador	United Kingdom	Syncrude	Total
Assets							
Cash and cash equivalents	**$ 123**	**$ 5**	**$ 128**	$ 2	$ 12	$ -	$ 14
Accounts receivable and accrued revenues	**159**	**-**	**159**	111	13	-	124
Risk management	**-**	**-**	**-**	3	-	-	3
Inventories	**22**	**-**	**22**	15	-	-	15
	304	**5**	**309**	131	25	-	156
Property, plant and equipment, net	**1,317**	**-**	**1,317**	1,295	-	-	1,295
Investments and other assets	**357**	**-**	**357**	328	-	-	328
	$ 1,978	**$ 5**	**$ 1,983**	$ 1,754	$ 25	$ -	$ 1,779
Liabilities							
Accounts payable and accrued liabilities	**$ 124**	**$ 29**	**$ 153**	$ 61	$ 32	$ 3	$ 96
Income tax payable	**153**	**3**	**156**	101	-	-	101
Risk management	**22**	**-**	**22**	72	-	-	72
	299	**32**	**331**	234	32	3	269
Asset retirement obligation	**23**	**-**	**23**	22	-	-	22
Future income taxes	**153**	**1**	**154**	80	11	-	91
	475	**33**	**508**	336	43	3	382
Net Assets of Discontinued Operations	**$ 1,503**	**$ (28)**	**$ 1,475**	$ 1,418	$ (18)	$ (3)	$ 1,397

Contingencies

In Ecuador, a subsidiary of EnCana has a 40 percent non-operated economic interest in relation to Block 15 pursuant to a contract with a subsidiary of Occidental Petroleum Corporation. In its 2004 filings with Securities regulatory authorities, Occidental Petroleum Corporation indicated that its subsidiary had received formal notification from Petroecuador, the state oil company of Ecuador, initiating proceedings to determine if the subsidiary had violated the Hydrocarbons Law and its Participation Contract for Block 15 with Petroecuador and whether such violations constitute grounds for terminating the Participation Contract.

In its filings, Occidental Petroleum Corporation indicated that it believes it has complied with all material obligations under the Participation Contract and that any termination of the Participation Contract by Ecuador based upon these stated allegations would be unfounded and would constitute an unlawful expropriation under international treaties.

In addition to the above, the Company continues to proceed with its arbitration related to value-added tax ("VAT") owed to the Company and has been in discussions related to certain income tax matters related to interest deductibility and other matters in Ecuador.

4. DIVESTITURES

Total proceeds received on sale of assets and investments was $2,493 million (2004 - $1,359 million) as described below:

Upstream
In 2005, the Company has completed the disposition of mature conventional oil and natural gas assets for proceeds of $440 million (2004 - $1,358 million).

In May, the Company completed the sale of its Gulf of Mexico assets for approximately $2.1 billion resulting in net proceeds of approximately $1.5 billion after deducting $591 million in tax plus other adjustments. In accordance with full cost accounting for oil and gas activities, proceeds were credited to property, plant and equipment.

Other
In March 2004, the Company sold its equity investment in a well servicing company for approximately $44 million, recording a pre-tax gain of $34 million.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in $ millions unless otherwise specified)

5. FOREIGN EXCHANGE (GAIN)

	Three Months Ended September 30, 2005	Three Months Ended September 30, 2004	Nine Months Ended September 30, 2005	Nine Months Ended September 30, 2004
Unrealized Foreign Exchange Gains on Translation of U.S. Dollar Debt Issued in Canada	**$ (205)**	$ (193)	**$ (140)**	$ (122)
Other Foreign Exchange (Gain) Loss	**(8)**	(97)	**77**	(91)
	$ (213)	$ (290)	**$ (63)**	$ (213)

6. INCOME TAXES

The provision for income taxes is as follows:

	Three Months Ended September 30, 2005	Three Months Ended September 30, 2004	Nine Months Ended September 30, 2005	Nine Months Ended September 30, 2004
Current				
Canada	**$ 20**	$ 103	**$ 330**	$ 505
United States	**153**	3	**744**	18
Other	**(4)**	(3)	**(6)**	(12)
Total Current Tax	**169**	103	**1,068**	511
Future	**(41)**	(28)	**(716)**	(261)
Future Tax Rate Reductions	**-**	-	**-**	(109)
Total Future Tax	**(41)**	(28)	**(716)**	(370)
	$ 128	$ 75	**$ 352**	$ 141

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

	Three Months Ended September 30, 2005	Three Months Ended September 30, 2004	Nine Months Ended September 30, 2005	Nine Months Ended September 30, 2004
Net Earnings Before Income Tax	**$ 394**	$ 507	**$ 1,279**	$ 1,164
Canadian Statutory Rate	**37.9%**	39.1%	**37.9%**	39.1%
Expected Income Tax	**150**	198	**485**	455
Effect on Taxes Resulting from:				
Non-deductible Canadian crown payments	**53**	51	**139**	154
Canadian resource allowance	**(51)**	(63)	**(141)**	(186)
Canadian resource allowance on unrealized risk management losses	**13**	8	**26**	27
Statutory and other rate differences	**(25)**	(17)	**(109)**	(47)
Effect of tax rate changes	**-**	-	**-**	(109)
Non-taxable capital gains	**(43)**	(55)	**(27)**	(41)
Previously unrecognized capital losses (gains)	**-**	(5)	**-**	10
Tax basis retained on dispositions	**-**	(59)	**(68)**	(162)
Large corporations tax	**20**	6	**24**	13
Other	**11**	11	**23**	27
	$ 128	$ 75	**$ 352**	$ 141
Effective Tax Rate	**32.5%**	14.8%	**27.5%**	12.1%

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

7. LONG-TERM DEBT

	As at September 30, 2005	As at December 31, 2004
Canadian Dollar Denominated Debt		
Revolving credit and term loan borrowings	**$ 2,166**	$ 1,515
Unsecured notes	**797**	1,309
	2,963	2,824
U.S. Dollar Denominated Debt		
Revolving credit and term loan borrowings	**776**	399
Unsecured notes and debentures	**4,640**	4,641
	5,416	5,040
Increase in Value of Debt Acquired *	**65**	66
Current Portion of Long-Term Debt	**(219)**	(188)
	$ 8,225	$ 7,742

* Certain of the notes and debentures of EnCana were acquired in business combinations and were accounted for at their fair value at the dates of acquisition. The difference between the fair value and the principal amount of the debt is being amortized over the remaining life of the outstanding debt acquired, approximately 22 years.

During the third quarter, EnCana redeemed a number of unsecured notes with a total principal of C$1,150 million. On September 21, 2005, EnCana completed a public offering of unsecured notes in the aggregate principal amount of C$500 million which bear interest at 3.60% and mature on September 15, 2008.

8. 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 September 30, 2005	As at December 31, 2004
Asset Retirement Obligation, Beginning of Year	**$ 611**	$ 383
Liabilities Incurred	**60**	98
Liabilities Settled	**(29)**	(16)
Liabilities Disposed	**(23)**	(35)
Change in Estimated Future Cash Flows	**4**	124
Accretion Expense	**27**	22
Other	**24**	35
Asset Retirement Obligation, End of Period	**$ 674**	$ 611

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in $ millions unless otherwise specified)

9. SHARE CAPITAL

(millions)	September 30, 2005 Number	September 30, 2005 Amount	December 31, 2004 Number	December 31, 2004 Amount
Common Shares Outstanding, Beginning of Year	**900.6**	**$ 5,299**	921.2	$ 5,305
Shares Issued under Option Plans	**13.9**	**270**	19.4	281
Shares Repurchased	**(60.7)**	**(462)**	(40.0)	(287)
Common Shares Outstanding, End of Period	**853.8**	**$ 5,107**	900.6	$ 5,299

Information related to common shares and stock options has been restated to reflect the effect of the common share split approved in April 2005.

Normal Course Issuer Bid

To September 30, 2005, the Company purchased 60,757,198 Common Shares for total consideration of approximately $2,114 million. Of the amount paid, $462 million was charged to Share capital, $10 million was charged to Paid in surplus and $1,642 million was charged to Retained earnings. Included in the above are 5.5 million Common Shares which have been purchased by a wholly owned Trust and are held for issuance upon vesting of units under EnCana's Performance Share Unit plan (see Note 10).

On October 26, 2004, the Company received regulatory approval for a new Normal Course Issuer Bid commencing October 29, 2004. Under this bid, the Company may purchase for cancellation up to 46,229,000 of its Common Shares, representing five percent of the approximately 924.6 million Common Shares outstanding as of the filing of the bid on October 22, 2004. On February 4, 2005, the Company received regulatory approval for an amendment to the Normal Course Issuer Bid which increases the number of shares available for purchase from five percent of the issued and outstanding Common Shares to ten percent of the public float of Common Shares (a total of approximately 92.2 million Common Shares). The current Normal Course Issuer Bid expires on October 28, 2005.

Stock Options

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

The following tables summarize the information about options to purchase Common Shares that do not have Tandem Share Appreciation Rights ("TSAR's") attached to them at September 30, 2005. Information related to TSAR's is included in Note 10.

	Stock Options *(millions)*	**Weighted Average Exercise Price *(C$)***
Outstanding, Beginning of Year	**36.2**	**23.15**
Exercised	**(13.9)**	**22.90**
Forfeited	**(0.4)**	**21.22**
Outstanding, End of Period	**21.9**	**23.34**
Exercisable, End of Period	**17.6**	**23.19**

	Outstanding Options			**Exercisable Options**	
Range of Exercise Price	Number of Options Outstanding *(millions)*	Weighted Average Remaining Contractual Life *(years)*	Weighted Average Exercise Price *(C$)*	Number of Options Outstanding *(millions)*	Weighted Average Exercise Price *(C$)*
10.00 to 22.99	1.9	2.4	15.87	1.7	15.24
23.00 to 23.50	1.5	0.9	23.17	1.4	23.16
23.51 to 23.99	7.1	2.5	23.89	3.7	23.89
24.00 to 24.49	10.8	1.5	24.18	10.6	24.18
24.51 to 25.99	0.6	2.8	25.25	0.2	25.31
	21.9	1.9	23.34	17.6	23.19

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in $ millions unless otherwise specified)

9. SHARE CAPITAL (continued)

EnCana 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. Stock options granted in 2004 and 2005 have an associated Tandem Share Appreciation Right attached. 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 September 30, 2005 would be unchanged (three months ended 2004 - $384 million; $0.42 per common share - basic; $0.41 per common share - diluted). Pro forma Net Earnings and Net Earnings per Common Share for the nine months ended September 30, 2005 would be unchanged (2004 - $906 million; $0.98 per common share - basic; $0.97 per common share diluted).

10. COMPENSATION PLANS

The tables below outline certain information related to EnCana's compensation plans at September 30, 2005. Additional information is contained in Note 16 of the Company's annual audited Consolidated Financial Statements for the year ended December 31, 2004.

A) Pensions

The following table summarizes the net benefit plan expense:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	**2005**	2004
Current Service Cost	**$ 1**	$ 1	**$ 5**	$ 4
Interest Cost	**4**	3	**11**	9
Expected Return on Plan Assets	**(3)**	(2)	**(10)**	(8)
Amortization of Net Actuarial Loss	**1**	1	**3**	3
Amortization of Transitional Obligation	**(1)**	-	**(2)**	(1)
Amortization of Past Service Cost	**-**	-	**1**	1
Expense for Defined Contribution Plan	**6**	3	**16**	10
Net Benefit Plan Expense	**$ 8**	$ 6	**$ 24**	$ 18

EnCana previously disclosed in its annual audited Consolidated Financial Statements for the year ended December 31, 2004 that it expected to contribute $6 million to its defined benefit pension plans in 2005. The Company now anticipates that it will contribute $8 million to the defined benefit pension plans in 2005. At September 30, 2005, contributions of $8 million have been made.

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

The following table summarizes the information about SAR's at September 30, 2005:

	Outstanding SAR's	**Weighted Average Exercise Price**
Canadian Dollar Denominated *(C$)*		
Outstanding, Beginning of Year	**930,510**	**18.31**
Exercised	**(662,847)**	**16.35**
Forfeited	**(1,530)**	**23.14**
Outstanding, End of Period	**266,133**	**23.15**
Exercisable, End of Period	**266,133**	**23.15**
U.S. Dollar Denominated *(US$)*		
Outstanding, Beginning of Year	**771,860**	**14.40**
Exercised	**(419,589)**	**14.45**
Outstanding, End of Period	**352,271**	**14.34**
Exercisable, End of Period	**352,271**	**14.34**

To September 30, EnCana recorded compensation costs of $19 million related to the outstanding SAR's (2004 - $4 million).

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in $ millions unless otherwise specified)

10. COMPENSATION PLANS (continued)

C) Tandem Share Appreciation Rights ("TSAR's")

The following table summarizes the information about Tandem SAR's at September 30, 2005:

	Outstanding TSAR's	Weighted Average Exercise Price
Canadian Dollar Denominated *(C$)*		
Outstanding, Beginning of Year	1,735,000	27.77
Granted	7,234,012	39.33
Exercised - SARs	(136,285)	27.24
Exercised - Options	(90,275)	27.26
Forfeited	(379,230)	33.95
Outstanding, End of Period	8,363,222	37.50
Exercisable, End of Period	203,830	27.40

To September 30, EnCana recorded compensation costs of $86 million related to the outstanding TSAR's (2004 - $1 million).

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

The following table summarizes the information about DSU's at September 30, 2005:

	Outstanding DSU's	Weighted Average Exercise Price
Canadian Dollar Denominated *(C$)*		
Outstanding, Beginning of Year	750,612	24.81
Granted, Directors	78,827	43.54
Units, in Lieu of Dividends	3,806	52.26
Outstanding, End of Period	833,245	26.70
Exercisable, End of Period	833,245	26.70

To September 30, EnCana recorded compensation costs of $26 million related to the outstanding DSU's (2004 - $6 million).

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

The following table summarizes the information about PSU's at September 30, 2005:

	Outstanding PSU's	Weighted Average Grant Price
Canadian Dollar Denominated *(C$)*		
Outstanding, Beginning of Year	3,294,206	26.71
Granted	1,726,292	38.16
Forfeited	(270,008)	30.63
Outstanding, End of Period	4,750,490	30.64
Exercisable, End of Period	-	-
U.S. Dollar Denominated *(US$)*		
Outstanding, Beginning of Year	449,230	20.56
Granted	388,928	30.94
Forfeited	(56,602)	27.82
Outstanding, End of Period	781,556	25.20
Exercisable, End of Period	-	-

To September 30, EnCana recorded compensation costs of $57 million related to the outstanding PSU's (2004 - $17 million).

At September 30, 2005, EnCana has approximately 5.5 million Common Shares held in trust for issuance upon vesting of the PSU's.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in $ millions unless otherwise specified)

11. PER SHARE AMOUNTS

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

	Three Months Ended				Nine Months Ended	
	March 31,	June 30,	September 30,		September 30,	
(millions)	2005	2005	**2005**	2004	**2005**	2004
Weighted Average Common Shares Outstanding - Basic	891.8	872.0	**855.1**	923.4	**872.9**	922.0
Effect of Dilutive Securities	17.2	19.9	**20.7**	9.0	**21.3**	12.2
Weighted Average Common Shares Outstanding - Diluted	909.0	891.9	**875.8**	932.4	**894.2**	934.2

The amounts above have been restated to reflect the effect of the common share split approved in April 2005.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

Realized and Unrealized (Loss) Gain on Risk Management Activities

The following tables summarize the gains and losses on risk management activities:

	Realized			
	Q1	Q2	**Q3**	**YTD**
Revenues, Net of Royalites	$ (20)	$ (114)	**$ (201)**	**$ (335)**
Operating Expenses and Other	5	5	**7**	**17**
Total Loss on Risk Management - Continuing Operations	(15)	(109)	**(194)**	**(318)**
Loss on Risk Management - Discontinued Operations	(23)	(32)	**(50)**	**(105)**
	$ (38)	$ (141)	**$ (244)**	**$ (423)**

	Unrealized			
	Q1	Q2	**Q3**	**YTD**
Revenues, Net of Royalites	$ (972)	$ 315	**$ (939)**	**$ (1,596)**
Operating Expenses and Other	3	(1)	**1**	**3**
Total (Loss) Gain on Risk Management - Continuing Operations	(969)	314	**(938)**	**(1,593)**
(Loss) Gain on Risk Management - Discontinued Operations	(20)	31	**39**	**50**
	$ (989)	$ 345	**$ (899)**	**$ (1,543)**

Amounts Recognized on Transition

As discussed in Note 2 to the annual audited Consolidated Financial Statements for the year ended December 31, 2004, on January 1, 2004, the fair value of all outstanding financial instruments that were not considered accounting hedges was recorded in the Consolidated Balance Sheet with an offsetting net deferred loss amount (the "transition amount"). The transition amount is recognized into net earnings over the life of the related contracts. Changes in fair value after that time are recorded in the Consolidated Balance Sheet with an associated unrealized gain or loss recorded in net earnings. The estimated fair value of all derivative instruments is based on quoted market prices or, in their absence, third party market indications and forecasts.

