



CANADA-NOVA SCOTIA BENEFITS

2008 SEMI-ANNUAL REPORT

EnCana Corporation
Halifax, Nova Scotia

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I. Executive Summary

In the first six months of 2008, activity on EnCana's Deep Panuke offshore natural gas project focused on key aspects of the project schedule including:

- the execution of contracts for all major project elements;
- design and optimization of production field centre (PFC) topsides;
- opening of a Nova Scotia office for PFC contractor Single Buoy Moorings Inc.(SBM); and,
- the placement of orders for long lead items for all project elements.

The following report provides an overview of EnCana's activities in Nova Scotia from January 1, 2008 until June 30, 2008.

Highlights of the report include:

- Total spending by EnCana in the first six months of 2008 on Deep Panuke was \$78.2 million Canadian dollars.
- 63,128 person hours of work by Nova Scotians.
- 11,282 person hours of work by Canadians from other provinces.

Canada-Nova Scotia Benefits Summary (2008) – Semi-Annual Expenditures

CATEGORY	AMOUNT (Millions)
Project Management and Engineering	\$17.7
Drilling and Completions	\$0.0
Export Pipeline	\$28.7
Subsea	\$31.8
TOTAL	\$78.2

Person Hours (January-June 2008)

CATEGORY	PERSON HOURS
Nova Scotia Person Hours	63,128
Canadians from Other Provinces Person Hours	11,282

II. Introduction

The following report is filed in compliance with Condition 10 (Monitoring, Reporting and Auditing) of the Decision Report for Deep Panuke as issued by the Canada-Nova Scotia Offshore Petroleum Board, hereafter the Decision Report.

This report covers the period from January 1, 2008 to June 30, 2008.

II.I Local Office

EnCana's local office in Founders Square at 1701 Hollis Street in Halifax is 'home' to the Deep Panuke project. Resident in the office are the project general manager and an interdisciplinary project management team, supported by approximately 70 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, regulatory, community relations, drilling and completions and environment, health, safety and quality.

In Q2 2008, EnCana PFC contractor SBM joined EnCana in Founders Square with the opening of the SBM Nova Scotia Contractors office adjacent to the Deep Panuke project office.

During the second quarter, EnCana announced a proposed division into two more specialized companies, one focusing on integrated oil, the other on natural gas. The Deep Panuke project is expected to be part of the company focusing on natural gas, which will retain the name EnCana. The division of EnCana is not expected to cause any changes within the Deep Panuke project. It remains business as usual for Deep Panuke.

III. Business Opportunities and Supplier Development

III.I Update on Activities

In the first six months of 2008, EnCana utilized recognized channels of distribution to share business opportunities at Deep Panuke with the local supply community. Such channels include the electronic bulletin board BIDS Nova Scotia, postings to the enhanced Deep Panuke pages on the EnCana web site, sponsoring supplier workshops and report/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 also report regularly on EnCana business opportunities.

In the first six months of 2008, EnCana placed emphasis on the execution of major contracts for all project elements while continuing to progress the project through the ongoing communication of opportunities to local suppliers.

In parallel, PFC contractor SBM has been active in the local supplier community. The SBM opportunities related to the Deep Panuke project are regularly posted on BIDS Nova Scotia, giving local contractors the opportunity to bid. Distribution of these opportunities via BIDS was supplemented by listing of the opportunities in the OTANS Daily Bulletin circulated to OTANS members.

EnCana sponsored an OTANS breakfast presentation by SBM in February 2008 attended by approximately 300 offshore suppliers. At the breakfast, SBM provided a full overview of business opportunities at Deep Panuke, shared relevant timelines in the Deep Panuke project schedule and provided insight into expected contracting requirements through 2008 for the PFC. A copy of the slides from the presentation is easily accessible to bidders and interested stakeholders via the OTANS web site, www.otans.com, Deep Panuke Information section.

In Q2 2008, local bidder Rutter Inc. announced that it had been awarded the telecoms package for Deep Panuke by SBM. Rutter will provide engineering and procurement services for the telecommunications system at the Deep Panuke PFC.

