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CANADA-NOVA SCOTIA BENEFITS

2009 ANNUAL REPORT

Encana Corporation
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I. Executive Summary

In 2009, significant progress was made to advance Encana's Deep Panuke offshore natural gas project. During the year, Encana focused on activities including:

- The installation and trenching of the export pipeline for Deep Panuke from the Production Field Centre location offshore to landfall at Goldboro, NS.
- The fabrication and successful installation of wellhead protection structures at each of the five offshore wells at Deep Panuke.
- Completion and delivery of subsea trees and wellheads to Nova Scotia.
- Preparations for the drilling and completions program and tow-out of the Rowan Gorilla III drilling rig from Halifax Harbour to begin the program.
- Ongoing construction of the Production Field Centre (PFC) by Single Buoy Moorings Inc. (SBM).

The following report provides an overview of Encana's activities in Nova Scotia from January 1, 2009 until December 31, 2009.

Highlights of the report include:

- Total spending by Encana in 2009 on Deep Panuke was \$371 million Canadian dollars.
- 499,201 person hours of work by Nova Scotians.
- 106,478 person hours of work by Canadians from other provinces.
- 981,949 person hours of work carried out within Nova Scotia.

Person Hours (January-December 2009) & Cumulative Hours

	2009	CUMULATIVE
CATEGORY BY RESIDENCE	PERSON HOURS	PERSON HOURS
Nova Scotia Residents	499,201	932,318
Canadian Residents from other provinces	106,478	150,283

Note: Table above includes all Nova Scotian and all Canadian Person Hours for all elements of the project.

II. Introduction

The following report is filed in compliance with Condition 10 (Monitoring, Reporting and Auditing) of the Canada-Nova Scotia Benefits Plan Decision Report ("the Decision

Report”) for the Deep Panuke Offshore Gas Development as issued by the Canada-Nova Scotia Offshore Petroleum Board.

This report covers the period from January 1, 2009 to December 31, 2009.

Encana’s Deep Panuke contracting opportunities are comprised of six key elements including: 0) project management; 1) drilling and completions; 2) subsea infrastructure; 3) export pipeline; 4) production field centre and 5) ready for operations and long term operations. Reference is made in this report to the various project elements.

II.1 Local Office

Encana’s local office for the Deep Panuke project is located in Founders Square at 1701 Hollis Street in Halifax. Resident in the office is the project general manager and an interdisciplinary project management team, supported by teams of staff and contractors.

Appropriate levels of decision-making are directed from or take place in the office including project management, engineering, procurement, commercial arrangements, accounting, human resources, legal, regulatory, communications and community relations, drilling and completions and environment, health, safety and quality.

In addition to the Halifax office, Encana maintained a site office at Goldboro, NS to oversee offshore pipeline landfall preparation in the nearshore area, pipeline pull-in in July 2009, trench backfill and testing of the pipeline in the fall of 2009. Throughout the year, field representatives based at this office provided liaison between the work site and the Deep Panuke project office at Founders Square. In 2009, the landfall work in Goldboro was undertaken by McNally-Tideway Joint Venture, contracted to Allseas Canada, with respect to pipeline pull-in preparation, pipeline pull-in and site restoration; and RAS contracted to Allseas Canada for pipeline pre-commissioning. McNally-Tideway maintained its local offices at Isaacs Harbour, Guysborough County until October 2009 following the completion of landfall work.

To support the drilling program at Deep Panuke, Encana established operations in Dartmouth, NS in the summer of 2009 at the supply base operated by Offshore Logistics. Delivery of materials to the base for the drilling program was under way in Q3 2009 and continued through to the end of 2009. As well, the pipe storage yard at Goodwood, NS continued to be utilized in 2009 for drilling related materials.

At December 31, 2009, the total complement of Encana employees and contract staff supporting the Deep Panuke project was 109 individuals, including the three individuals assigned to Encana’s office at the construction site in Abu Dhabi, an SBM project in offshore Brazil and an SBM project in offshore Angola.

Encana PFC contractor SBM maintained its office in Founders Square throughout 2009 and had a project office in Pictou, NS from mid-February 2009 to the end of 2009 at the

Aecon Fabco facility where the fabrication of the Deep Panuke flare tower took place. The office at the Aecon site was subsequently closed in early February 2010 following shipment of the Deep Panuke flare tower to Abu Dhabi for integration with the PFC.

At Sheet Harbour, NS, concrete weight coating contractor Shaw & Shaw wrapped up its operations in the fall of 2009 following installation of the Deep Panuke export pipeline. Operations had ramped up beginning in late Q2 2009 to support pipe load out from the site. Approximately three kilometres of pipe sections for the onshore pipeline remained at Sheet Harbour through the winter of 2009-2010 for transport in the spring of 2010 to Goldboro, NS for installation.

III. Business Opportunities and Supplier Development

III.I Communication of Business Opportunities

In 2009, Encana utilized recognized channels of distribution to share business opportunities at Deep Panuke with the local supply community. Such channels included postings to the Business Opportunities section of the Deep Panuke pages on the Encana website (www.encana.com/deeppanuke/business), postings to the electronic bulletin board BIDS Nova Scotia, an email distribution list comprised of disadvantaged group representatives and newsletter distribution.

As well, Encana's Deep Panuke business opportunities are frequently reported through third party organizations. For example, information on Encana's Expressions of Interest (EOI), Requests for Proposal (RFP) and Contract Awards typically are posted the day of issue in the Offshore/Onshore Technologies Association of Nova Scotia (OTANS) Daily Bulletin to members. Media in Nova Scotia often report on Encana business opportunities as well.

To help alert suppliers to business opportunities at Deep Panuke, Encana inserted a Procurement Update in four project newsletters in 2009 – March, June, September and December. Approximately 5,000 hard copies of each edition of the newsletter are circulated as well as being posted to the Deep Panuke pages on the Encana website at www.encana.com/deeppanuke. By the end of December 2009, there were 261 individuals registered to receive an e-copy of the newsletter.