At September 30, 2005, a net unrealized gain remains to be recognized over the next four years as follows:

	Unrealized Gain
2005	
Three months ended December 31, 2005	$ 10
Total remaining to be recognized in 2005	$ 10
2006	$ 24
2007	15
2008	1
Total to be recognized in 2006 through to 2008	$ 40
Total to be recognized	$ 50
Total to be recognized - Continuing Operations	$ 50
Total to be recognized - Discontinued Operations	-
	$ 50

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in $ millions unless otherwise specified)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Fair Value of Outstanding Risk Management Positions

The following table presents a reconciliation of the change in the unrealized amounts from January 1, 2005 to September 30, 2005:

	Transition Amounts	Fair Market Value	Total Unrealized Gain (Loss)
Fair Value of Contracts, Beginning of Year	$ (72)	$ (189)	
Change in Fair Value of Contracts in Place at Beginning of Year	-	(1,112)	$ (1,112)
Fair Value of Contracts in Place at Transition Realized in 2005	22	(22)	-
Fair Value of Contracts Entered into Since Beginning of Year	-	(431)	(431)
Fair Value of Contracts Outstanding	$ (50)	$ (1,754)	$ (1,543)
Unamortized Premiums Paid on Collars and Options		224	
Fair Value of Contracts Outstanding and Premiums Paid, End of Period		$ (1,530)	
Amounts Allocated to Continuing Operations	$ (50)	$ (1,508)	$ (1,593)
Amounts Allocated to Discontinued Operations	-	(22)	50
	$ (50)	$ (1,530)	$ (1,543)

At September 30, 2005, the net deferred amounts recognized on transition and the risk management amounts are recorded in the Consolidated Balance Sheet as follows:

	As at September 30, 2005
Remaining Deferred Amounts Recognized on Transition	
Accounts receivable and accrued revenues	**$ 1**
Investments and other assets	**1**
Accounts payable and accrued liabilities	**29**
Other liabilities	**23**
Net Deferred Gain - Continuing Operations	**50**
Net Deferred Loss - Discontinued Operations	**-**
	$ 50
Risk Management	
Current asset	**$ 432**
Long-term asset	**316**
Current liability	**1,948**
Long-term liability	**308**
Net Risk Management Liability - Continuing Operations	**(1,508)**
Net Risk Management Liability - Discontinued Operations	**(22)**
	$ (1,530)

A summary of all unrealized estimated fair value financial positions is as follows:	**As at September 30, 2005**
Commodity Price Risk	
Natural gas	**$ (1,412)**
Crude oil	**(117)**
Power	**4**
Interest Rate Risk	**17**
Total Fair Value Positions - Continuing Operations	**(1,508)**
Total Fair Value Positions - Discontinued Operations	**(22)**
	$ (1,530)

Information with respect to power and interest rate risk contracts in place at December 31, 2004 is disclosed in Note 17 to the Company's annual audited Consolidated Financial Statements. No significant new contracts have been entered into as at September 30, 2005.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in $ millions unless otherwise specified)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Natural Gas

At September 30, 2005, the Company's gas risk management activities from financial contracts had an unrealized loss of $1,544 million and a fair market value position of $(1,412) million. The contracts were as follows:

	Notional Volumes *(MMcf/d)*	Term	Average Price		Fair Market Value
Sales Contracts					
Fixed Price Contracts					
NYMEX Fixed Price	802	2005	6.74	US$/Mcf	$ (533)
Colorado Interstate Gas (CIG)	114	2005	4.87	US$/Mcf	(63)
Other	110	2005	5.21	US$/Mcf	(64)
NYMEX Fixed Price	525	2006	5.65	US$/Mcf	(1,125)
Colorado Interstate Gas (CIG)	100	2006	4.44	US$/Mcf	(194)
Houston Ship Channel (HSC)	90	2006	5.08	US$/Mcf	(185)
Rockies	35	2006	4.45	US$/Mcf	(69)
Waha	30	2006	4.79	US$/Mcf	(62)
San Juan	16	2006	4.50	US$/Mcf	(32)
NYMEX Fixed Price	240	2007	7.76	US$/Mcf	(166)
Collars and Other Options					
Purchased NYMEX Put Options	1,062	2005	5.66	US$/Mcf	(24)
NYMEX 3-Way Call Spread	180	2005	5.00/6.69/7.69	US$/Mcf	(19)
Purchased NYMEX Put Options	987	2006	6.69	US$/Mcf	(61)
Purchased NYMEX Put Options	240	2007	6.00	US$/Mcf	(4)
Basis Contracts					
Fixed NYMEX to AECO Basis	908	2005	(0.67)	US$/Mcf	182
Fixed NYMEX to Rockies Basis	263	2005	(0.49)	US$/Mcf	62
Fixed NYMEX to CIG Basis	185	2005	(0.81)	US$/Mcf	36
Other	267	2005	(0.35)	US$/Mcf	43
Fixed NYMEX to AECO Basis	759	2006	(0.67)	US$/Mcf	186
Fixed NYMEX to Rockies Basis	324	2006	(0.58)	US$/Mcf	120
Fixed NYMEX to CIG Basis	301	2006	(0.83)	US$/Mcf	99
Other	182	2006	(0.36)	US$/Mcf	37
Fixed Rockies to CIG Basis	12	2007	(0.10)	US$/Mcf	-
Fixed NYMEX to AECO Basis	401	2007-2008	(0.69)	US$/Mcf	88
Fixed NYMEX to Rockies Basis	350	2007-2008	(0.63)	US$/Mcf	188
Fixed NYMEX to CIG Basis	157	2007-2009	(0.75)	US$/Mcf	120
Purchase Contracts					
Fixed Price Contracts					
Waha Purchase	27	2005	5.90	US$/Mcf	14
Waha Purchase	23	2006	5.32	US$/Mcf	43
Basis Contracts					
Fixed NYMEX to Ventura	29	2005	(0.99)	US$/Mcf	(5)
					(1,388)
Other Financial Positions *					(156)
Total Unrealized Loss on Financial Contracts					(1,544)
Unamortized Premiums Paid on Options					132
Total Fair Value Positions					$ (1,412)

* Other financial positions are part of the ongoing operations of the Company's proprietary production management and gas storage optimization activities.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in $ millions unless otherwise specified)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Crude Oil

At September 30, 2005, the Company's oil risk management activities from financial contracts had an unrealized loss of $231 million and a fair market value position of $(139) million. The contracts were as follows:

	Notional Volumes *(bbl/d)*	Term	Average Price *(US$/bbl)*		Fair Market Value
Fixed WTI NYMEX Price	37,000	2005	28.40	$	(128)
Costless 3-Way Put Spread	9,000	2005	20.00/25.00/28.78		(31)
Unwind WTI NYMEX Fixed Price	(7,200)	2005	42.70		16
Purchased WTI NYMEX Call Options	(38,000)	2005	49.76		55
Purchased WTI NYMEX Put Options	35,000	2005	40.00		(6)
Fixed WTI NYMEX Price	15,000	2006	34.56		(171)
Unwind WTI NYMEX Fixed Price	(1,300)	2006	52.75		6
Purchased WTI NYMEX Call Options	(13,700)	2006	61.24		32
Purchased WTI NYMEX Put Options	57,000	2006	50.00		(3)
Purchased WTI NYMEX Put Options	43,000	2007	44.44		(4)
					(234)
Other Financial Positions *					3
Total Unrealized Loss on Financial Contracts					(231)
Unamortized Premiums Paid on Options					92
Total Fair Value Positions				$	(139)
Total Fair Value Positions - Continuing Operations				$	(117)
Total Fair Value Positions - Discontinued Operations					(22)
				$	(139)

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

13. RECLASSIFICATION

Certain information provided for prior periods has been reclassified to conform to the presentation adopted in 2005.