

# Encana Reaches Agreement to Sell Bighorn Assets to Jupiter Resources for Approximately US\$1.8 Billion

June 27, 2014 (Source: Marketwired) – Encana Corporation (TSX: ECA) (NYSE: ECA)

Encana has reached an agreement with Calgary, Alberta-based Jupiter Resources to sell its Bighorn assets for approximately US\$1.8 billion (C\$2.0 billion).

“This transaction advances our strategy by unlocking value from our portfolio as we focus on developing our core growth plays and extracting additional value from our base assets,” says Doug Suttles, Encana President & CEO. “Bighorn is a high quality asset that has not been receiving significant investment in 2014. Going forward, it should serve as an excellent foundational asset for Jupiter Resources.”

The sale includes approximately 360,000 net acres of land along with Encana’s working interests in all pipelines, facilities and service arrangements. Total net proved reserves at the end of 2013 (on an SEC basis) were approximately 1,100 billion cubic feet equivalent (Bcfe), with about three quarters of those reserves being natural gas.

The transaction is subject to satisfaction of normal closing conditions, as well as regulatory approvals, and is expected to close by the end of the third quarter of 2014 with an effective date of May 1, 2014. RBC Capital Markets and Burnet, Duckworth & Palmer LLP acted as financial and legal advisors, respectively, to Encana on this transaction.

Encana plans to update its 2014 guidance, which will consider

the impact of all completed transactions to date, in conjunction with the announcement of its second quarter earnings on July 24, 2014.

### **Encana Corporation**

Encana is a leading North American energy producer that is focused on growing its strong portfolio of diverse resource plays, held directly and indirectly through its subsidiaries, producing natural gas, oil and natural gas liquids. By partnering with employees, community organizations and other businesses, Encana contributes to the strength and sustainability of the communities where it operates. Encana common shares trade on the Toronto and New York stock exchanges under the symbol ECA.

**ADVISORY REGARDING OIL AND GAS INFORMATION** – Reserves are the estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, from a given date forward, based on: analysis of drilling, geological, geophysical and engineering data, the use of established technology, and specified economic conditions, which are generally accepted as being reasonable. Proved reserves are those reserves which can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

The estimates of various classes of reserves in this news release represent arithmetic sums of multiple estimates of such classes for different properties, which statistical principles indicate may be misleading as to volumes that may actually be recovered. Readers should give attention to the estimates of individual classes of reserves and appreciate the differing probabilities of recovery associated with each class.

In this news release, certain oil and liquids volumes have been converted to cubic feet equivalent (cfe) on the basis of

one barrel (bbl) to six thousand cubic feet (Mcf). Cfe may be misleading, particularly if used in isolation. A conversion ratio of one bbl to six Mcf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent value equivalency at the well head. Given that the value ratio based on the current price of oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

**ADVISORY REGARDING FORWARD-LOOKING STATEMENTS** – In the interests of providing Encana shareholders and potential investors with information regarding Encana, including management's assessment of Encana's and its subsidiaries' future plans and operations, certain statements contained in this news release are forward-looking statements or information within the meaning of applicable securities legislation, collectively referred to herein as "forward-looking statements." Forward-looking statements in this news release include, but are not limited to: the value of the assets in Encana's portfolio; expected effects of the transaction, including future potential of the Bighorn assets; the expected proceeds of the sale of the Bighorn assets; the expected closing date of the transaction and the expectation that closing conditions will be satisfied and regulatory approvals will be obtained; and estimated reserves for the Bighorn assets, including the composition of such reserves.

Readers are cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur, which may cause the company's actual performance and financial results

in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. These assumptions, risks and uncertainties include, among other things: volatility of, and assumptions regarding natural gas and liquids prices, including substantial or extended decline of the same and their adverse effect on the company's operations and financial condition and the value and amount of its reserves; risk that the company may not conclude divestitures of certain assets or other transactions or receive amounts contemplated under the transaction agreements (such transactions may include third-party capital investments, farm-outs or partnerships, which Encana may refer to from time to time as "partnerships" or "joint ventures" and the funds received in respect thereof which Encana may refer to from time to time as "proceeds", "deferred purchase price" and/or "carry capital", regardless of the legal form) as a result of various conditions not being met; product supply and demand; market competition; risks inherent in the company's and its subsidiaries' marketing operations, including credit risks; imprecision of reserves estimates and estimates of recoverable quantities of natural gas and liquids from resource plays and other sources not currently classified as proved, probable or possible reserves or economic contingent resources, including future net revenue estimates; business interruption and casualty losses; counterparty risk; liability for indemnification obligations to third parties; changes in royalty, tax, environmental, greenhouse gas, carbon, accounting and other laws or regulations or the interpretations of such laws or regulations; political and economic conditions in the countries in which the company operates; terrorist threats; risks associated with existing and potential future lawsuits and regulatory actions made against the company; and other risks and uncertainties described from time to time in the reports and filings made with securities regulatory authorities by Encana. Although Encana believes that the expectations represented by such

forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Readers are cautioned that the foregoing list of important factors is not exhaustive. In addition, assumptions relating to such forward-looking statements generally include Encana's current expectations and projections made in light of, and generally consistent with, its historical experience and its perception of historical trends, including the conversion of resources into reserves and production as well as expectations regarding rates of advancement and innovation, generally consistent with and informed by its past experience, all of which are subject to the risk factors identified elsewhere in this news release.

Furthermore, the forward-looking statements contained in this news release are made as of the date hereof and, except as required by law, Encana undertakes no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this news release are expressly qualified by this cautionary statement.

Further information on Encana Corporation is available on the company's website, [www.encana.com](http://www.encana.com), or by contacting: