Husky Energy

Review of the White Rose Benefits Plan and its Application to the South White Rose Extension Tie-back

September 2006

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1.0 Introduction

Husky Oil Operations Limited (Husky), as the Operator and in joint-venture with Petro-Canada, submitted a Benefits Plan for the White Rose Development to the Canada-Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB) in January 2001. This Benefits Plan was prepared pursuant to the Canada-Newfoundland and Labrador Atlantic Accord Implementation Act and the Canada-Newfoundland and Labrador Atlantic Accord Implementation (Newfoundland) Act. The C-NLOPB approved the White Rose Benefits Plan in December 2001. The Production License PL 1006 applies to the existing 'White Rose Development.

This document provides a description of anticipated work Husky proposes to undertake within its Significant Discovery License areas 1043 and 1044 for the development of the South White Rose Extension (SWRX) Tie-back to the White Rose FPSO. This new expansion will require an amendment to the original White Rose Development Plan and is subject to the review and approval of the C-NLOPB. After re-examining the original White Rose Benefits Plan, Husky has determined that the basic principles and philosophy that applied in the base development also apply to the tie-back development. Much of the construction-related detail provided in the original plan is no longer relevant, given that the initial development phase of the White Rose Project is almost complete and production of the field has been ongoing since November 2005.

This document is submitted as an update to the original White Rose Benefits Plan to include the SWRX area. It also reaffirms Husky's commitment to maximizing benefits for the Province where practically and commercially achievable on a competitive basis and identifies potential areas where Newfoundland[1] companies and residents could participate in the development of this field expansion. The total predicted recoverable oil from SWRX is between 20 and 25 mm bbls on a P50 basis. The estimated capital cost of the South White Rose Extension Tie-back is $600 million (CDN).

[1] In the context of this benefits document "Newfoundland" refers to the Province – that is, Newfoundland and Labrador.

2.0 Development Overview

2.1 Preamble

The White Rose oil field is located on the Grand Banks, approximately 350 km east of the Island of Newfoundland on the eastern edge of the Jeanne d'Arc Basin (Figure 2.1)

Figure 2.1 - White Rose Oil Field

The White Rose Significant Discovery Area consists of both oil and gas fields or pools, including the South Avalon Pool, the North Avalon Pool, and the West Avalon Pool. The main oil reservoir at White Rose is the Ben Nevis - Avalon Formation sandstone.

The White Rose Development utilizes a Floating, Production, Storage and Offloading (FPSO) facility, with ice avoidance capacity (quick disconnectable turret), and subsea wells. Crude oil is transported to market by shuttle tankers. Oil production from the White Rose field commenced in November 2005.

Subsea installations for the initial development scope (South Avalon) consisted up to a potential of 21 subsea wells. To date, 18 wells have been planned with 13 drilled and completed (7 water injection, 1 gas injection, 5 oil producers). The wells are manifolded and connected to flowlines and flexible risers which terminate at the FPSO. To accommodate small scale growth in the overall White Rose Development, limited design flexibility was included to allow for the addition of some production and injection wells within existing glory holes. These wells could then be used to develop nearby ancillary oil pools in the future should these be proven commercially viable.

The White Rose Development Plan identified North Avalon and West Avalon Pools as potential areas for future development. Development of these pools would allow the FPSO to continue to be used at capacity levels for a longer period of time thus helping extend the economic life of the South Avalon Pool.

To this end, the SWRX area is being considered for development (Figure 2.2). This area is located approximately 4 km south of the current Southern Glory Hole (SGH), in approximately 120 m of water.

At present, consideration is being given to developing this southern region by excavating a new glory hole. The new glory hole will be strategically positioned to also provide future access to the Southwest White Rose Extension reservoir area. A delineation drilling program is currently underway to determine the additional production that may be within reach of the SWRX drilling center. Within the glory hole, one new drill center is being considered with wells tied back to the FPSO via the current SGH. At this time, it is anticipated that the SWRX drill centre will initially comprise three production wells and two water injection wells with expansion capacity to eight wells. The glory hole will be large enough to expand the drill centre up to 16 wells should it be required in the future.

The total predicted recoverable oil from SWRX is 20 to 25 mm bbls on a P50 basis. The estimated cost of the SWRX is in the range of $600 million (CDN). The SWRX Tie-back is considered to have borderline economics. The tie-back adds only a 10% increment to the stated White Rose oil reserves but will cost 25% of the original White Rose development budget. The escalation in cost is due to strong global demand for services, resources and materials. Identified risks associated with development of the SWRX include:

- Uncertainty around subsurface mapping and reserve ranges;
- Substrate issues related to glory hole excavation;
- Ability to secure long lead materials;
- Capital cost escalation due to tight market conditions; and
- Drilling rig availability and day rate sensitivity.

As further information becomes available, plans will be modified and refined. Submission of this document does not commit Husky to proceed with the tie-back. It should also be noted that this potential tie-back is currently in the preliminary front end engineering (FEED) phase and has not yet been sanctioned by the White Rose partners.