Encana sponsored an OTANS breakfast presentation by subsea contractor Acergy in April 2009 attended by approximately 150 offshore suppliers. At the breakfast, Acergy provided an overview of its scope of work on the Deep Panuke project, and reviewed the Acergy business opportunities related to Deep Panuke. The presentation was followed by one-on-one briefings with local suppliers. In September 2009, Acergy followed up on its spring briefing by presenting at the Canadian Underwater Conference in Halifax, NS on the work program for Deep Panuke. Among the highlights was the announcement by Acergy that Aecon Fabco in Pictou, NS would be fabricating the protection structure for the subsea isolation valve at Deep Panuke.

In October 2009, Encana provided an update to the local offshore supply and service community and other stakeholders at the annual CORE offshore conference in Halifax, NS. The Encana presentation was given by Dave Kopperson, Encana's Vice President Atlantic Canada.

In parallel to Encana's activities, contractors to Deep Panuke such as SBM, Acergy, Allseas and Rowan Companies released 57 Deep Panuke business opportunities to the local supply community in 2009 via the BIDS Nova Scotia portal. Distribution of opportunities via BIDS is often supplemented by listing of the opportunities in the OTANS Daily Bulletin circulated to OTANS members and media coverage.

III.II Stakeholder Communications

One of the key Project Management Principles contained in The Benefits Plan (Volume 3, Deep Panuke Development Plan Application) described Encana's commitment to developing relationships with stakeholders to fully inform and involve them in the Deep Panuke project.

In 2009, Encana continued to liaise with stakeholders to share information on Deep Panuke. Methods of liaison in 2009 included face to face meetings, presentations and/or participation at conferences and workshops, an open house in Guysborough County, phone calls, information mailings, print material distribution, media relations, site tours of pipeline landfall at Goldboro, participation and/or sponsorship of community events and regular website updates to www.encana.com/deeppanuke (Deep Panuke pages).

During 2009, four project newsletters were distributed to provide stakeholders with updated information on Deep Panuke.

Each edition of the newsletter is:

- posted to the Deep Panuke pages on the Encana website at www.encana.com/deeppanuke;
- inserted in the weekly *Guysborough Journal* to help ensure circulation in Guysborough County;
- dropped by Canada Post to mailboxes in Guysborough County;
- distributed to representatives of local, provincial and federal government, fisheries organizations, environmental groups, suppliers and other diverse stakeholders on a large mailing list; and,
- distributed directly to participants at meetings, conferences and other business and/or community events attended by representatives of Encana or sponsored by Encana.

The Deep Panuke web pages include information on project procurement activities, Encana conference presentations, recent speeches and other relevant materials. In July 2009, the pages were updated to improve navigation. Through 2009, there were more than 15,000 unique visits to Deep Panuke web pages on the Encana website.

The general project information email box (dpinfo@encana.com) is monitored on a daily basis. In 2009, more than 80 queries were received in the mailbox from the general public, from contractors seeking business opportunities and from individuals or organizations requesting community sponsorships. In addition, members of the Deep Panuke contracts and human resources teams regularly respond to unsolicited inquiries about employment and business opportunities with the project.

In Q2 2009, a second construction supplement was produced for Deep Panuke describing several major local project activities anticipated in 2009: the fabrication and installation of the wellhead protection structures for the four production wells and the disposal well, the pipelay program for the Deep Panuke export pipeline from the PFC to landfall and the drilling and completions program. The supplement was:

- posted to the Deep Panuke pages on the Encana website at www.encana.com/deeppanuke;
- distributed at the Deep Panuke open house in Goldboro in April 2009;
- inserted in the June 2009 edition of the Deep Panuke newsletter to broaden distribution; and
- regularly distributed at meetings, conferences and public events.

A third construction supplement was completed in December 2009 to describe the upcoming 2010 work program for Deep Panuke including onshore construction in Goldboro, NS, the drilling and completions program and the subsea program at the Deep Panuke PFC site. The supplement has been:

- posted to the Deep Panuke pages of the Encana website at www.encana.com/deeppanuke;
- was distributed at a Deep Panuke open house in Goldboro, NS in January 2010; and,
- regularly distributed at meetings, conferences and public events.

III.III Contract Awards

Encana awarded 30 contracts for Deep Panuke in 2009, including contracts for a new platform supply vessel, shorebase services for drilling program at Deep Panuke, supply boats for the drilling program, metocean services, fishery observer coverage and contracts related to the onshore construction at Goldboro, NS for the Deep Panuke export pipeline. Among the contracts awarded in 2009 were:

- Supplied Air System & Services – Sabre Safety Canada Limited
- Well Testing – EXPRO Group Canada Inc.
- Rig Positioning – Fugro Jacques Geosurveys Inc.
- ROV Services – Oceaneering Canada Limited
- Mud Logging – Weatherford Canada Partnership
- Directional Drilling/LWD/MWD – Schlumberger Canada Limited

- Open Hole Wireline/Slickline – Schlumberger Canada Limited
- Tubular Running & Bucking Tools – F I Oilfield Services Canada ULC
- Downhole Drilling Tools – Weatherford Canada Partnership
- Onshore Pipeline Valves- Offshore - EMCO Corporation
- Supply/Standby Vessels, Vessel A – Atlantic Towing Limited
- Supply/Standby Vessels, Vessel C(a) – Maersk Supply Services Canada Limited
- Supply/Standby Vessels, Vessel C(b) – J Ray McDermott Canada
- Shorebase Facilities (Drilling & Completions Program) – J Ray McDermott Canada, Ltd. (Offshore Logistics)
- Metocean Services – AMEC Earth & Environmental
- Fisheries Observation – Oil & Gas Observers Program Canada
- Freight Forwarding – PFCollins Customs Broker Ltd
- Medical Services – PRAXES Emergency Specialists Inc.
- Cut VAM threads in CRA tubing – VAM Canada Inc.
- Weld Float equipment to 30” CSG – Mulgrave Machine Works Ltd.
- Naval Architecture (Sea Fastening) – Allswater Marine Consultants Ltd
- Drill Bits – Halliburton, Hughes Christensen, NOV ReedHycalog, Smith
- Communications Equipment and Services – Hinz, A Rockwell Automation Contractor
- Marine Gas Oil (MGO) – Imperial Oil
- 22” Heavy Wall Pipe and Fittings – onshore – COMCO Pipe and Supply Company
- Tug Vessel – J Ray McDermott Canada
- PFC Pig Launcher Offshore – Pyramid Corporation
- Onshore Corridor Clearing – R. MacLean Forestry Ltd.
- Onshore Gas Export Pipeline and Facilities Construction – Robert B. Somerville Co. Limited
- Rowan Gorilla III Sea Fastening Welding / Fabrication – Marener Industries Limited

In 2009, Encana submitted four quarterly procurement forecasts to the CNSOPB.

III.IV Business Expenditures

The total expenditure for Deep Panuke during the period of January 1-December 31, 2009 was \$371 million Canadian.

IV. Project Employment

IV.I Update on Activities

Encana is fully committed to employing a competitive, open and fair recruitment process for Deep Panuke, with full and fair opportunity for Nova Scotians and all Canadians, and with first consideration to qualified Nova Scotians. Foreign workers will be hired when

specialized knowledge or experience is required and when qualified Canadian workers are not available.

The Encana Project Management Team supporting the Deep Panuke project grew to 109 individuals at the end of 2009, including contractors located in Abu Dhabi and SBM facilities in offshore Brazil and Angola.

In 2009, Encana advertised for 16 additional contract positions to support engineering, project controls, operations and drilling and completions. In Nova Scotia, the positions were advertised at www.careerbeacon.com, a well recognized website for local opportunities in the offshore oil and gas industry. As well, notices for the positions appeared on the Encana website at www.encana.com.

In June 2009, the final position was filled in Encana's Developing Skills Initiative. The Initiative is aimed at growing Nova Scotian talent in the offshore oil and gas industry by offering two-year contract opportunities to Nova Scotians early in their careers to work in the Deep Panuke project office or the offices of major Deep Panuke contractors here and abroad. Those hired for the 10 positions have training in engineering, commerce and skilled technician roles, with two of the individuals currently assigned to SBM facilities in offshore Brazil and offshore Angola. For more information on Developing Skills, see <http://www.encana.com/operations/canada/deeppanuke/skills.html>

In spring 2009, pipelay contractor Allseas Canada via subcontractor Reliance Offshore advertised for positions available to support the pipelay program via advertisements in the Chronicle Herald and on local radio stations in Nova Scotia. To support the recruitment effort by Allseas/Reliance, Encana included a link to the online application process from the Deep Panuke pages of the Encana website to coincide with the radio campaign.

In September 2009, SBM advertised in the Chronicle Herald and on www.careerbeacon.com for positions to support the operations of the PFC in Nova Scotia including mechanical, electrical and production positions. Subsequently in December 2009, SBM advertised in the Chronicle Herald for a senior engineering and a procurement position based in its Halifax office. These two opportunities were later posted to www.careerbeacon.com in January 2010.

On October 1, 2009, three representatives from the Deep Panuke project office participated in an Encana careers information session for engineering and geology students at Dalhousie University. Approximately 75 students attended the two-hour session.

Since May 2007, 24 students have joined the Deep Panuke team, generally on a four-month basis, with 7 of the 24 students participating in 2009. To date, students in the program have been enrolled at Acadia, Dalhousie and Mount Saint Vincent universities, as well as the Nova Scotia Community College, in engineering, commerce and public relations fields of study.

To enhance the sharing of information about employment opportunities at Deep Panuke and the offshore oil and gas industry, in 2009 Encana participated in the Petroleum Human Resource Council Career Awareness Project. The project, beginning in 2009 and continuing in 2010, aims to update careers materials offered by the Council. Encana's participation will provide input on the offshore oil and gas segment. Encana regularly uses Council materials at career fairs and in teacher information kits for educators in Nova Scotia. Among the Council's projects, see www.careersinoilandgas.com

IV.II 2009 Person Hours

Total Nova Scotia person hours from January 1 to December 31, 2009 for Deep Panuke were 499,201 and Other Canadian hours were 106,478 with 981,949 hours of work performed within the Province of Nova Scotia in 2009.

V Disadvantaged Groups

V.I Sharing Business and Employment Opportunities

As directed by the CNSOPB in the Decision Report, the four disadvantaged groups engaged for the Deep Panuke project are:

- Aboriginal people
- Members of visible minorities
- Persons with disabilities
- Women

During 2009, the individual holding the position of Aboriginal and Community Liaison in-house at the Deep Panuke project office had more than 400 direct business related contacts. Of that number, 202 were Aboriginal contacts, 133 were with other identified disadvantaged groups/individuals, 38 contacts were made with federal and provincial government departments and agencies, 20 contacts were made with education/training institutes and more than 22 private sector contacts were made. Regular contact is maintained now with 30 community groups/agencies representing the identified disadvantaged groups.

To encourage the participation by the four identified disadvantaged groups in the business opportunities available with the Deep Panuke project, Encana hosted two briefing sessions in 2009, one in February and one in December.

Representatives from each of the four groups attended the two sessions. The February session was an overview provided by Encana representatives about the Deep Panuke project. The December session included an overview by Encana as well as participation and presentations by Deep Panuke contractors SBM and Atlantic Towing, as well as a

presentation by Irving Shipbuilding about opportunities at the Halifax Shipyard where an offshore supply vessel for Deep Panuke is currently under construction.

Encana's in-house Aboriginal and Community Liaison Advisor met with representatives of Acergy, the Deep Panuke subsea contractor (Element 2), in November 2009 to provide information on disadvantaged groups in Nova Scotia and to discuss Acergy's upcoming supply and service needs.

To directly share information on Deep Panuke contracting opportunities with disadvantaged groups in 2009, opportunities were emailed via a distribution list to immediately alert key representatives of these groups to the issuing of an EOI, RFP or Contract Award by Encana or by an Encana major contractor such as SBM, Allseas or Acergy.

As well, the established process continued throughout 2009 to regularly share employment opportunities at Deep Panuke with 45 representatives of disadvantaged groups via fax and email distribution lists. In 2009, Encana shared information on its employment opportunities as well as employment opportunities on behalf of SBM.

To supplement these direct notifications of business and employment opportunities, in 2009 Encana placed advertising in local publications focusing on disadvantaged groups. The advertising explained where the Deep Panuke opportunities are posted on the Encana website. As well, the fall 2009 edition of *Black to Business*, the magazine of the province's Black Business Initiative, featured an article about the directories and points of contact for companies owned and operated by members of disadvantaged groups as posted to the Deep Panuke diversity web pages at <http://www.Encana.com/operations/canada/deeppanuke/business/diversity.html> Encana also distributed copies of the *Aboriginal Business & Communities Directory – Atlantic Region* and the 3rd edition of *Everything Ventured Something Gained*, a publication of the Metropolitan Immigrant Settlement Association (MISA), to Deep Panuke major contractors. The MISA publication profiles immigrant entrepreneurs in Nova Scotia, and is a quick reference for business contacts from this community. Both publications supplement the links to the directories on the Deep Panuke diversity web pages.

Per past practice, throughout 2009, Encana continued to support disadvantaged groups and their delivery of core programs and services to members by purchasing tickets for or donating items to be auctioned at fundraising events and activities. Among the groups receiving support in 2009 were:

- Canadian Paraplegic Association (Nova Scotia)
- Easter Seals
- Entrepreneurs with Disabilities Network
- Black Business Initiative
- Learning Disabilities Association of Nova Scotia
- Special Olympics
- Progress Centre for Early Intervention & Kings Meadow Home

- Nova Scotia Chapter, Canadian Cystic Fibrosis Foundation
- Canadian Down Syndrome Society
- LakeCity Woodworkers
- Provincial Autism Centre
- Canadian Breast Cancer Foundation
- Canadian National Institute for the Blind (CNIB)
- Micmac Benevolent Society
- Nova Scotia Home Builders Association – Homebuilders Care program
- Family Service Association
- YMCA Halifax
- Adsum House
- Special Olympics
- Centre for Women in Business at Mount Saint Vincent University

V.II Aboriginal and Community Liaison

To facilitate the communication of business and employment opportunities at Deep Panuke to Mi'kmaq and Aboriginal stakeholders in 2009, Encana focused on career fairs, workshops and organized meetings. As well, during the year Encana monitored the progress with the Encana Native Council Opportunities Fund (ENCOF), a fund established to help off-reserve Aboriginal people in Nova Scotia engage in employment and business opportunities related to the offshore oil and gas industry.

In 2009, Encana participated in four regional career fairs organized by ENCOF. The Deep Panuke project was discussed and opportunities relating to the offshore oil and gas industry were explained to the 119 participants. The career fairs were held in Dartmouth, Truro, Bridgewater and Sydney, NS. Similar events now are planned for 2010, with the additional participation planned of other companies and organizations involved in the offshore oil and gas industry.

Also under the ENCOF, in 2009,

- 16 individuals were approved for post-secondary training (University, Nova Scotia Community College, Maritime Drilling School and International Union of Operating Engineers Training School) in fields related to the offshore oil and gas industry such as roughneck training, welding, crane operations, HVAC, electrical, heavy equipment operation and engineering as well as BST (Basic Survival Training) and Fast Rescue Craft Training at Survival Systems Training Ltd in Dartmouth, NS.
- 12 information sessions were held across Nova Scotia to present ENCOF to community members. At the sessions, applications for education and training funding were distributed and information was presented on getting Aboriginal small business involved in the Encana procurement/bidding process.

Encana maintains regular contact with the Encana Mi'kmaq Liaison Advisor working with the Mi'kmaq Rights Initiative (MRI), and continues to engage with this individual regarding Deep Panuke opportunities. To facilitate business and employment opportunities for Mi'kmaq companies and individuals, in 2009 Encana worked on a weekly basis with this advisor to help coordinate liaison for the Mi'kmaq. The work involving Encana's in-house Aboriginal and Community Liaison Advisor and the MRI's Encana Mi'kmaq Liaison Advisor has included:

- Ongoing discussions with Atlantic Towing, the company awarded the contract for the platform supply vessel to be used during operations at Deep Panuke, with respect to a potential Mi'kmaq cadet program;
- Ongoing, active recruitment appeals to potential Mi'kmaq applicants for work that has included Allseas Canada positions related to the installation in 2009 of the offshore pipeline at Deep Panuke and in early January 2010, for positions related to work taking place for Deep Panuke at the Halifax Shipyard, by Atlantic Towing and for SBM.
- Meetings with Membertou Corporate Division regarding potential contracting opportunities in the areas of field support for the Deep Panuke production facility and insurance brokerage services.

Additionally, through 2009, an Aboriginal Monitor from the Mi'kmaq Rights Initiative continued to be on call during onshore construction for the Deep Panuke pipeline landfall at Goldboro, NS and was present at the site during onshore excavation activities.

In July 2009, Reliance Offshore presented to the Native Employment Officers from the 13 Nova Scotia Mi'kmaq bands in Truro, NS on opportunities associated with the pipelay program (Element 3) at Deep Panuke. Reliance made the presentation on behalf of pipelay contractor Allseas Canada. A representative of Atlantic Towing also attended and made a presentation.

In August 2009, Encana helped to facilitate a meeting for Mi'kmaq representatives with the Deep Panuke project element leads. The purpose of the meeting was to provide an update on Deep Panuke and to discuss project employment and contracting opportunities. Representatives of the Mi'kmaq Rights Initiative, Membertou Corporate Division, the Treaty and Aboriginal Rights Research Centre (TARR) and Mi'kmaq business attended the meeting.

To share information on Deep Panuke business and employment opportunities with off-reserve Aboriginal people, Encana participated in the Annual General Assembly of the Native Council of Nova Scotia in September 2009.

In November 2009, Encana provided an overview of Deep Panuke employment and business opportunities in conjunction with the launching of the Unama'ki Chamber of Commerce in Cape Breton.

To support electronic sharing of information about Deep Panuke with Mi'kmaq and Aboriginal stakeholders, Encana provided support in 2009 for First Net (<http://www.mns-firstnet.ca/>), a website focusing on these communities.

In addition, to support Mi'kmaq and Aboriginal business and community development, Encana participated in several initiatives in 2009 including:

- National Aboriginal Day at the Glooscap Heritage Centre in Truro, NS in June 2009 – Encana attended the activities and events.
- A collaborative project of Mi'kmaq artists to create an original work of art for display at the Aboriginal pavilion during the 2010 Olympic Games in Vancouver.
- The Atlantic Policy Congress of First Nations Chiefs conference, Aboriginal Business Dynamics, in September 2009 in Dartmouth, NS – Encana attended the conference.
- The Union of Nova Scotia Indians, 40th Anniversary, in September 2009 – Encana participated in the activities for the anniversary and provided an information booth about business and employment opportunities at Deep Panuke.

V.III Persons with Disabilities

Through 2009, Encana worked closely with the Entrepreneurs with Disabilities Network (EDN). EDN's mission is to promote and facilitate entrepreneurship among people with disabilities; to understand and represent the needs of entrepreneurs with disabilities and to advise government, business service providers and others on how best to serve entrepreneurs with disabilities. EDN has approximately 500 members across the province and offers business counselling, referrals, information and networking opportunities.

In October 2009, Encana supported the EDN Small Business Week events in Halifax, Yarmouth and Sydney, NS. At the Halifax and Yarmouth events, 22 EDN members worked with 22 volunteer mentors. The EDN members benefitted from consultation in the areas of bookkeeping, legal, brand development and business development.

Representatives of EDN also attended the December 2009 briefing on the Deep Panuke project business and employment opportunities with Encana and major contractors.

Also in 2009, Encana met with representatives of the Canadian Paraplegic Association (Nova Scotia Chapter), Team Work Cooperative (offers employment-related services for persons with disabilities), Our Town Earth (a Nova Scotia-based web portal for persons with disabilities) and reachAbility.

In 2009 Encana retained New Leaf Enterprises, a division of Easter Seals Nova Scotia, to handle the mail-out of the quarterly Deep Panuke project newsletter.

V.IV Members of Visible Minorities

In 2009, Encana supported activities of several organizations representing visible minorities in Nova Scotia, provided presentations on Deep Panuke employment and business opportunities, attended career fairs and shared information on the offshore oil and gas industry. Among the organizations that Encana worked with in 2009 were the Black Business Initiative, WADE, Antigonish-Guysborough Black Development Association, African Nova Scotian Employment Partnership Committee and MISA.

Support for the Black Business Initiative included funding in September 2009 for the Business Is Jammin' program, a Junior Achievement-type program to encourage African Nova Scotian youth to develop business and entrepreneurial skills. In 2009, the program was delivered to more than 500 youth across Nova Scotia.

On December 1, 2009, MISA and the Halifax Immigrant Learning Centre merged to become ISIS (Immigrant Settlement and Integration Services). Information on ISIS is now available to Encana contractors via the Deep Panuke diversity pages at www.encana.com/deeppanuke/diversity

V.V Women

Among the women's organizations that Encana worked with in 2009 to share information on business and employment opportunities with the Deep Panuke natural gas project were: Centre for Women in Business at Mount Saint Vincent University, Women Unlimited, HYPATIA Association, WEE Society and the Province of Nova Scotia Status of Women office.

Encana sponsored two events hosted by the Centre for Women in Business in 2009, a networking session in June and a conference in November. The November conference, attended by 148 delegates, focused on building entrepreneurial skills among female business owners.

In all meetings with women's organizations, Encana focuses on the opportunities in the offshore oil and gas industry, particularly employment for women in non-traditional fields such as engineering, technology and skilled trades.

V.VI Diversity at Deep Panuke

Encana conducts an annual, voluntary diversity survey of its workforce supporting the Deep Panuke natural gas project. The first survey was conducted in late 2008 and was subsequently updated in Q1 2009 to include recent contract staff. The second survey was conducted in the fall of 2009. New contract staff added to the project since the fall of 2009 have been asked to participate as part of their orientation to the project. Final

data from the fall 2009 survey, supplemented by more recent data, shows the following breakdown for Encana's Deep Panuke office:

Disadvantaged Group	# of Responses
Aboriginal peoples	1
Persons with disabilities	2
Members of visible minorities	4
Women	25
None of the disadvantaged groups apply	77
Didn't complete survey	5
TOTAL Surveys Issued	114

Encana continues to require new hires to Deep Panuke to receive mandatory Aboriginal Awareness Training. The training is conducted by the in-house Aboriginal and Community Liaison Advisor for Deep Panuke, and is based on on-line training developed by Encana.

Data from Encana's contractors in 2009 with respect to diversity is the following:

Disadvantaged Group	Number of Positions	Hours Worked (Reported as Lump Sum)
Aboriginal peoples	4	
Persons with disabilities	33	
Members of visible minorities	4	
Women	91	
TOTAL (2009)	132	33,651

Data from Encana's contractors for 2008, but reported in 2009, with respect to diversity is the following:

Disadvantaged Group	Number of Positions (2008 reported in 2009)	Hours Worked (Reported as Lump Sum)
Aboriginal peoples	9	
Women	69	
TOTAL (2008)	78	14,332

VI. OSEA

VI.1 Update on Activities

During 2009, progress was made on the Offshore Strategic Energy Agreement (OSEA) commitments with the Province of Nova Scotia. During this period, 390,733 hours of work were conducted in Nova Scotia with 335,040 of these hours being Nova Scotia Person Hours. From the commencement of the OSEA, 903,130 hours of work have been conducted in Nova Scotia with 768,156 of these hours being Nova Scotia Person Hours. Encana anticipates that the commitment to Nova Scotia Person Hours in the OSEA will be exceeded.

- Engineering, Procurement and Management Activities

Encana's office in Halifax continues to be the centre of project management activity for Deep Panuke, as well as engineering and procurement management.

- Export Pipeline - Coating

Contractor Shaw & Shaw ramped up operations in Sheet Harbour, NS in late Q2 2009 to prepare for pipe load-out for installation in the field beginning in mid-July 2009.

Approximately 175 kilometres of concrete coated 22-inch diameter pipe was stored at Sheet Harbour through the winter of 2008/09. Beginning in June 2009, protective plastic coating was removed from the pipe and the pipes were cleaned to remove debris to prepare for load-out and installation in the field.

Allseas Canada pipelay vessel *Lorelay* arrived in Sheet Harbour on July 10, 2009 to load the first sections of pipe in its cargo hold. Pipehaul vessels continually shuttled coated pipe from Sheet Harbour to the *Lorelay* in the field until pipelay was completed in late October 2009. Pipelay was followed by trenching of the pipe utilizing the *Calamity Jane*. Trenching was completed by the end of 2009.

- Flare Tower

Welding and outfitting of the flare tower began in Q3 2009 and was completed in January 2010. Load-out of the flare tower from Pictou took place in early February 2010. The tower was shipped in two sections, each approximately 50 metres in length, for transport to Abu Dhabi where the tower will be integrated with the Deep Panuke PFC.

- Offshore Supply Vessel

In Q1 2009, Encana awarded a contract to Atlantic Towing for the Platform Supply Vessel at Deep Panuke. The vessel is being built by Irving Shipbuilding in Halifax for Atlantic Towing.

First steel for the vessel was cut in September 2009.

Atlantic Towing will operate the new vessel on long term contract with Encana during the operations phase of Deep Panuke.

The vessel is scheduled for completion in Q1 2011.

- Wellhead Protection Structures

The five wellhead protection structures (described in the OSEA as “subsea protection structures”) for the Deep Panuke project were installed at the Deep Panuke wells offshore in July 2009.

The structures were fabricated from January-May 2009 at Cherubini Metal Works Inc. in Dartmouth, NS. Cherubini also manufactured 20 steel pipe piles – each weighing 13 tonnes and approximately 28 metres in length – used to securely anchor each wellhead protection structure to the seabed.

Cherubini also fabricated a mock-up wellhead protection structure for testing in Aberdeen in 2009 to determine how a Remotely Operated Vehicle (ROV) could access a subsea tree through the protection structure. The trees are located on the top of each offshore well at Deep Panuke and function as a flow control module.

- Onshore Drilling Rig Program

As part of EnCana’s OSEA commitments, EnCana agreed to facilitate the development of the capability of an onshore drilling rig manufacturing operation in Nova Scotia.

In early 2009, due to a downturn in drilling activity in Western Canada, the fabrication of two onshore rigs was suspended at Laurentian Fabricators at Sydport, NS. The rigs were being built for Nabors Canada.

On September 30, 2009, the Province of Nova Scotia announced a two-year extension to the agreement with Encana to provide support for the onshore rig program, should the work resume.

VII. Education & Training/ Research and Development

During 2009, Encana continued to invest in research and development, education and training initiatives in Nova Scotia with a focus on advancing the development of the offshore oil and gas industry.

VII.I Deep Panuke Education & Training and Research & Development Fund

In late June 2009, Encana received feedback from the CNSOPB on the 48 submissions made by Encana to the Fund from October 2008 to February 2009. Submissions totaling approximately \$800,000, largely in the area of education and training, were approved by the CNSOPB.

Subsequently in October 2009, CNSOPB approval was received for funding of:

- A Complex Geosystem (salt) Research Chair at Dalhousie University;
- A three-year Joint Industry Proposal, coordinated through Petroleum Research Atlantic Canada (PRAC), involving research topics related to produced water; and,
- A Call for Proposals in Q4 2009, focusing on either Safety & Risk or Engineering as a research theme, with the alternate theme being used in the 2010 Call for Proposals.

In November 2009, approval from the CNSOPB was received for three other submissions in the area of education and training.

In December 2009, Encana recommended the funding of 10 new submissions, largely in the area of education and training, to the CNSOPB. At year end, those submissions were still under consideration by the CNSOPB.

Among the education & training initiatives approved by the CNSOPB under the Fund in 2009 were the following:

- Techsploration

Encana continued to provide core funding support for the Techsploration program that encourages young girls in Nova Scotia to consider careers in sciences, trades and technology. Because of support from Encana, in 2009 Techsploration began an expansion of its learning materials via the development of web testimonials by women in non-traditional careers. The three year project is aimed at bringing Techsploration role models and learnings directly to students in a medium they prefer. The videos will be of value to Techsploration participants, students not currently able to participate in Techsploration, teachers, guidance counsellors and parents. The first set of eight testimonials, called the Women in Action Web Video Series, was posted to YouTube in Q4 2009 and has received 739 hits to date. See <http://www.youtube.com/user/techsploration> In 2010, it is expected 12 new videos will be added to the series.

- Skills InDemand

Encana is supporting Skills InDemand projects at eight campuses of the Nova Scotia Community College in the 2009-2010 school year to encourage youth to consider a skilled trades career. Two of the projects took place in the fall of 2009; one at Marconi Campus in Sydney, NS and one at the Truro campus. Each project is a full day of

interactivity, applied learning and work with a mentor from a skilled trade. At the two 2009 events, 129 students from 13 schools participated. As well, in August 2009, Encana shared the information on the Skills InDemand youth events for the 2009-2010 school year with contacts from disadvantaged communities as schools/students could sign-up in advance via an online registration system.

- Energy for Students (EFS)

In 2009, the EFS program presented to 282 teachers and 303 students. In October 2009, EFS hosted the Energy Today professional development conference for social studies teachers from across Nova Scotia. The conference included presentations on the offshore oil and gas industry and Encana hosted an information booth to distribute information on Deep Panuke and career paths in the offshore. The conference also offered participating teachers the opportunity to tour an offshore supply base, a helicopter ditching simulator and an oil refinery. From October to December 2009, EFS presentations were given to students attending Citadel High School, Dartmouth High School and South Woodside Elementary. In December 2009, EFS facilitated visits by 85 students from Northumberland Regional High School in Alma, NS to the Aecon Fabco facility at Pictou, NS where the Deep Panuke flare tower was being built. Through 2009, EFS distributed 10 electronic newsletters for educators with a focus on offshore oil and gas news. Each edition is sent to approximately 700 recipients. See http://www.energyforstudents.ca/content/EFS_Newsletter

- The Discovery Centre

Encana's support over three years for Discovery Centre will see the expansion of the Science on the Road program that directly delivers science education to students across Nova Scotia. In the 2009-2010 school year, the funding supported an increase by 15 % in the number of schools visited, and program improvements such as new materials for workshops and expanded demonstrations are now in place.

