



EnCana Corporation

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June 7, 2005

Alberta Energy and Utilities Board
640 -5th Avenue S.W.
Calgary, AB
T2P 3G4

Attention: Mr. Gary D. Perkins, Board Counsel

Dear Mr. Perkins:

Re: General Bulletin 2003-28
Bitumen Conservation Requirements
Athabasca Wabiskaw-McMurray
Phase 3 Final Proceeding
Proceeding No. 1347905

On May 18, 2005, EnCana Corporation ("EnCana") applied to the Board in respect of an air injection scheme in the Wabiskaw K3 Pool to produce formation gas and displace it with N₂, CO₂ and other combustion products (hereinafter referred to as the "EnCAID Project"). The Wabiskaw K3 Pool falls on the Cold Lake Air Weapons Range within the Upper Mannville I Pool. Six of the seven wells from which the natural gas would be produced as part of the EnCAID Project are currently shut-in in accordance with the Board's Interim Shut-in Order 04-001.

The EnCAID Project involves air injection into one (1) well and natural gas production from seven (7) existing wells within the Upper Mannville I Pool. Six (6) of the EnCAID producing wells are currently shut-in as a result of Interim Shut-in Order 04-001. The existing wells which are part of the EnCAID Project are as follows:

EnCAID Wells

| | |
|--------------------|-----------------|
| 00/05-10-073-06 W4 | Injection Well |
| 00/06-05-073-06 W4 | Production Well |
| 00/07-08-073-06 W4 | Production Well |
| 00/14-09-073-06 W4 | Production Well |
| 00/11-15-073-06 W4 | Production Well |
| 00/02-16-073-06 W4 | Production Well |
| 00/01-17-073-06 W4 | Production Well |

The seventh EnCAID producing well is 00/06-10-073-06 W4 which is currently producing from the Colony formation, but is within the geographic area of the Upper Mannville I Pool. As part of the EnCAID project, EnCana proposes to complete the 6-10 well in the Wabiskaw zone and produce natural gas from that well.

The EnCAID Project is designed to test a potential gas over bitumen (GOB) technical solution to allow gas production within a bitumen area. The EnCAID Project has been reviewed by the GOB Technical Solutions Executive Steering Committee and has received the approval of that Committee.

As noted above, the EnCAID Project would involve the production of natural gas from six existing wells which have been shut-in as a result of Interim Shut-in Order 04-001 and the 6-10 well within the Upper Mannville I Pool. During the Phase 3 Final Proceeding, the Board will make final orders in respect of the production status of the currently shut-in wells involved in the EnCAID Project. By this letter, EnCana hereby notifies the Board and parties to the Phase 3 Final Proceeding of its request for an order of the Board to allow production from these six shut-in wells for the sole purpose of allowing the EnCAID Project to proceed and a GOB technical solution to be tested. EnCana proposes that the order it seeks be conditional on the Board approving the EnCAID Project.

EnCana would request that the Board make an order allowing the wells which are shut-in as a result of Interim Shut-in Order 04-001 and involved in the EnCAID Project to be produced as soon as possible, and prior to other orders the Board may make as part of the Phase 3 Final Proceeding. EnCana suspects that it may take the Board many months to complete its review of the record of the Phase 3 Final Proceeding and issue a decision. The EnCAID Project is scheduled to start in the first quarter of 2006; with major capital expenditures required in the third quarter of 2005. In order for the EnCAID Project to proceed, EnCana requires both a Board order approving the Project and an order from the Board allowing production from EnCAID Project wells in the Upper Mannville I Pool. EnCana cannot proceed with the capital expenditures necessary for the EnCAID Project in the absence of both orders.

EnCana has reviewed the materials filed by other parties to the Phase 3 Final Proceeding in respect of the Upper Mannville I Pool and notes that none of the wells that are part of the EnCAID Project are in dispute as part of this proceeding. However, EnCana notes that there is one well located at 3-21-74-7-W4, operated by Canadian Natural Resources Limited ("CNRL"), over which there is a dispute regarding its inclusion in the Upper Mannville I Pool. The Staff Submission Group ("SSG") has applied to have the 3-21 well included in the Upper Mannville I Pool and, therefore, shut-in. CNRL is opposing the SSG's attempt to include the 3-21 well in the Upper Mannville I Pool. EnCana takes no position on the disputed 3-21 well and notes that the disputed well is located over 10 km from the closest EnCAID well and would not be affected by the EnCAID Project. EnCana has discussed this matter with both counsel to the SSG and Counsel to CNRL, to make them aware of EnCana's plan to request an expeditious order from the Board to allow the wells involved in the EnCAID Project to be put back on production.

By this letter, EnCana requests that if the Board, or any other parties to the Phase 3 Final Proceeding, have any objections to EnCana proceeding as described in this letter, that they make those objections known as soon as possible so that they may be dealt with as part of the Phase 3 Final Hearing oral proceeding.

EnCana will make a separate application seeking an order allowing it to produce from the 6-10-73-6 W4 well for the sole purpose of allowing the EnCAID Project to proceed and a GOB technical solution to be tested.

Should you have any questions in regard to this letter or the EnCAID Project, please contact the undersigned at 645-6592.

Yours truly,



Alan Reid
Vice President, Regulatory Services
EnCana Corporation

cc: Terry Abel, EUB
Bernadette Law, EUB