In Q1 2008, Deep Panuke contractor Shaw and Shaw utilized the known distribution channel of BIDS Nova Scotia for communication of contracting opportunities to local suppliers for the concrete weight coating of the Deep Panuke offshore pipeline. Among the opportunities communicated through BIDS by Shaw and Shaw were EOIs for the following: cement, loaders, cranes, fuel, plastic wrap, transportation/trucking, diamond cut-off blades, waste services and disposal services including hazardous waste. Shaw & Shaw supplemented this communication with advertisements to potential suppliers during February 2008 in the *Guysborough Journal*, the *Port Hawkesbury Reporter* and twice in the *Chronicle Herald*.

To help alert suppliers to business opportunities at Deep Panuke, EnCana inserted a Procurement Update in the March 2008 and June 2008 editions of the project newsletter. Approximately 4,000 hard copies of the newsletter are circulated as well as being posted to the Deep Panuke pages on the EnCana web site at www.encana.com

To ensure the project's critical path remained on schedule in Q1 and Q2 of 2008, the major contracts awarded for Deep Panuke included:

- Engineering, Procurement, Installation and Commissioning for the Deep Panuke export pipeline – Allseas Canada Limited
- Drilling Unit – Rowan Companies Limited
- Concrete Weight Coating – Shaw & Shaw Limited
- Engineering, Procurement, and Supply of Subsea Trees and Wellheads – VetcoGray
- EPIC Infield Flowlines and Umbilicals – Acergy Canada Inc.

Acergy, the contractor selected in Q1 2008 for the engineering, procurement, installation and commissioning of the infield flowlines and umbilicals at Deep Panuke, used BIDS Nova Scotia to communicate opportunities related to its subsequent and successful bid for work on Deep Panuke.

To date in 2008, EnCana has submitted three quarterly procurement forecasts to the CNSOPB. The quarterly procurement forecast for the CNSOPB provides more detail than the Procurement Update, as published for the contracting community via the Deep Panuke project newsletter.

III.II Business Expenditures

The total expenditure for Deep Panuke in 2008, during the period of January 1-June 30 was \$78.2 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.

To support growing project activities, EnCana increased its resources in the Halifax office from 60 persons at the end of 2007 to approximately 70 persons at the end June 2008.

In Q1 and Q2 2008, EnCana advertised for five additional contract positions in engineering, drilling and completions and operations. In Nova Scotia, the positions were advertised at www.CareerBeacon.com, a well recognized web site for local opportunities in the offshore oil and gas industry. As well, notices for the positions appeared on the EnCana web site at www.encana.com, and an advertisement for the senior operations position appeared in the Chronicle Herald in June 2008.

In late June 2008, EnCana was pleased to confirm funding to the Assembly of Mi'kmaq Chiefs, Rights Office, for the establishment of a Deep Panuke Aboriginal Liaison position resident in the Rights Office. The successful candidate for the position is expected to act as a bridge between EnCana and Mi'kmaq communities in Nova Scotia, sharing information on Deep Panuke business and education and training opportunities.

The formalized Deep Panuke co-op student program for Nova Scotia university students began in January 2008. Since then, five students have joined the Deep Panuke team, each on a four-month basis. To date, students in the program are enrolled at Acadia, Dalhousie and Mount Saint Vincent universities in engineering, commerce and public relations fields of study.

IV.II 2008 Person Hours

Total Nova Scotia person hours from January 1 to June 30, 2008 for Deep Panuke were 63,128 and Other Canadian hours were 11,282.

V. Key Stakeholder Engagement

V.I Update on Activities

In 2008, EnCana continued to liaise with key stakeholders to share information on Deep Panuke. Methods of liaison in 2008 included face to face meetings, presentations and/or participation at conferences and workshops, print material distribution, media relations, community sponsorships and ongoing web site updates to www.encana.com (Deep Panuke pages).

During 2008 to date, two 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 web site
- 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

The Deep Panuke pages on www.encana.com also include information on project procurement activities, EnCana conference presentations, recent speeches, an information brochure and other relevant materials.

V.II Disadvantaged Groups

In the first half of 2008, EnCana continued to progress its approach to the involvement of disadvantaged groups in the Deep Panuke project.