- SuperNOVA Aboriginal Outreach

SuperNOVA at Dalhousie University works directly with First Nations communities to provide Mi'kmaq and Aboriginal youth with meaningful interactions in science, engineering and technology. Encana's support for the SuperNOVA Aboriginal Outreach program in 2009 assisted directly in the delivery of science camps for Mi'kmaq youth at Indian Brook and Millbrook First Nations in Nova Scotia. In total, SuperNOVA delivered programming to 11 First Nations communities in Nova Scotia and Prince Edward Island, reaching more than 2,000 youth.

- Encana High School Scholarship

In late 2009, Encana began preparations for the launch of the Encana High School Scholarship program, available to one graduating student from each of the eight public school boards in Nova Scotia. The student must be pursuing post secondary studies in

engineering, geology, geophysics or trades training related to the offshore oil and gas industry. The scholarship program will be launched in Q1 2010.

- Scientists and Innovators in Schools (SITS)

SITS is a science promotion program administered by the Atlantic Science Links Association, a not-for-profit organization dedicated to nurturing relationships between educators and scientists, technology, engineering and mathematics communities in Nova Scotia. SITS seeks to inspire Nova Scotia students when they are developing key attitudes towards science and technology, and are beginning to think about careers in these fields. From January 2009 through December 2009, with Encana's support, SITS presenters delivered 105 presentations in classrooms across the province. Through this program, approximately 3,000 students were provided with the opportunity to make connections between what they learn in the classroom and the work and research being done by scientists in Nova Scotia. SITS maintains a database of 200 science volunteers – among them engineers, IT specialists, mathematicians and others from the public and private sectors, universities and not-for-profit organizations.

- Oil and Gas 101

Encana's support for this training program on the offshore oil and gas industry offered by the Offshore/Onshore Technologies Association of Nova Scotia saw it delivered in the fall of 2009 in Dartmouth, NS and in early 2010 in Sydney, NS, with more than 65 participants taking part at the two sessions. In addition to support for the delivery of the program, for the Sydney session, Encana sponsored the tuition for the 16 students in the petroleum technology training program at the Nova Scotia Community College, Marconi Campus.

- Ducks Unlimited – Project Webfoot

In recognition of the impacts to wetlands in Guysborough County from the construction of the onshore pipeline for the Deep Panuke project, Encana has been a supporter of the Project Webfoot program delivered by Ducks Unlimited. In the 2008/2009 school year (September 2008-June 2009), Encana funding helped to support programming for 33 classes representing 818 students at 18 schools in Guysborough, Antigonish and Halifax (Eastern Shore) counties. Encana funding for the 2009-2010 school year (September 2009-June 2010) is expected to benefit a similar number of students and classes.

VII.II Deep Panuke Education & Training and Research & Development Fund – R&D Call for Proposals

Stakeholder consultations held in the first quarter of 2009 identified four core potential R&D themes for the inaugural Deep Panuke R&D Call for Proposals: engineering, safety & risk, geosciences and environment.

In December 2009, PRAC on behalf of Encana formally launched the call in the theme of engineering, with estimated funding available of \$200,000 annually over three years for a total of \$600,000. Interested researchers were asked to respond with their proposals by early January 2010. Since that date, of the 26 proposals received, seven research proposals were selected for submission of full proposals.

Given the funds available, Encana expects from two to four of the full proposals may receive funding from the call, with funding award targeted for Q3 2010 following evaluation and ranking of the full proposals.

VII.III Petroleum Research Atlantic Canada (PRAC)

PRAC is a core research organization receiving funding from Encana. PRAC has been selected by Encana to manage the Deep Panuke annual Call for Proposals and to assist with the management of the Deep Panuke Education & Training and Research & Development Fund, particularly the Research & Development aspects.

Also in 2009, Encana provided funding for a research & development capacity study being undertaken by local office of Stantec/Jacques Whitford for PRAC on behalf of upstream oil and gas companies in Atlantic Canada, with the final report submitted to PRAC in December 2009.

VII.IV Other Research & Development

In 2009, Encana continued to fund activities to support the advancement of research & development with respect to advancing offshore petroleum activities in Nova Scotia.

Encana participated in and/or provided funding support during 2009 for research studies/initiatives and technical conferences, including:

- The annual Fishermen and Scientists Research Society conference in February 2009
- The annual congress of the Canadian Meteorological and Oceanographic Society held in Halifax, NS in June 2009
- Guysborough County Inshore Fishermen's Association (GCIFA) to support the hiring of a marine science researcher/document based biologist to assess existing lobster research completed by GCIFA for the past ten years

In 2009, Encana continued to provide funding and/or participation through a number of task forces and committees on safety and environmental issues linked to the offshore, such as the Eastern Scotian Shelf Integrated Management (ESSIM) Initiative, the Sable Island Stakeholder Committee and the Gully Advisory Committee. In addition, Encana provided funding in 2009 to Bird Studies Canada to continue monitoring of the endangered Roseate Tern based at Country Island, NS near landfall for the Deep Panuke export pipeline. The 2009 monitoring, building on research conducted by Bird Studies Canada in 2008, studied the terns before, during and after the installation of the

Deep Panuke export pipeline. A report on the 2009 research is being prepared for posting to the Bird Studies Canada website. A report on the 2008 research is available at www.bsc-eoc.org/download/stormontternsreport.pdf

Encana continues to provide representation on various committees of the Offshore Energy and Environment Research (OEER), a not-for-profit association dedicated to fostering offshore energy and environmental research and development. As well, Encana has continued to participate in several technical advisory groups from the Environmental Studies Research Fund and from PRAC.

VII.V Other Education & Training

Throughout 2009, Encana continued its focus on supporting initiatives and programs that encourage Nova Scotia youth to consider careers in science, trades and technology, particularly the offshore oil and gas industry.

To help educators interested in better understanding the offshore oil and gas industry and the careers open to students in the industry, Encana has developed an Energy Information Kit that includes publications from the Petroleum Human Resource Council, the Atlantic Geoscience Society, the Canadian Association of Petroleum Producers and the Canadian Centre for Energy. In 2009, 20 of the packages were distributed to teachers in Nova Scotia.

Encana supported students from disadvantaged communities by providing bursaries to Aboriginal and African Nova Scotian students stemming from Encana's corporate support for the Foundation for the Advancement of Aboriginal Youth (FAAY), a scholarship and bursary program administered by the Canadian Council for Aboriginal Business, and the provincial Black Educators Association.

Meanwhile, contractors to Encana's Deep Panuke project are required to submit on a quarterly basis a report summarizing their investments in education & training and research & development.

In the area of education & training, for 2009 contractors reported:

- Investment to share communications system knowledge between offices that involved three participants and funding of approximately \$200,000;
- Invested in additional staff in quality control and two co-op student placements, involving three participants and funding of approximately \$11,000;
- Investment to train surveyors on survey systems and procedures that involved two participants and funding of approximately \$12,000; and
- Investment to train on COBRA (Control Line Manipulator Arm) equipment that involved two participants and funding of approximately \$4,000.

VIII Activity Forecast for January-June 2010

In the first six months of 2010, Encana will focus on:

- The continued safe execution of the offshore drilling and completions program;
- The preparation for and start of the onshore construction program at Goldboro, NS for the three kilometre pipeline connecting the offshore pipeline to the Maritimes & Northeast Pipeline system;
- Work with subsea contractor Acergy to optimize the 2010 subsea program; and,
- Continuing to monitor progress of the construction of the PFC by SBM.

Encana will comply with conditions attached to CNSOPB approval of Deep Panuke, and will keep the CNSOPB informed of project activities through documents such as the quarterly procurement forecast, the quarterly stakeholder consultation report, the semi-annual benefits report and other reports as required.

Project activity at Deep Panuke is organized into functional elements. The following section describes activity anticipated in the first six months of 2010 for each of these elements.

VIII.I Project Management Element

For 2010, Encana's Deep Panuke project team in Halifax will continue to manage and monitor progress on all project elements, including the execution of scopes of work being undertaken by major project contractors and subcontractors. In addition, the project team will continue with preparations for the operations phase of the project, working closely with SBM as the prime operations contractor.

VIII.II Element 1 – Drilling and Completions

The disposal well for Deep Panuke was spudded in January 2010 using the Rowan Gorilla III drilling rig. Following completion of the well, the rig will be moved to the four suspended wells that will be converted for Deep Panuke production.

In February 2010, the first subsea tree for Nova Scotia's offshore was installed at the disposal well. One tree will be installed at each offshore well at Deep Panuke. The trees are flow control modules for the wells.

The drilling and completions program is expected to take approximately six months to complete, wrapping up in Q3 2010.

Supplies for the drilling program will continue to be shuttled to the Rowan Gorilla III rig via offshore supply vessels from the Offshore Logistics supply base at Dartmouth, NS and via helicopter by Cougar Helicopters from the heliport at Stanfield International Airport in Enfield, NS.

VIII.III Element 2 – Subsea

Subsea contractor Acergy anticipates beginning work on infield flowline installation at the PFC site in Q3 2010.

Acergy will utilize ports at the Strait of Canso and Sheet Harbour to support the subsea program.

Work is expected to continue by Acergy subcontractor Aecon Fabco at its facility in Pictou, NS on the protection structure for the subsea isolation valve for the Deep Panuke export pipeline.

Encana is currently working with Acergy and other Deep Panuke contractors to minimize any impacts to work programs with respect to the revised first gas date.

VIII.IV Element 3 – Export Pipeline

In the first six months of 2010, work will be under way on the installation of the three kilometre onshore section of pipeline for Deep Panuke by Robert B. Somerville Co. Limited.

Tree clearing will be followed by grading of three sites along the pipeline route. Access roads will be built at the same time. To install the onshore pipeline, a trench approximately 2.5-metres deep will be excavated along the length of the pipeline right-of-way. The 12-metre sections of pipe will be welded together adjacent to the trench, with the completed pipeline lowered into place by sidebooms. Additional welding of the pipeline will take place in the trench, followed by backfilling and surface restoration.

By fall 2010, the completion of the three kilometre onshore section of pipeline for Deep Panuke means the project's export pipeline will be in place from the PFC site offshore to the interface with the Maritimes & Northeast Pipeline system downstream of the Sable gas plant.

VIII.V Element 4 – Production Field Centre (PFC)

Construction of the PFC will continue in the Middle East during 2010. The hull is now assembled and in the dry dock and work continues on the topsides modules. The spud cans also are well advanced and are expected to be complete by Q2 2010.

The flare tower for the PFC was completed in January 2010 in Pictou, NS and was shipped to Abu Dhabi where it arrived in late March 2010.

The legs were completed in Europe and also arrived on site in March 2010. Work continues on the riser caisson in Europe with expected delivery to site in Q2/Q3 2010. Work also continues on the accommodations module with the main efforts now focused

on outfitting activities. Transit of these structures to the drydock for integration is expected in Q2/Q3 of this year.

VIII.VI Element 5 – Ready for Operations and Operations

During 2010, Encana and SBM will continue to work together to develop and implement long-term strategies for operations, in particular the provision of logistics services which overlap between the development and operations phases at Deep Panuke. These logistics services include helicopter transport, support vessels, ROV services and supply base.

SBM's activity in this area will continue to be managed out of SBM Nova Scotia Contractors office located in Founders Square in Halifax.

Due to the anticipated delay in first gas to 2011, a second recruitment campaign for SBM in Nova Scotia, tentatively targeted for late 2009 or early 2010, will now take place later in 2010. The first campaign in the fall of 2009 identified candidates for senior positions on the PFC who will be utilized during the mechanical completion and pre-commissioning of the PFC.

In April 2010, Encana and ExxonMobil are expected to release the RFP for the supply base to support both Encana/SBM and ExxonMobil operations offshore. Award of the supply base contract is tentatively targeted for Q2 2010.

Construction of the platform supply vessel will continue at the Halifax Shipyard throughout 2010.



