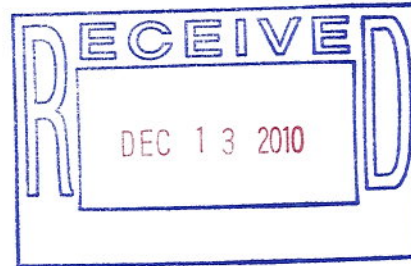




December 13, 2010



ORIGINAL

Mr. John A. Anderson
Manager, Natural Gas Regulatory Activities
U.S. Department of Energy
Office of Oil and Gas Global Security and Supply
Office of Fossil Energy
Forrestal Building FE-34, Room 3E-042
1000 Independence Avenue, S.W.
Washington, D.C. 20585

**Re: Encana Corporation's Comments in Support of Sabine Pass Liquefaction, LLC
Application for Long-Term Authorization to Export Liquefied Natural Gas, (FE Docket No. 10-111-
LNG)**

Dear Mr. Anderson:

This letter is submitted by Encana Corporation (Encana) in response to the Notice issued by the Office of Fossil Energy of the Department of Energy (DOE/FE) and published in the Federal Register on October 12, 2010 [Fed Reg. Vol., 75, No. 196 at p. 62512], and pursuant to the rules set forth in 10 C.F.R. Part 590. In that Notice, DOE/FE announces the filing on September 7, 2010 of an application by Sabine Pass Liquefaction, LLC (SPL) for long-term blanket authorization to export U.S.-produced and liquefied natural gas to countries with which the United States has not entered into a Free Trade Agreement (FTA). As discussed below, Encana supports the relief sought by SPL.

BACKGROUND

SPL's application was filed under Section 3 of the Natural Gas Act (NGA), and relates only to natural gas to be liquefied at and exported from the Sabine Pass Terminal in Cameron Parish, Louisiana, which terminal is operated by SPL's affiliate, Sabine Pass LNG, L.P. (Sabine Pass LNG). As SPL's application explains, Sabine Pass LNG has recently taken steps toward filing an application with the Federal Energy Regulatory Commission (FERC) for authorization under NGA Section 3 to install at that facility the upgrades necessary to accommodate liquefaction and related terminalling services. In order to make use of that liquefaction capacity for the purpose for which is intended, DOE export authority is required. SPL is here requesting authority to export U.S.-produced LNG on its own behalf and on behalf of customers who may wish to use its terminalling services.

The export authorization requested by SPL in this proceeding is supplemental to that applied for previously and secured in DOE/FE Order No. 2833. In Order No. 2833, SPL has been authorized to export LNG to foreign countries that are capable of receiving it and with which the U.S. does have a FTA that provides for national treatment of trade in natural gas. DOE/FE was required to grant that authorization without delay by virtue of the amendment to Section 3 of the NGA reflected in Section 201 of the Energy Policy Act of 1992.

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SPL's September 7, 2010 application in the instant docket contained a request for clarification as to whether membership in the World Trade Organization (WTO) might qualify a foreign country for FTA partner status under NGA Section 3. By order issued October 21, 2010, DOE/FE found that WTO membership was, by itself, insufficient to confer that status on a foreign country. The upshot is that SPL's pending application has as its scope LNG exports to any foreign country (irrespective of WTO membership) not already covered by DOE/FE Order No. 2833 but capable of receiving LNG and with which foreign trade is not formally prohibited.

ENCANA'S INTERESTS

Encana Corporation is one of the world's leading natural gas companies, active in the exploration, development, production, and marketing of natural gas and natural gas liquids. Through its subsidiary, Encana Marketing (USA) Inc., Encana sells and purchases natural gas and provides natural gas and energy-related services to customers throughout the United States.

Encana's interest in the instant SPL application is as a major, geographically-diverse North American natural gas producer interested in supporting a competitive international market for natural gas.

COMMENTS IN SUPPORT

Section 3 of the Natural Gas Act requires DOE/FE to approve an export of natural gas unless a determination is made that the proposed export will not be consistent with public convenience and necessity. In examining public convenience and necessity, the key variable is whether the gas to be exported will be surplus to relevant domestic needs. Since 1992, when Section 3 of the NGA was amended to provide for fast-track approval of exports to FTA partner countries, the only exports in which the full Section 3 legal standard has been applied have been those of Alaskan LNG by ConocoPhillips Alaska and Marathon Oil. In that series of export orders, the "needs" examination has been confined largely to what was essential to meet the natural gas requirements of the geographically-isolated market in South-Central Alaska.

The instant case is the first in the modern era in which DOE/FE is being asked to address the question of whether the supply needs of American consumers in the lower 48 states generally can be adequately protected if the markets to which U.S.-produced gas can be exported are expanded to include non-FTA countries that can only be reached via the worldwide LNG trade. Encana submits that DOE/FE should answer this question in the affirmative. In its application, SPL has surveyed a large body of empirical literature to show favorable supply-demand balance projections during the requested Term of this export. As a producer interested in bringing forth new production on this continent whenever that can be done economically, Encana can attest that allowing SPL to open the door to new markets in the form of LNG will have a salutary effect on U.S. development efforts. With specific reference to SPL's application, Encana is interested in exploring LNG export market possibilities as one of many market options for its North American production. Any incremental production activity that is undertaken as a result of gaining access to new markets will, of necessity, lead to new job creation and the associated economic benefits to the communities surrounding the affected producing basins.

DOE/FE has commented in other contexts that its preference is to allow market forces to operate to the extent they can without exposing U.S. consumers to undue risks. Encana believes that the U.S. and North American natural gas markets have reached a state of maturity where there should be little fear on the part of regulators that the needs of U.S. consumers will be compromised if market access is not artificially restricted. Reserve studies show that gas supplies are available from a variety of sources to meet U.S. needs for the foreseeable future – certainly during the 20-year proposed Term of SPL's export authorization. The only real question is from which sources and in what proportions they will come from time-to-time, and that should be determined primarily by economic forces.

CONCLUSION

As noted, DOE/FE is statutorily charged with approving proposed exports unless it is shown that to do so would be inconsistent with public convenience and necessity. Encana is aware of no basis upon which an "inconsistency" finding could be made in response to SPL's application. Encana therefore urges approval of that application.

Sincerely

ENCANA CORPORATION



Randy Eresman
President & Chief Executive Officer

cc: Douglas F. John, John & Hengerer
Eric Marsh, Executive Vice President, Natural Gas Economy
Renee Zemljak, Executive Vice President, Midstream, Marketing and Fundamentals
Jeff Jarvis, Senior Counsel, Encana Marketing (USA) Inc.