To facilitate connections between Deep Panuke contractors and companies owned and operated by members of disadvantaged groups, in April 2008 new links were established from the Deep Panuke pages of the EnCana web site to publicly searchable databases of companies owned and operated by members of these groups. The link can be accessed at <http://www.encana.com/operations/canada/deeppanuke/businessopportunities/index.htm> and then by clicking on 'Encouraging diversity'.

The first two groups to be linked from the EnCana web site are the Black Business Initiative and the Centre for Women and Business at Mount Saint Vincent University.

In Q2 2008, work progressed to identify additional publicly accessible and searchable databases of companies owned and operated by members of disadvantaged groups. It is expected that in Q3 and Q4 2008, further links will be made to these databases from the Deep Panuke pages on the EnCana external web site.

To directly share information on Deep Panuke contracting opportunities with disadvantaged groups, beginning in April 2008 an email notification tree was established to immediately alert key representatives of these groups to the issuing of an EOI, RFP or Contract Award by EnCana.

Also in April 2008, EnCana was pleased to host an OTANS breakfast to launch Trade Circle, a new on-line database of companies owned and operated by Aboriginal people in Nova Scotia. Approximately 75 suppliers attended the breakfast on April 25 in Halifax.

The same month, EnCana staff and contractors in Halifax completed Aboriginal Awareness Training. The training program is now mandatory for all new hires at Deep Panuke.

To support Aboriginal youth as they make career decisions, EnCana attended a two-day Career Fair hosted by Cape Breton University in May 2008. In addition, Dwight Dorey, EnCana's Aboriginal Liaison Advisor, presented the Deep Panuke project and subsequent opportunities in the offshore oil and gas industry to a conference of Mi'kmaq educators in Debert, NS. The conference entitled "Bridging Aboriginal Youth to Careers and Employers" was held February 28-29th.

In June 2008, EnCana sponsored the annual Black Business Summit, a gathering of business leaders in Nova Scotia's African Nova Scotian community. Dwight Dorey, EnCana's Aboriginal Liaison Advisor for Deep Panuke, represented EnCana at the event.

VI. OSEA

VI.I Update on Activities

During the first six months of 2008, EnCana advanced activity on several fronts with respect to the Offshore Strategic Energy Agreement (OSEA) commitments with the Province of Nova Scotia. During this period, 73,172 hours of work were conducted in Nova Scotia with 63,128 of these hours being Nova Scotia person hours.

- **Engineering, Procurement and Management Activities**

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

During early 2008, the project management team in Halifax grew to include specialized engineering roles required in the lead up to construction and operations. Other additions include contract positions in the Drilling and Completions department as well as a procurement position in preparation for the 2009 drilling program at Deep Panuke.

- **Export Pipeline - Coating**

Contractor Shaw & Shaw initiated operations at the North Atlantic Marine Terminal in Sheet Harbour, NS, establishing an on the ground team to oversee pipeline handling and coating. In March 2008, iron ore used to coat the pipeline arrived at the terminal and was successfully unloaded. In June 2008, the concrete coating plant was mobilized and shipped to Sheet Harbour. To recruit workers to the Sheet Harbour facility, Shaw & Shaw engaged in an active recruitment campaign in the spring of 2008, advertising in the *Chronicle Herald*, the *Guysborough Journal* and the *Mi'kmaq Maliseet Nations News* as well as First Net, an on-line employment service targeting Aboriginal people. Approximately 250 applications were received with 106 positions filled at Sheet Harbour. Most workers are from the Sheet Harbour area.

In Q1 2008, Shaw & Shaw initiated contact with the local supply community to communicate opportunities related to pipe coating through BIDS Nova Scotia and advertisements in local newspapers.

- **Accommodations Unit and Flare Tower**

These OSEA commitments are integral parts of the production field centre (PFC) at Deep Panuke. By February 2008, two Nova Scotia bidders were identified for the Accommodations Unit fabrication: Irving Shipbuilding Inc. and Atlantic Fabricators. Through to the end of June 2008, a detailed examination of the bids was ongoing.

For the flare tower, a bidders list of five Nova Scotia firms resulted in four firms submitting a response to the Request for Quotation (RFQ) in the first half of 2008. Contract award is expected in Q4 2008.

PFC operator SBM and EnCana are working closely together on bid evaluations for the accommodations unit.

- Onshore Drilling Rig Program

EnCana committed financial and human resources to facilitate the development of the capability of an onshore drilling rig manufacturing operation in Nova Scotia.

In the first half of 2008, Laurentian Fabricators at Sydport, NS undertook the building of a mast for Nabors Canada. This activity built upon Laurentian's 2007 work in the Onshore Drilling Rig Program that saw Laurentian successfully deliver components for Nabors heli-rig initiative.

To date, approximately 90,000 person hours of work has been generated in the Province through Nabors contracts. The Onshore Drilling Rig Program has provided significant benefit by increasing expertise and institutional capacity within Nova Scotia. Nabors has indicated that the capacity being built at Laurentian can lead to repeat work and sustainable business opportunity for the Province.

- Offshore Supply Vessels

On March 20, 2008, EnCana issued an RFP to seven bidders for offshore supply boats. EnCana issued the RFP as part of an evolving contracting strategy with respect to contracts encompassing work in both the development and operations phases of Deep Panuke. In 2007, SBM had issued an EOI for supply vessel service at the PFC as part of the preparation of the SBM bid to become the PFC contractor. The SBM EOI noted that the procurement process for supply vessel service was "not intended to fully address the commitments made by EnCana Corporation under the Offshore Strategic Energy Agreement (OSEA) for the construction of a supply vessel in Nova Scotia."

Evaluation of the bids received in response to the EnCana RFP continued through to the end of June 2008.

- Wellhead Protection Structures

In Q2 2008, a contract was awarded to Accent Engineering of Dartmouth, NS for the design of wellhead protection structures (described in the OSEA as “subsea trawl over protection structures”). These structures are to be installed at the Deep Panuke subsea wellheads.

An EnCana EOI for the Fabrication of the Wellhead Protection Structures was issued on March 18th. The EOI for the Offshore Construction Activities contract was issued February 29th; this package includes the installation of Wellhead Protection Structures. The RFP for this package was issued on May 20th with an expected award in Q3.

VI.II 2008 Person Hours

Hours performed in Nova Scotia from January 1 to June 30, 2008 for OSEA related activities were 73,172, with 63,128 of these hours being Nova Scotia person hours.

VII. R&D/Education and Training and Community Investment

During 2008, EnCana continued to invest in research and development, education and training initiatives in Nova Scotia, with a view to continuing to develop the foundation for targeted Deep Panuke education and training and research and development spending.

VII.I Project Plan Update

In January 2008, EnCana submitted a plan to the CNSOPB to comply with Condition 4 Education and Training / Research and Development of the Decision Report. EnCana awaits feedback from the CNSOPB on that report before proceeding with funding of major education and training or research and development initiatives in Nova Scotia, based on a calculation of 0.5% of the capital expenditures and gross revenue from Deep Panuke over the life of the project.

As outlined in EnCana’s January submission to the CNSOPB, with capital expenses of approximately \$40 million for 2007 at Deep Panuke, it is recommended that the modest funds (~\$200,000) available for 2008, based on the 0.5 % calculation, be allocated as follows:

- \$100,000 to Petroleum Research Atlantic Canada;
- \$50,000 to the Techsploration program, which encourages girls to consider careers in science and technology, for the first year of a planned three-year program expansion;

- \$15,000 to Discovery Centre, the province's hands-on science centre, for ongoing support to begin planning for expansion of the Science-on-the-Road program to reach more Nova Scotian students;
- \$10,000 to the Energy for Students initiative aimed at providing materials and information on careers in the offshore oil and gas industry to educators in Nova Scotia;
- \$25,000 on initiatives/programs yet to be finalized, but among those described in the submission.

VII.II Petroleum Research Atlantic Canada (PRAC)

PRAC is a core research organization receiving funding from EnCana. To date in 2008, EnCana has provided \$90,000 in contributions to PRAC, a leading research organization for the region, through direct funding and spending to support PRAC-led initiatives. EnCana's Vice President Atlantic Canada was a member of PRAC's Board of Directors through the first six months of 2008.

EnCana has provided initial support for a PRAC initiative to tap funding from the Business-Led Network of Centres of Excellence (BL-NCE) program, a federal program aiming to establish five new research networks of excellence in Canada. The PRAC proposal for a network called ColdStar would focus on research relevant to energy production in cold ocean environments like those in Nova Scotia's offshore.

