May 18, 2004

DELIVERED

Alberta Securities Commission
Saskatchewan Securities Commission
Manitoba Securities Commission
Ontario Securities Commission
Nova Scotia Securities Commission
Securities Administration Branch, New Brunswick
Office of the Attorney General, Prince Edward Island
Securities Commission of Newfoundland and Labrador
Registrar of Securities, Government of Yukon
Registrar of Securities, Department of Justice, Government of the Northwest Territories
Registrar of Securities, Legal Registries Division, Department of Justice, Government of Nunavut

c/o

John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 1900, Box 55
Toronto, Ontario
M5H 3S8

Dear Sir:

RE: Request for Comments - Notice of Proposed Multilateral Policy 58-201 Effective Corporate Governance and Proposed Multilateral Instrument 58-101 Disclosure of Corporate Governance Practices, Form 58-101F1 and Form 58-101F2 (together, the "Proposed Instrument")

EnCana Corporation ("EnCana") is a company whose shares trade on both Canadian and U.S. exchanges and which is subject to both the new U.S. corporate governance measures and Canadian federal, provincial and stock exchange requirements. With an enterprise value of approximately US$25 billion, EnCana is one of the world's leading independent oil and gas companies and North America's largest independent natural gas producer and gas storage operator. The following comments reflect EnCana's concerns regarding the definition of "independence" contained in the Proposed Instrument.

The Proposed Instrument has adopted the meaning of "independence" contained in Multilateral Instrument 52-110 Audit Committees ("MI 52-110"), except it does not reference the material relationships described in sections 1.4(3)(f)(i) or 1.4(3)(g) of MI 52-110.

The definition of "independence" in MI 52-110 combines elements of the *Sarbanes-Oxley Act* definition (see sections 1.4(3)(f)(i) and 1.4(3)(g) of MI 52-110) and the definitions contained in the New York Stock Exchange ("NYSE") listing requirements.

EnCana, as part of the Advisory Group on Corporate Responsibility Review, submitted a letter on September 25, 2003, addressed to Mr. John Stevenson and Ms. Denise Brosseau, raising concerns about the breadth of the family relationship tests in section 1.4 of MI 52-110. In that letter, we pointed out that it would not be unusual for a director to have family members who occupied non-executive positions with the issuer with no ability to influence corporate decision-making. The Advisory Group on Corporate Responsibility Review had suggested that the decision of whether a particular family member relationship could interfere with a director's independent judgment be left to the board of directors.

The Canadian Securities Administrators ("CSA"), in their Notice of MI 52-110 dated January 16, 2004, indicated that it had revised section 1.4(3)(b) so that the immediate family member must be an executive officer of the issuer to preclude independence. The notice went on to state that the CSA continued "to believe that if a relative is an employee of the issuer, that person should be precluded from being considered independent". This position was evidenced with the introduction of section 1.4(f)(ii) which precludes independence where an immediate family member receives more than C$75,000 per year in direct compensation from the issuer, notwithstanding such individual has received the compensation in a non-executive capacity.

In Rule 303A(b)(ii), the NYSE has a similar family relationship test to section 1.4(3)(f)(ii) (although the remuneration threshold is US$100,000). The NYSE, however, in the commentary following Rule 303A(b)(ii), has indicated that "compensation received by an immediate family member for service as a non-executive employee of the listed company need not be considered in determining independence under this test".

As stated in our September 25, 2003 letter, EnCana believes that the material relationship determination of family members should more properly be left to the board of directors, who will take into consideration the individual circumstances of each case. In the event, however, that the CSA considers it necessary to adopt some form of bright line remuneration tests, those tests should be substantially similar in nature and not more restrictive than those in effect in the United States.

EnCana would request that the CSA consider adopting the NYSE approach with respect to section 1.4(3)(f)(ii) and make any necessary changes to the definition of "independence" in the Proposed Instrument. The result of adopting the NYSE approach would be to delete section 1.4(3)(f)(ii) from the definition of "independence" and rely on section 1.4(3)(b) to deal with immediate family relationships.

We believe such an approach would be consistent with the CSA's goal to address the issue of investor confidence by adopting requirements currently implemented in the United States. At the same time, the proposed approach would ensure that Canadian issuers are not subject to more restrictive tests, which may be even more problematic given the smaller pool of director candidates in Canada.

We would be pleased to discuss or elaborate on the foregoing comments at your convenience.

Yours truly,

ENCANA CORPORATION

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