

HERALD ENERGY

OIL & GAS • ELECTRICITY
ALTERNATIVE ENERGIES

Energy Prices

PRICES ARE PROVIDED FOR INFORMATION PURPOSES ONLY

Electricity

▼ Power pool 0.003 4.236 Cdn

Continental Gas Prices

▼ NYMEX 0.063 6.999 US

▲ AECO 0.055 7.085 Cdn

World Oil Prices

Alberta par unch. 66.90 Cdn

Hardisty Heavyunch. 40.38 Cdn

▲ West Texas Inter2.81 53.91 US

North Sea Brent closed US

Dubai closed US

COMPENSATION

CEOs profit from healthy year

SCOTT HAGGETT

CALGARY HERALD

EnCana Corp. chief executive Gwyn Morgan made almost \$11.5 million in 2004 from the company and cashing in stock options, as shares in the natural gas producer jumped, while **Petro-Canada** and **Enbridge Inc.** also boosted the pay of their executives.

According to proxy documents filed with regulators Monday, EnCana's board of directors raised Morgan's base salary 6.8 per cent to \$1,375,000 while his bonus was increased 2.3 per cent to \$2.66 million. However, the largest portion of his remuneration came from awards of restricted share units; those were worth \$2,698,500 in 2004, up from \$755,625. Other compensation, a category that accounts for corporate contributions to a savings plan and

man's pay rose by more than one-third in 2004, to \$5.24 million, even as the company's shares dropped by 4.3 per cent. Including gains from selling options, Brenneman made almost \$6.89 million last year.

While the company's shares fell, the board said in its proxy that Brenneman was given a raise as the company's annual profit reached a record \$1.76 billion. He was also given credit for acquiring part of the massive Buzzard oil field in the North Sea, moving to increase North American gas production and pushing forward projects in the North Sea and offshore east coast that will boost output over the next few years.

Brenneman's salary rose 12 per cent, to \$1,066,035, and his bonus was boosted 29 per cent to \$1,395,000. He was also given restricted shares and performance stock units worth more than \$2.65



Gwyn Morgan

insurance premiums, totalled \$84,900.

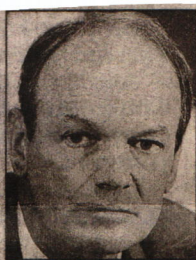
Morgan supplemented his pay from the company by cashing in stock options worth \$4,679,699. At the end of 2004, he still had 423,160 options worth \$8.96 million that could be exercised and another 155,000, worth \$3.13 million that hadn't yet vested.

Morgan's pay increase came in a year in which EnCana shares rose by 34 per cent, surpassing the 29 per cent increase in the TSX's oil and gas index. EnCana also reported record earnings of \$3.51 billion US as oil and gas prices strengthened while it increased production and put most of its international operations on the block.

"It was a great year for the company even without the high commodity prices," said one analyst. "They had tremendous volume gains and positioned themselves for resource plays in natural gas."

All of the oilpatch companies that have so far reported their executive pay have handed out liberal increases in salary, bonuses or both as earnings and stock prices rose in a year where oil prices reached records and natural gas prices strengthened.

At Petro-Canada, the country's fourth-largest integrated oil company by market value, chief executive Ron Brenne-



Ron Brenneman



Pat Daniel

million. In 2003 he was given restricted shares worth \$1.72 million.

Brenneman's other compensation — money paid to lease a vehicle, get financial counselling, a savings plan, insurance and other items — totalled \$123,215, 15 per cent more than last year.

Brenneman was also awarded 75,000 stock options and cashed in 37,500 for \$1.65 million. He still had 217,500 options, worth \$5.21 million, that could have been exercised at the end of 2004 and 262,500 options worth \$3.95 mil-

lion that had yet to vest.

Enbridge Inc., Canada's second-largest pipeline company, also filed its proxy statement Monday. Chief executive Pat Daniel made \$1.97 million from salary, bonus and other corporate compensation last year, a 9.2 per cent increase.

Daniel's salary rose 13 per cent to \$825,000, while his bonus climbed 7.9 per cent to \$1.05 million. Other annual compensation, including perquisites, benefits, a savings plan and other items, fell 6.2 per cent to \$94,398.

Daniel was awarded 65,900 options in 2004 and exercised none. He had 112,500 options that could have been exercised in 2004, worth \$2.4 million, and 167,150 that had yet to vest, worth \$2.36 million.