VII.III Other Research & Development, Education and Training

In the first half of 2008, EnCana helped to fund activities to support the advancement of Research and Development, Education and Training for the oil and gas industry in Nova Scotia.

EnCana participated in and/or provided funding support for industry networking events and technical conferences, including the Nova Scotia Research and Development Forum at St. Francis Xavier University, held May 21-22, the OTC Atlantic Canada session in Houston on May 5 and the annual Fishermen and Scientists Research Society conference in February 2008.

In 2008 to date, EnCana has 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, the Gully Advisory Committee and the Northern Bottlenose Whale Recovery Strategy working group. In addition EnCana is part of the Multi-Stakeholder Country Harbour Roseate Tern Monitoring Project. EnCana is a joint funder of this major research project taking place in the spring and summer of 2008 to report on the

roseate terns located at Country Island, NS near landfall for the Deep Panuke export pipeline.

As well, EnCana confirmed support in Q1 2008 for the lobster monitoring program overseen by the Guysborough County Inshore Fishermen's Association.

EnCana provides 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 including examination of renewable energy resources and their interaction with the marine environment.

For several years, EnCana has supported energy education modules for educators through support for training programs offered by the Energy Solutions Group during educator professional development days.

Building on the success of the modules, which have targeted public school teachers, guidance counsellors and Department of Education staff, in 2008 EnCana provided support for the launch and ongoing distribution of a regular newsletter for educators aimed at fostering interest in the energy industry and the careers offered. In the first half of 2008, three newsletters (one in April and two in June) were distributed to nearly 700 educators. To access the newsletters, visit http://www.energyforstudents.ca/content/EFS_Newsletter

In addition, Energy for Students representatives, supported by EnCana, attended two career fairs for students in the first half of 2008 (the Halifax Regional School Board fair on May 5 and 6 and the 02 Showcase on May 27 and 28) to share information on careers in the offshore oil and gas industry.

To support educators interested in better understanding the offshore oil and gas industry and the careers open to students in the industry, EnCana has developed packages of information including publications from the Petroleum Human Resource Council, the Atlantic Geoscience Society, the Canadian Association of Petroleum Producers and the Canadian Centre for Energy. In the first six months of 2008, 15 of the packages were distributed to teachers in Nova Scotia.

VII.IV Community Investment

In 2008, EnCana's community investment program in Nova Scotia continued to focus on initiatives and programs that encourage youth to consider careers in science and technology.

EnCana's main support in 2008 has been directed to ongoing development of science fairs in Nova Scotia for students in junior and senior high school. EnCana's core activities to support science fairs in 2008 to date have included:

- Funding for another science fair promotional campaign with media partners Global Television and the *Chronicle Herald*. Ads featuring science fair students from across Nova Scotia started running June 25 in the *Chronicle Herald* and will continue until the end of the summer followed by spots on Global Television through the Fall of 2008.
- Funding for Nova Scotia Youth Experiences in Science (NSYES), in particular support for ongoing development of www.sciencefairinfo.ns.ca
- Support for regional science fairs in Halifax and Port Hawkesbury, NS and for Mi'kmaq students in Nova Scotia. Top projects from the regional fairs participated in the national science fair in Ottawa where Nova Scotia students had one of their best showings ever, winning two gold medals, five silver, and six bronze.

Among other initiatives and organizations that received funding to date in 2008 from EnCana:

- The Eastern Counties Regional Library for the EnCana Energy for Families Collection, a collection of books and learning materials focusing on the oil and gas industry including publications on geology, pipelines, engineering, the marine environment, drilling rigs, etc.;
- Ducks Unlimited Canada for delivery of Project Webfoot to elementary students in Halifax and Guysborough counties; Project Webfoot teaches children about the importance of wetland conservation;
- The Math-On Olympiad, targeting junior high students in Halifax and Cape Breton, to encourage interest in mathematics;
- Atlantic Science Links, a service that provides schools with guest speakers from local universities;
- The Discovery Centre (Nova Scotia's hands-on science centre);
- The Nova Scotia Community College led Underwater Robotics – International ROV (Remote Operated Vehicle) Competition for Nova Scotia high school students. Dalbrae Academy, the winning team from 2008, participated in an international ROV competition in May 2008 in the U.S. and placed 3rd out of 26 teams.