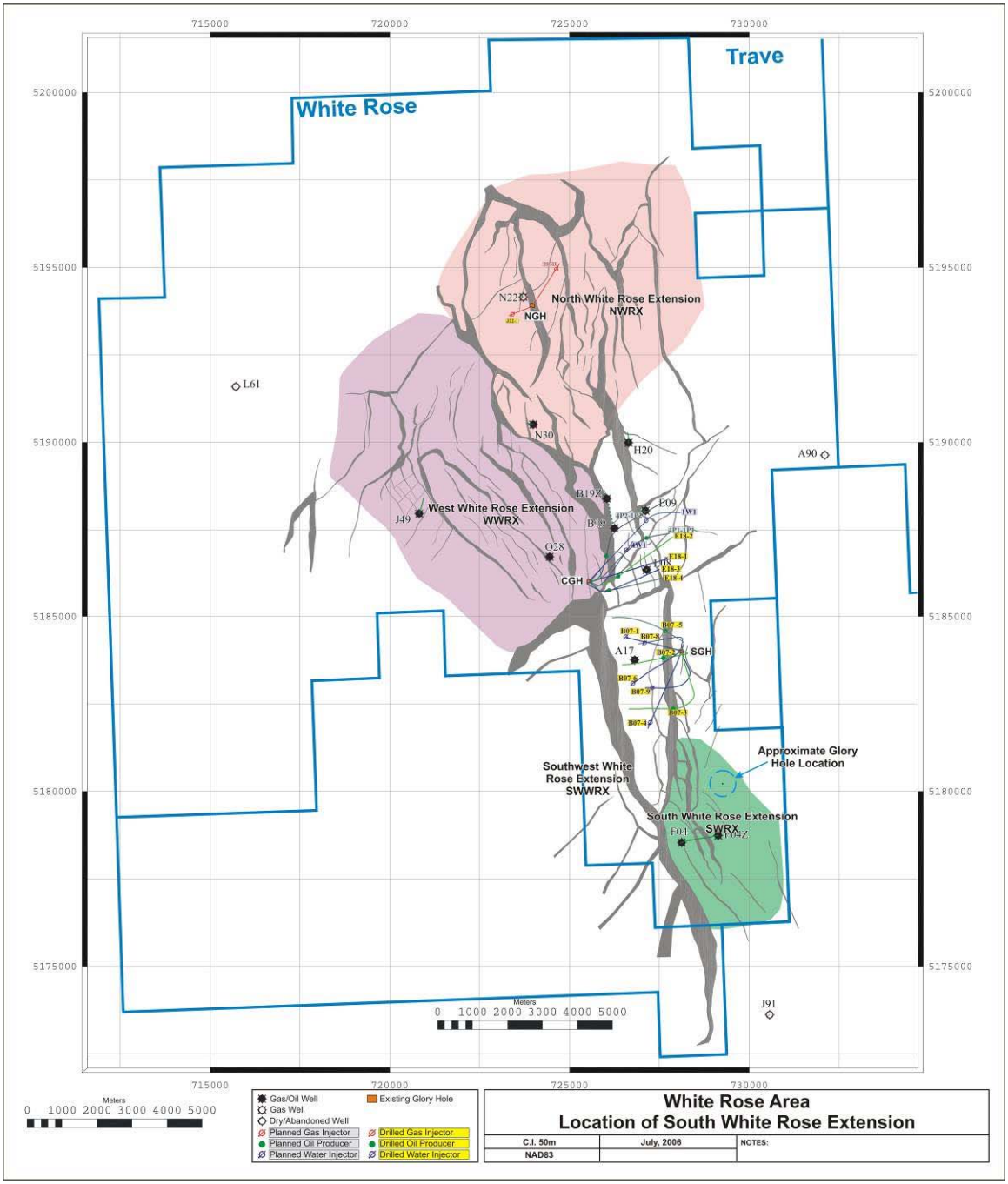


Figure 2.2 - Location of South White Rose Extension

2.2 Development of the SWRX Tie-back

2.2.1 Glory Hole Construction

The SWRX glory hole construction methods will mainly be the same as those employed for development of the South Avalon Pool: that is, the glory hole will be dredged using a trailing suction hopper dredging vessel. This type of dredger is a self-propelled ship which fills its hold or hopper during dredging while following a pre-set track. Dredged material will be disposed of in the approved spoils disposal area used during construction of the glory holes for White Rose. However, the glory hole for SWRX will be larger and deeper than those constructed for the South Avalon Pool. The glory hole needed to support establishment of the drill centre will be excavated to a maximum of minus -9 to -11 metres below existing seabed level with a maximum "floor" dimension of 70 m by 70 m with graded sloped sides as required for stability and the flowline ramps. The increased dimensions result from enhancements to the original White Rose Development glory hole design. Specifically:

- The depth will allow equipment to be installed with a clearance from the seabed floor to decrease exposure of wellheads and associated equipment to irregularities in excavation and sedimentation in the bottom of the glory hole;

- A larger size will facilitate improved movement of ROVs, easier equipment installation, and to allow for possible installation of a universal subsea tree structure currently being assessed; and

- Graded slope ramps will facilitate placement of flow lines and may enhance removal or movement of sediment out of the glory hole through increased current flow.

The proposed glory hole layout for SWRX is indicated in Figure 2.3.

