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April 25, 2007

Auditors' Report

**To the Shareholder of
EnCana Ekwon Pipeline Inc.**

We have audited the balance sheet of **EnCana Ekwon Pipeline Inc.** as at December 31, 2006 and 2005 and the statements of earnings and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2006 and 2005 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

EnCana Ekwan Pipeline Inc.
(a wholly owned subsidiary of EnCana Corporation)

Financial Statements
(Canadian Dollars)

December 31, 2006

EnCana Ekwan Pipeline Inc.
(a wholly owned subsidiary of EnCana Corporation)

Balance Sheet

As at December 31,
(Canadian Dollars)

		<u>2006</u>	<u>2005</u>
ASSETS			
Current			
Accounts receivable		\$ 447,791	\$ 33,816
Income tax receivable		-	120,971
Due from affiliates	(Note 6)	<u>680,642</u>	<u>680,656</u>
		<u>1,128,433</u>	<u>835,443</u>
Due from Affiliates	(Note 6)	17,044,380	15,545,314
Property, Plant and Equipment, Net	(Note 3)	46,597,809	48,680,879
Future Income Taxes		16,108	-
Inventory	(Note 4)	<u>103,240</u>	<u>103,240</u>
		<u>\$ 64,889,970</u>	<u>\$ 65,164,876</u>
LIABILITIES AND SHAREHOLDER'S EQUITY			
Current			
Income tax payable		<u>\$ 278,489</u>	<u>\$ -</u>
		<u>278,489</u>	<u>-</u>
Due to Parent	(Note 5)	4,842,160	4,121,210
Due to Affiliates	(Note 6)	47,877,185	53,798,800
Future Income Taxes		<u>-</u>	<u>21,674</u>
		<u>52,997,834</u>	<u>57,941,684</u>
Shareholder's Equity			
Share capital	(Note 7)	1	1
Retained earnings		<u>11,892,135</u>	<u>7,223,191</u>
		<u>11,892,136</u>	<u>7,223,192</u>
		<u>\$ 64,889,970</u>	<u>\$ 65,164,876</u>

See accompanying Notes to Financial Statements

EnCana Ekwan Pipeline Inc.
(a wholly owned subsidiary of EnCana Corporation)
Statement of Earnings and Retained Earnings
For the years ended December 31,
(Canadian Dollars)

		<u>2006</u>	<u>2005</u>
Tariff Revenue	(Note 9)	<u>\$ 9,582,080</u>	<u>\$ 8,622,047</u>
Expenses			
Operating		1,251,599	1,197,359
Interest, net		(922,296)	(419,335)
Depreciation		<u>2,094,018</u>	<u>2,101,545</u>
		<u>2,423,321</u>	<u>2,879,569</u>
Net Earnings before Income Taxes		<u>7,158,759</u>	<u>5,742,478</u>
Income Tax Expense (Recovery)			
Current		2,527,597	2,275,581
Future		<u>(37,782)</u>	<u>(207,648)</u>
	(Note 8)	<u>2,489,815</u>	<u>2,067,933</u>
Net Earnings		4,668,944	3,674,545
Retained Earnings, Beginning of Year		<u>7,223,191</u>	<u>3,548,646</u>
Retained Earnings, End of Year		<u>\$ 11,892,135</u>	<u>\$ 7,223,191</u>

See accompanying Notes to Financial Statements

EnCana Ekwan Pipeline Inc.**(a wholly owned subsidiary of EnCana Corporation)**

Statement of Cash Flows

For the years ended December 31,
(Canadian Dollars)

	2006	2005
Operating Activities		
Net earnings	\$ 4,668,944	\$ 3,674,545
Depreciation	2,094,018	2,101,545
Future income taxes	(37,782)	(207,648)
Cash flow	6,725,180	5,568,442
Net change in non-cash working capital	(14,501)	(1,705,364)
	<u>6,710,679</u>	<u>3,863,078</u>
Investing Activities		
Property, plant and equipment	(10,948)	(217,799)
Financing Activities		
Advances from parent	720,950	4,045,517
Advances (to)/from affiliates	(7,420,681)	(7,690,796)
	<u>(6,699,731)</u>	<u>(3,645,279)</u>
Change in Cash and Cash Equivalents	<u>-</u>	<u>-</u>
Cash and Cash Equivalents, Beginning and End of Year	<u>\$ -</u>	<u>\$ -</u>
Supplemental Information		
Income taxes paid	\$ 2,128,137	\$ 3,988,447
Interest paid	<u>\$ 454</u>	<u>\$ 46,244</u>

See accompanying Notes to Financial Statements

EnCana Ekwan Pipeline Inc.
(a wholly owned subsidiary of EnCana Corporation)

Notes to Financial Statements

For the year ended December 31, 2006

(Canadian Dollars)

1. CORPORATE INFORMATION

EnCana Ekwan Pipeline Inc. (the "Company") was incorporated on January 17, 2001 as 3857069 Canada Inc. under the Canada Business Corporations Act. One common share was issued to PanCanadian Petroleum Limited, a predecessor to EnCana Corporation.