Community investment spending in Nova Scotia totalled approximately \$230,000 through the first six months of 2008.

VIII Activity Forecast for 2008

EnCana's core objective for the remainder of 2008 is to continue to adhere to the project schedule for Deep Panuke to ensure key milestones are met and critical project elements are delivered on time.

EnCana will comply with conditions attached to project sanction 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 and other reports as required.

Project activity at Deep Panuke is organized into functional elements. The following section describes activity anticipated in the remainder of 2008 for each of these elements. Overall, increased activity with respect to major contract awards is expected to occur through to the end of the year.

VIII.I Project Management Element

- Geophysical and Geotechnical

A new geotechnical survey is expected to take place in Q3 2008 by Seaforth Geosurveys Inc. to collect additional information offshore at the Deep Panuke production field centre site. Optional work may include a shallow geotechnical investigation along the export pipeline route and well site locations. The duration of the survey is estimated at 14 days.

- Community Consultation and Outreach

Community consultation will continue with communities at pipeline landfall as well as with the interested parties in Nova Scotia, particularly in support of the application to the National Energy Board for the detailed pipeline route, expected to be filed in Q3 2008.

A contract for the Current and Traditional Land Use Study at pipeline landfall was awarded to Membertou Geomatics in Q2 2008. That firm's work on the Mi'kmaq Ecological Knowledge Study is expected to continue and wrap up in Q3 2008.

VIII.II Element 1 – Drilling and Completions

Through to the end of 2008, EnCana expects to continue issuing and awarding procurement packages to support drilling and completion activities, anticipated for the field in 2009. Among the packages and awards expected through to year end are drill bits, rig positioning, supply air system and service, fuel, weather forecasting/metocean services, supply vessels, shorebase logistics, helicopter services and ancillary integrated well services. In addition to these packages,

procurement for down-hole equipment and drilling services will result in a number of subsequent contract awards in 2008. Packages such as helicopters, shore base and supply vessels are being managed in coordination with requirements for Element 5 (Ready for Operations) since these services will overlap from the development phase to operations phase of Deep Panuke. It is expected that many of the packages will be bid through global service and supply companies with local offices in Nova Scotia.

VIII.III Element 2 – Subsea

The RFP for the fabrication of the well head protection structures is expected to be issued in Q3 2008, as will the contract for the installation of the structures. By year end, design activity for these structures will be complete and fabrication will have commenced.

VIII.IV Element 3 – Export Pipeline

Pending approval of the detailed pipeline route application by the National Energy Board, some preliminary activity is expected in the pipeline landfall area in late Q3 and into Q4 2008. The activity is expected to involve some civil work onshore to prepare for pipeline pull-in, as well as trenching for the pipeline from landfall to approximately kilometre 1 offshore.

Delivery of the linepipe will be complete in Q3 2008. Concrete coating of the pipeline was underway in July 2008 at the Shaw & Shaw site at Sheet Harbour, resulting in significant local economic impacts. Work related to concrete coating is expected to continue into the fall of 2008, coming to completion by year end.

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

Evaluation was ongoing in early Q3 2008 of the bids for the accommodations block of the PFC.

In Q4 2008, SBM expects to award the contract for the flare tower to a local fabricator in Nova Scotia.

Throughout 2008, it is expected that SBM will continue to issue bidding opportunities to the local supply community as the company moves from design to construction of the PFC.

VIII.VI Element 5 – Ready for Operations and Operations

Before the end of the year, SBM and EnCana are expected to name a joint site for a shared offshore supply base.

During the remainder of 2008, EnCana will continue to work in conjunction with SBM to develop long-term strategies for operations, in particular the contracting strategy for services overlapping between development and operations at Deep Panuke.

VIII.VII Other Activities

In addition to these core Deep Panuke project elements, EnCana anticipates it will continue to examine support for new drilling rig construction as part of the OSEA's Onshore Drilling Rig Program. The anticipated 2008 work will involve local manufacturer Laurentian Energy, one of the three local manufacturers who participated in the program in 2007, and Nabors Canada.