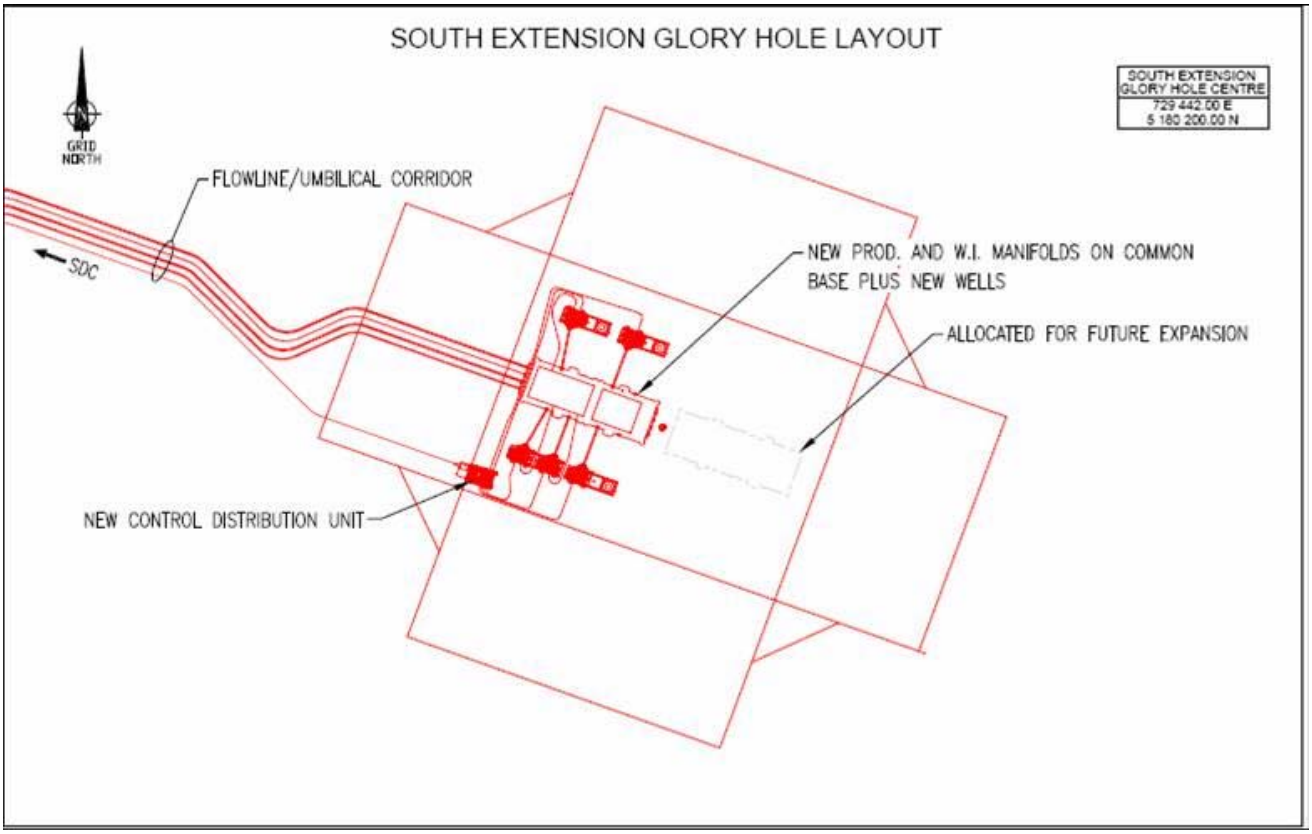


Figure 2.3 - Proposed SWRX Glory Hole Layout

2.2.2 Subsea Equipment Installation

The new drill center will be tied back into the existing Southern Drill Centre (SDC) using subsea flowlines (Figure 2.4). The subsea system will be connected via, and in tandem with, the current in-service production system feeding the SDC (i.e., piggy backing through the same flowlines, chemical lines and control umbilical feeding back to the Sea Rose FPSO). Subsea tie-in work in the SGH and subsea installation, connections and tie-in work in the SWRX glory hole will require use of divers and remotely operated vehicle (ROV) technology.

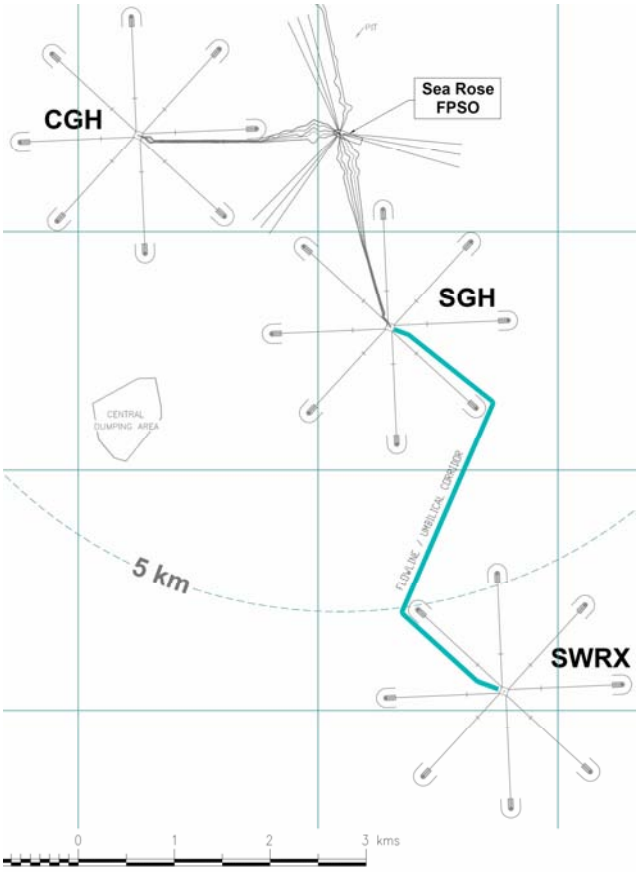


Figure 2.4 - SWRX Tie-back to the SGH

The subsea facilities at SWRX will include all equipment necessary for the safe and efficient operation and control of the subsea wells and transportation of production and injection fluids between the wells and the SDC. No changes to existing flowlines, risers or umbilical are anticipated.

The umbilical and flowlines utilized for SWRX will be of similar design and specifications as those installed during initial development. It is expected that two 10-inch oil production flowlines, one 8-inch water injection flow line and an electro-hydraulic multiplex (EHMUX) umbilical will be routed approximately 5 km from the SWRX to the SDC.

Similar to the White Rose Development, flowlines for SWRX will be laid on the seafloor and will be insulated for temperature and flow assurance purposes. The SWRX reservoir temperature is estimated to be similar to that of the White Rose reservoir. As a result, there is no anticipated requirement for changes to the design of the flexible flowlines.

The SWRX Tie-back will require modifications of the SDC to extend flowlines and controls (Figure 2.5). Procedures for installation of subsea facilities and subsequent operations for SWRX are anticipated to be similar to those currently employed for the initial phase of White Rose Development. Once installation is completed, the system will be fully tested prior to being brought back into service through the existing infrastructure at the SeaRose FPSO.

The subsea facilities will be configured to allow production well testing to be performed by routing individual wells through a test flowline to the test separator on the FPSO or via an equivalent agreed upon system. Whenever well testing in not ongoing, the test line will be continued to be used for production to mitigate wax formation in the line. Round trip pigging of the production and test lines will be extended from the SDC to the SWRX drill centre.

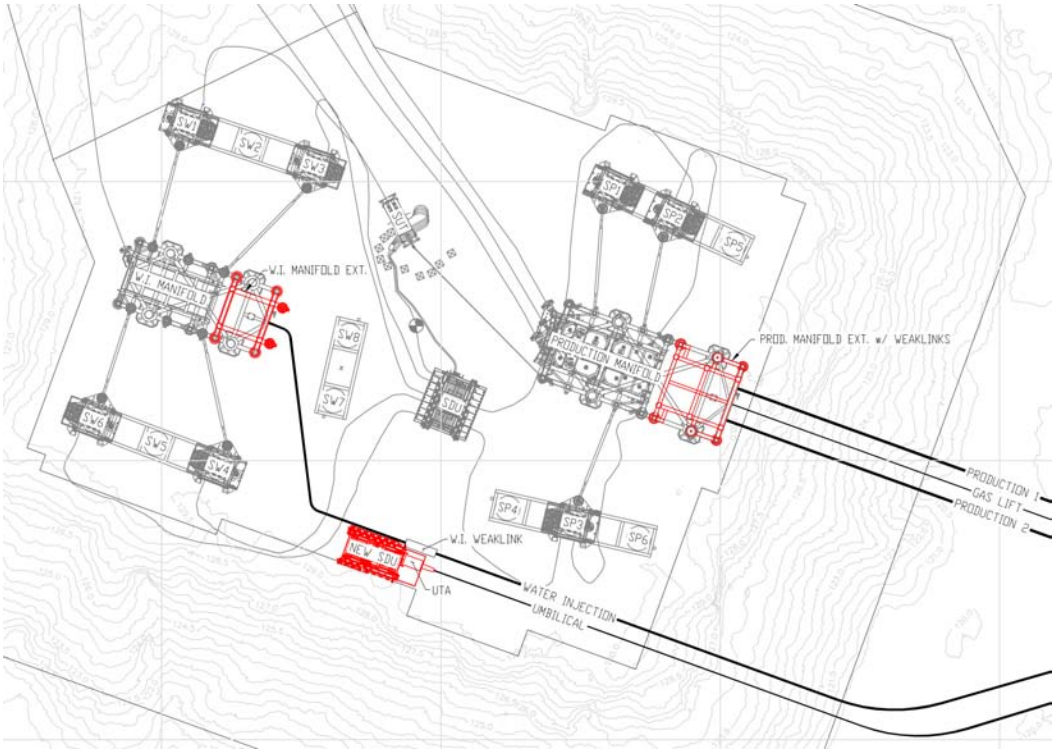


Figure 2.5 - SDC Modifications to Support the SWRX Tie-back

Extension modules required to tie-in equipment will be installed on the manifolds structural foundations in the SDC. Flowlines from SWRX will enter the SDC manifolds after passing through these extension modules (refer to Figure 2.5). The design of the manifold that will be employed in the SWRX drill centre will be modified from the original to provide more flexibility regarding number of oil producers versus water injectors.

Iceberg protection measures applied to the current White Rose Development will also be applied to the SWRX including placement of wellheads, Xmas trees and manifolds in glory holes, with the top of the equipment having a minimum clearance of 2 to 3 m below the seabed level and use of flowline and umbilical weak link technology.

2.2.3 Drilling and Completions

Drilling and Completions activities will be carried out using existing White Rose processes and systems. The SWRX Tie-back will utilize well templates and wellhead systems similar to those used on the White Rose Development.

In general the SWRX Tie-back well design and drilling operations programs will be based on experience from the White Rose Development. Synthetic-based muds will be used to drill the intermediate and production hole sections. Best available technology will continue to be utilized to minimize synthetic drill mud on cuttings. Advanced directional drilling tools and systems will continue to be used to drill the deviated and horizontal wells required to develop this region of the field.

Existing White Rose cementing practices will be applied to the SWRX Tie-back. White Rose drilling practices employed to drill the conductor and surface hole sections will be applied to SWRX to mitigate the impact of drill cuttings and cement spillage into the glory hole. Specifically, Guar gum sweeps, cuttings transport systems and reduced excess cement will be used in conjunction with a modified template system.

The SWRX Tie-back well completions will be designed to maximize well productivity while maintaining necessary standards of risk and well integrity. "Smart" water injection and production wells may be utilized for SWRX. "Smart" completion technology is required for the water injection wells to control injection profiles into two reservoir intervals. The control of flow would be from a variable interval control valve operated hydraulically. The hydraulically controlled valve is operated from the subsea pod via the subsea umbilical. Final design of the drilling program and the SWRX wells will be addressed in the individual Approval to Drill a Well (ADW) applications. Details of the completion design and installation plan will be outlined in the individual completion programs.

2.2.4 FPSO (Topsides/Turret) Modifications

The SWRX will require some very minor modifications to the topsides processing plant mainly in the area of chemical injection and storage. A review of chemical usage will be carried out to ascertain the necessary storage capacity for the following chemicals:

- corrosion inhibitor;
- methanol; and
- wax inhibitor.

The piping system for the above chemicals will be reviewed to determine if line size increases are required to match the necessary delivery volume required to meet the SWRX needs.

The existing White Rose control system was designed with adequate spare capacity to allow reconfiguration of the base capacity and the addition of the SWRX Tie-back. A revised software control package will be developed in line with operational requirements and will be integrated into the current operation system onboard the Sea Rose FPSO.

2.3 Schedule

A high level preliminary schedule for development of SWRX is provided in Figure 2.5.

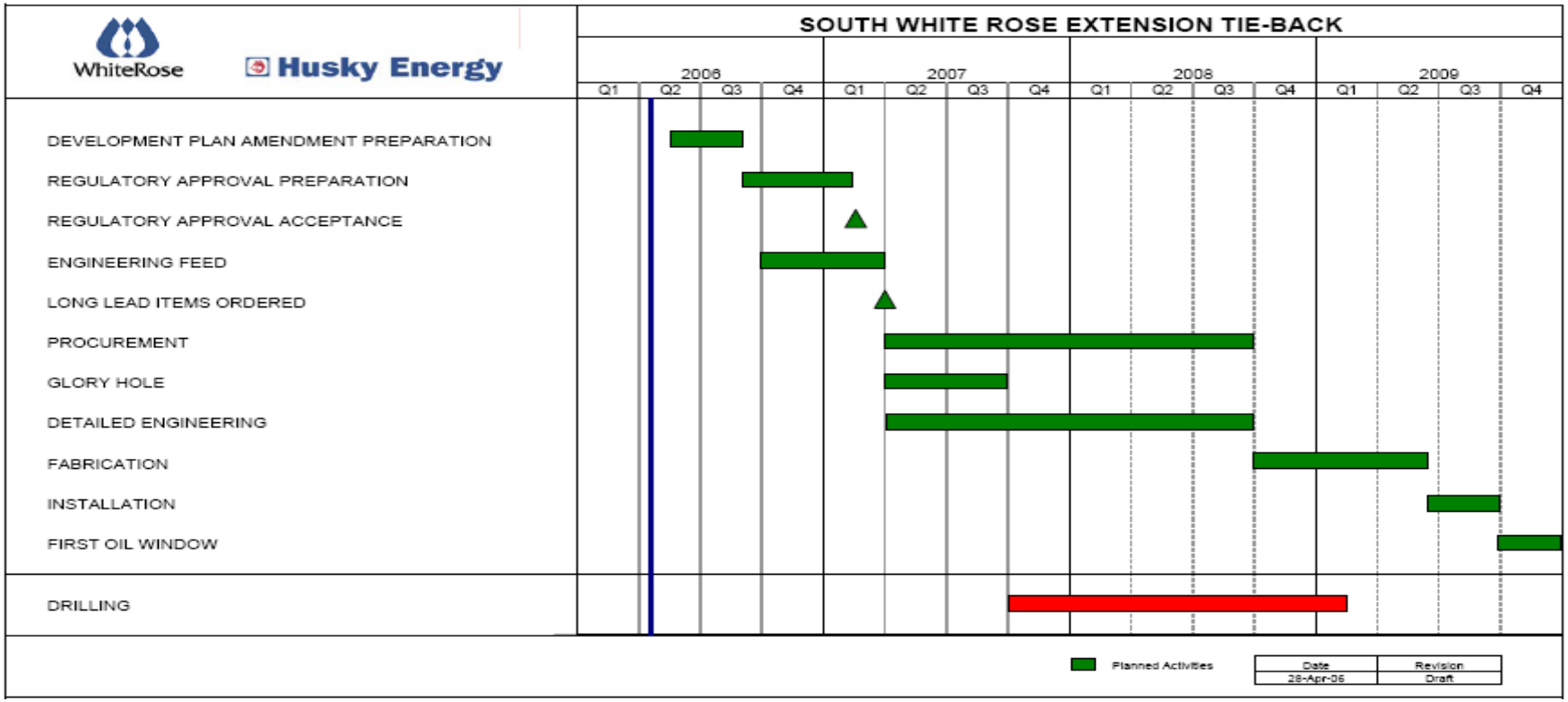


Figure 2.5 - Preliminary Development Schedule for South White Rose Extension

3.0 Canada Newfoundland Benefits Plan – Statutory Requirements

3.1 Introduction

Husky recognizes that the Atlantic Accord Implementation Acts provide the legislative basis for the development of the oil and gas resources offshore Newfoundland to benefit Canada as a whole and, in particular, the Province of Newfoundland and Labrador. The Atlantic Accord also recognizes the right of the Province to be the principal beneficiary of the oil and gas resources off its shores. Husky strongly believes in this assertion, and the success of the White Rose project is evidence of its commitment to delivering substantial benefits to the Province of Newfoundland and Labrador.

Husky's approach to benefits has remained consistent since it established operations in the Province. Early in the planning phases of the White Rose Development, Husky adopted a set of Canada-Newfoundland and Labrador Benefits Guidelines as a governing document (attached as Appendix I). This document has been integrated into the Canada Newfoundland Benefits Reporting and Procedure Manual (Appendix II) which continues to guide how Husky and its contractors conduct business.

Accordingly, the policies and procedures outlined in the original White Rose Benefits plan are still relevant in 2006 and will remain unchanged as the company pursues other opportunities in the Newfoundland offshore area. These governing documents are also aligned with Husky's premise in 2000 that production facilities can be designed to accommodate multi-pool or expanded development concepts. Such is now the case with the South White Rose Extension Tie-back.

3.2 Canada-Newfoundland Benefits Commitments

While the scope of the South White Rose Extension Tie-back is significantly smaller than the base White Rose Development, the original Husky Canada-Newfoundland Benefits Plan will continue to apply except as modified by this amendment, and in particular:

- Key functions will be performed in Newfoundland and Labrador. Husky is committed to managing South White Rose Extension from the St. John's office. Management activities will include project management, engineering, operations management, procurement, geosciences and reservoir engineering, drilling operations, logistics and project communications.
- Goods and services must be acquired on a best value basis.
- Canada-Newfoundland benefits will be a factor in procurement.

- Husky will provide identification of opportunities for the supply of goods and services required for the project and work with governments and industry organizations to jointly identify potential Newfoundland and Labrador suppliers.

- Husky will also work with governments and industry organizations to improve local supply capability by providing information about the project requirements and specifications in a timely manner.

- Husky will require project management and system engineering work for the SWRX Tie-back to take place in Newfoundland and Labrador.

- The company will give individuals resident in the Province first consideration for training and employment opportunities with the development. Positions will be recruited primarily through our online recruitment service, and from time to time, will be advertised in select local newspapers.

- All contractors and subcontractors will adhere to Husky's benefits philosophy, as detailed in the White Rose Reporting and Procedures Manual.

- Husky will continue to support and encourage initiatives in the areas of Technology Transfer and Research and Development.

3.3 Full and Fair Opportunity and Competitive Basis

Refer to Husky's Canada Newfoundland and Labrador Benefits Guidelines (Appendix I).

3.4 Research and Development and Education and Training

Husky will consider the use of facilities and institutions in Newfoundland and Labrador and Canada for any research and development work deemed necessary for the completion of the scope of work.

3.5 Disadvantaged Individuals or Groups

Refer to The White Rose Diversity Plan (Appendix III).

3.6 Collective Agreements

Husky acknowledges that consistent with provisions in the Atlantic Accord Implementation Acts, a collective agreement may not frustrate access to training and employment opportunities for residents of the Province and that this applies particularly to disadvantaged individuals or groups.

4.0 Policies and Procedures

4.1 Project Management

Husky, as the White Rose Operator, will manage the development of the tie-back to the FPSO and subsequent operations. The Operator's authority, role, responsibility and reporting requirements are outlined in the Agreement that is already in place between the project partners.

4.2 Supplier Development

Refer to Husky's Canada Newfoundland and Labrador Benefits Guidelines (Appendix I).

4.3 Procurement and Contracting Strategy

Procurement and contracting activities will be conducted consistent with the strategies employed on the original White Rose Development and which are described in the Husky Canada Newfoundland Benefits Guidelines. Husky contracts awarded for the development and production phase of White Rose made provision for increased work scope that could result from activities associated with future tie-back developments such as SWRX. In this context the following is a description of Husky's procurement and contracting strategy for some of the carry over services anticipated during the development of the project.

4.3.1 Marine Support Vessels

Husky's existing fleet of Anchor Handling Tug Supply (AHTS) and Supply/Standby vessels will be used to support the offshore construction and installation operations associated with this project. However, depending on the type of drill rig used the number of vessels may need to be supplemented. These vessels are and will be Canadian Flagged, crewed and will be managed from the Contractor's office in St. John's, Newfoundland.

4.3.2 Helicopter Support

Helicopter support based in the St. John's area will be required during the offshore construction, installation and commissioning phase. Cougar Helicopters Inc. (CHI) have been contracted to provide helicopter support to service the company's requirements. Cougar Helicopter Inc. will also provide all auxiliary flight services including First Response Equipment and technicians, alternate landing site at Long Pond complete with weather station, aviation fuel, and helicopter passenger transportation suits and an aircraft maintenance and passenger handling facility located at the St. John's Airport. Cougar Helicopters Inc. will utilize its own internal flight following service.

4.3.3 Shorebase Facilities

Marine base facilities will be required to support the SWRX Tieback activity with appropriate wharfage for a dredge vessel and capability of servicing multiple

operations. A. Harvey and Company Ltd. will provide marine base facilities to support tie-back activity and to the extent necessary it is anticipated that Pier 17 will provide the appropriate wharfage for the dredge vessel. Existing port facilities are capable of servicing multiple operations with the existing infrastructure including office space, crane support, bulk storage and consumable (fuel, water) storage and delivery capability. The existing infrastructure and activity at the Harvey's facility enables the industry to optimize the utilization of supply vessels and other logistic assets.

4.3.4 Warehouse Facilities

Warehouse facilities will be provided by Husky's contracted warehouse provider (ASCO) and existing contractors as required and will consist primarily of storage for tubular goods, and the equipment belonging to the rig contractor which can be stored onshore.

4.3.5 Voice and Data Communication Services

Operation and co-ordination service of voice and data communication services from offshore installations and vessels will be provided from the central facility Stratos Wireless Communications in St. John's. The primary communications link between the offshore installation(s) and the Project Operations office in St. John's will be via a dedicated C-Band satellite service. Details on communications systems are outlined in the Husky East Coast Emergency Response Plan currently on file with the C-NLOPB.

4.3.6 Drilling and Completions

Husky's current drill rig contractor or a separate contractor will operate a Mobile Offshore Drilling Unit to drill the wells associated with the SWRX Tie-back.

4.4 Employment and Training

Offshore development activity generates both direct and indirect employment opportunities. For the SWRX Tie-back, employment opportunities will be concurrent with the general increase in offshore activity, through increased drilling, supply vessel and other support activity. The location of engineering in the Province will provide opportunities for engineers and technicians as well as other office support staff. Project management will be undertaken in house by Husky and may result in the addition of new term positions for the duration of the project. Depending on the modification requirements, fabrication opportunities could provide work for local welders, electricians and pipe fitters. There will also be opportunities during the testing and installation phase for inspectors, marine personnel, divers, logistic coordinators and heavy equipment operators. Whenever feasible, training and development activities will be designed to take place in the Province, thereby supporting the development of local training capabilities. The following table is a preliminary estimate of the Newfoundland hours associated with completion of the SWRX Tie-back:

Table 4.1 – Estimate of Person Hours to take place in Newfoundland for SWRX

Project Component	Estimated Hours
Project Management	**240,000**
Drilling and Completions	**475,000**
Glory Holes	**70,000**
Subsea Production System	**100,000**
FPSO Modifications	**15,000**
Total	**900,000**

The above components include the following scope:

- Project Management - FEED, Detailed design engineering, procurement, construction management, hookup & commissioning
- Drilling & Completions - All marine and onshore activities associated with drilling and completion of up to 5 wells including management of a dedicated MODU and supply vessels as well as other logistical support.
- Glory Holes - Dredging activities, ROV inspection services, marine support, modifications to the existing Southern Glory Hole and the new one if required
- Subsea Production system - construction of one new manifold structure, testing and installation, laying of 5 km of subsea lines and hookup to the Southern Glory Hole
- FPSO Modifications - primarily modifications to software and instrumentation. A new hydraulic power unit will be required which will be supplied by the manufacturer. There will also be some minor modifications to the topsides processing plant mainly in the area of chemical injection and storage

It should be noted that this is a preliminary high level estimate, which is subject to change as the scope is further refined in the Front End Engineering Design (FEED) phase. With respect to employment opportunities, Husky and its contractors remain committed to the principle of first consideration for residents of the Province.

4.5 Research and Development

The South White Rose Extension development is based on proven technological solutions, hence there are few related R&D activities. However, Husky will continue to support capacity development in regional R&D facilities and will consider the use of facilities and institutions in Newfoundland and Labrador and Canada for any research and development work deemed necessary for the completion of the scope of work.

4.6 Disadvantaged Individuals and Groups

Husky maintains a formal and documented Workforce Diversity Policy. The tenets of the policy are such that Husky:

- is committed to building a work environment that is free of discrimination and harassment;
- will ensure its employment policies are implemented in a fair manner and are free of discrimination and barriers;
- is committed to the principle of fair representation of the designated target groups (women, aboriginals, visible minorities and people with disabilities) at all levels of the organization; and
- will take special measures to facilitate the full participation of under-represented designated groups at all levels of the organization

Husky developed the White Rose Diversity Plan in 2003 (Appendix III) to specifically address and promote employment diversity. The plan applies equally to all contractors and sub-contractors. Husky has maintained close contact with the various community agencies and works cooperatively with them to identify new initiatives which encourage the participation of people from the designated groups. Husky will continue to implement the diversity plan and ensure its contractors and sub-contractors maintain similar plans and report on progress on a regular basis. Husky will continue to provide yearly reports to the C-NLOPB on initiatives and progress made with respect to workplace diversity.

5.0 Capacity of Newfoundland and Labrador and Canadian Economies

5.1 Construction

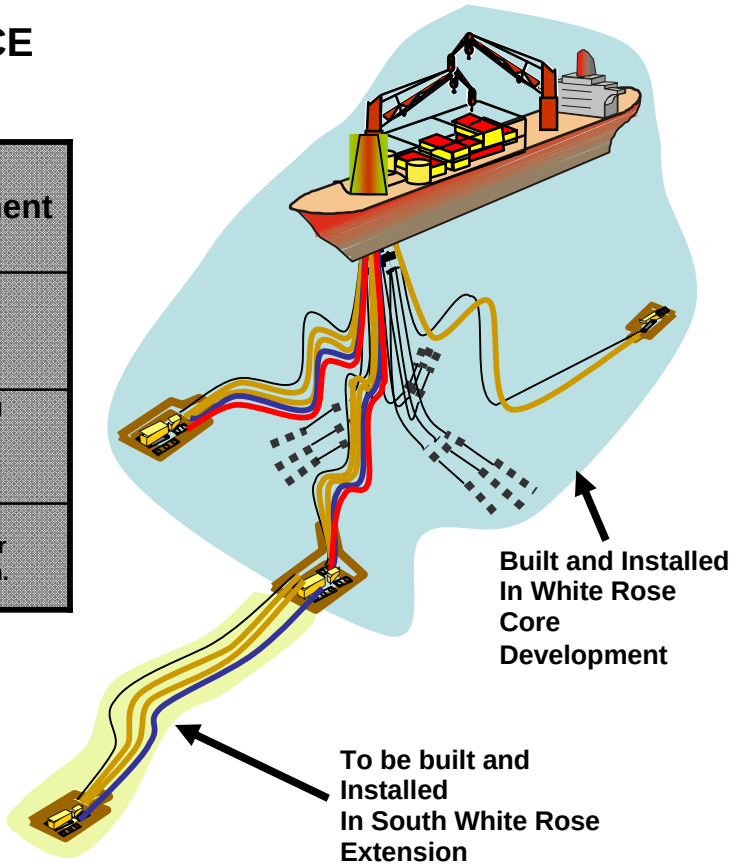
The SWRX Tie-back is primarily a subsea development with components similar to the original White Rose Development but with a much reduced scope. (see Figure 5.1). The umbilical and flowlines utilized for SWRX will be of the same design and specifications as those installed during initial development, but no risers with the associated riser piles, structural clamps, etc. Two 10-inch oil production flowlines, one 8-inch water injection flow line and an electo-hydraulic umbilical approximately 5 km in length will be laid from the SWRX to the SDC. Much of the infrastructure created both offshore and onshore during the original White Rose Field Development will now be utilized to reduce the scope and cost of the SWRX Tie-back. For example, it is anticipated that the tree transport frames designed and built during the original development will be used for SWRX. Husky has supported the construction of a new warehouse, storage/testing yard and subsea testing facility in Donovans which will eliminate the equipment storage and component testing conducted at Bull Arm. The extensive System Integration Testing (SIT) that was conducted at Bull Arm has

been greatly reduced by utilizing much duplicate equipment from White Rose proven design. Husky anticipates that manifold and foundation design and construction, with an associated SIT limited to the "new" configuration elements, will be contracted for and carried out in Newfoundland and Labrador.

Figure 5.1 Scope Difference Between SWRX and White Rose Core Development

SCOPE DIFFERENCE ILLUSTRATED

SWRX Subsea Tie-back	WR Core Development
Use Husky Asco Warehouse and Test Facility	Extended SIT at Bull Arm
Use proven White Rose Equipment (minimize testing)	Build Shipping frames
Use White Rose tools and methods	Establish local Capabilities for Tool Refurbish.



Although the SWRX Tie-back is relatively straightforward and will employ for the most part off-the-shelf components, there are potential areas for local companies to participate. A list of equipment and services that will be required is included in Table 5.2. This information has been generated based on experience gained from the White Rose project

On a competitive basis the following equipment could be fabricated in Newfoundland and Labrador:

1 Subsea Manifold Foundation

1 Production manifold

1 Water injection manifold

2 Flowline End Manifold Modules (for tying in flowlines to the existing SDC)

4 Two-slot TGBs

3 Production rigid spools

2 Water injection rigid spools

5 Control jumpers.

2 New Subsea (Control) Distribution Units (SDUs)

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Table 5.2 – Procurement Opportunities - SWRX Tie-back Development

Major Sub-Sea Equipment Packages	Potential Supplier Locations		
	NL	Other Canada	Foreign
Tree, Production			X
Tree, Water Injection			X
Temporary Guidebase	X	X	X
Permanent Guidebase	X	X	X
Manifold, Production (incl. Fdn)	X	X	X
Manifold, Water Injection (incl. Fdn)	X	X	X
SDU (incl. Fdn)	X	X	X
Flowlines, Risers and Umbilicals			X
Control Jumpers	X	X	X
Rigid Spools(Prod & WI)	X	X	X
Glory Hole Construction			X
Subsea Production Equipment Installation			X
Eng. & Mgmt Drilling and Completions	X	X	X
Drilling and Completions			X
Subsea /Topsides Control Mods	X	X	X
Proj. Eng. & Mgmt	X		
FEED	X		
Detailed Design	X		
Eng. & Mgmt for HSEQ, studies and Document Revisions	X	X	
Topsides Modifications	X	X	
Environmental Assessment	X	X	
Seabed Environmental Sampling and Reporting	X	X	
Fish Habitat Remediation	X	X	
HSEQ Studies	X	X	
Logistics Support	X	X	
Tubulars	X	X	
Chemicals	X	X	
Waste Disposal	X	X	
Medical Services	X	X	
Well Services	X	X	
ROV services	X	X	
Printing services	X	X	
Courier Services	X	X	
Diesel Fuel	X	X	
Custom Brokerage	X	X	

5.2 Production Operations

Production from SWRX will be tied back to the Southern Drill Centre and processed onboard the FPSO. Opportunities associated with the production operations of the South White Rose Extension will be limited to subsea inspection and maintenance and work over activities associated with the wellhead equipment and subsea lines.

6.0 Consultation, Monitoring and Reporting

6.1 Consultation

Husky remains responsive to community interests, and routinely consults with key stakeholder groups on operational activity. Husky also meets with stakeholder groups or individuals upon request to discuss their concerns or answer questions regarding the business or employment opportunities associated with the development of the South White Rose Extension.

6.2 Monitoring and Reporting

With respect to the collection and reporting of benefits (employment and expenditure) information, consistent with the White Rose Reporting and Procedure Manual, Husky will continue to work with its contractors to provide this information to regulatory agencies on a timely basis.

Moreover, Husky remains committed to maintaining its public website which provides information regarding procurement opportunities, employment opportunities and other related project information. During the course of the initial White Rose Development, systems for monitoring and reporting on Canada Newfoundland benefits were developed and will remain in place for any future projects.

These systems were subjected to a rigorous review by Audit Services Canada and have proven to be reliable. Standard questionnaires and forms have been developed for use by contractors and service providers. Calculation of Canada Newfoundland content has been incorporated into Husky's SAP financial systems which allow for accurate and timely reporting of this information. The detailed reporting requirements with respect to timing and content will be determined in consultation with the CNLOPB.

7.0 Conclusion

The initial portion the White Rose Development demonstrated there are substantial skills and infrastructure established in the Province to participate at a high level in every aspect of offshore oil and gas development. Husky has developed a strong relationship with the local industry and includes Canada Newfoundland benefits as important criterion when evaluating contract awards. Husky looks forward to building on this foundation as it moves forward with planning for the SWRX Tie-back.

8.0 Appendix I: Canada-Newfoundland and Labrador Benefits Guidelines

9.0 Appendix II - Canada Newfoundland Benefits Reporting and Procedure Manual

10.0 Appendix III - Husky Energy Diversity Plan