On February 25, 2003 3857069 Canada Inc. changed its name to EnCana Ekwan Pipeline Inc. The Company owns and operates a natural gas pipeline which transports natural gas from the Sierra area in northeast British Columbia to Nova Transmission Limited's northwest mainline in Alberta. The Company commenced commercial operation in April 2004.

2. ACCOUNTING POLICIES

(A) Basis of Presentation

These Financial Statements, which have been prepared for statutory and other purposes, are prepared in accordance with Canadian accepted accounting principles.

(B) Measurement Uncertainty

The timely preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires that Management make estimates and assumptions and use judgment regarding the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, actual results may differ from estimated amounts as future confirming events occur.

(C) Revenue Recognition

Revenues associated with the sale of transportation services are recognized when the service is provided. The Company is subject to the authority of the National Energy Board with respect to the determination of tariffs, construction and operation.

(D) Income Taxes

The Company follows the liability method of accounting for income taxes. Under this method, future income taxes are recorded for the effect of any difference between the accounting and income tax basis of an asset or liability, using the substantively enacted income tax rates. Accumulated future income tax balances are adjusted to reflect changes in income tax rates that are substantively enacted with the adjustment being recognized in earnings in the period that the change occurs.

(E) Cash and Cash Equivalents

Cash and cash equivalents include short-term investments, such as money market deposits or similar type instruments, with a maturity of three months or less when purchased.

(F) Property, Plant and Equipment

Property, plant and equipment is carried at cost and depreciated using the straight-line method over its estimated economic life of 25 years.

(G) Asset Retirement Obligation

The fair value of the asset retirement obligations relating to the pipeline can not be reasonably estimated, therefore no asset retirement obligation has been recorded.

EnCana Ekwan Pipeline Inc.**(a wholly owned subsidiary of EnCana Corporation)**

Notes to Financial Statements

For the year ended December 31, 2006

(Canadian Dollars)

3. PROPERTY, PLANT AND EQUIPMENT

	<u>2006</u>	<u>2005</u>
Gas transmission pipeline	\$ 52,355,970	\$ 52,345,022
Accumulated depreciation	<u>(5,758,161)</u>	<u>(3,664,143)</u>
	<u>\$ 46,597,809</u>	<u>\$ 48,680,879</u>

4. INVENTORY

Inventory consists of spare parts to be used for pipeline repairs and is valued at cost.

5. DUE TO PARENT

The amount due to parent of \$4.8 million is unsecured, non-interest bearing and has no fixed terms of repayment.

6. DUE FROM/TO AFFILIATES

Due from affiliates is comprised of :

	<u>2006</u>	<u>2005</u>
EnCana Oil & Gas Partnership	<u>\$ 680,642</u>	<u>\$ 680,656</u>
EnCana Finance Ltd.	<u>\$ 17,044,380</u>	<u>\$ 15,545,314</u>

Due to affiliates is comprised of :

EnCana Oil & Gas Partnership	<u>\$ 47,877,185</u>	<u>\$ 53,798,800</u>
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Amounts due from EnCana Finance Ltd. bear interest based on the Royal Bank of Canada prime lending rate and have no fixed terms of repayment. Amounts due from/to EnCana Oil & Gas Partnership are unsecured, non-interest bearing and have no fixed terms of repayment.

EnCana Ekwan Pipeline Inc.

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Notes to Financial Statements

For the year ended December 31, 2006

(Canadian Dollars)

7. SHARE CAPITAL

Authorized

The Company is authorized to issue an unlimited number of Class A Common Shares without nominal or par value and an unlimited number of non-cumulative, redeemable Class B Preferred Shares without nominal or par value.

Issued and outstanding

	2006		2005	
	Number of Shares	Amount	Number of Shares	Amount
Common Shares balance, beginning and end of year	1	\$ 1	1	\$ 1

As of December 31, 2006 and 2005, one Class A Common Share has been issued for \$1.

8. INCOME TAXES

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

	2006	2005
Net earnings before income taxes	\$ 7,158,759	\$ 5,742,478
Canadian statutory rate	32.67%	33.90%
Expected income taxes	2,338,767	1,946,700
Effect of taxes resulting from:		
Large corporations tax	-	23,032
Other	151,048	98,201
	<u>\$ 2,489,815</u>	<u>\$ 2,067,933</u>
Effective tax rate	<u>34.78%</u>	<u>36.28%</u>

9. RELATED PARTY TRANSACTIONS

The Company has agreements with an affiliate (EnCana Oil & Gas Partnership) for the transportation of natural gas at market rates. During the year \$8,167,729 (2005 - 8,288,315) of tariff revenue was received from the affiliate.

The Company's cash requirements are managed on a daily basis by EnCana Finance Ltd. as part of consolidated cash management.