Husky Energy

HUSKY ENERGY SECOND QUARTER 2012 CONFERENCE CALL & WEBCAST TRANSCRIPT

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Speakers:

Asim Gosh
President & Chief Executive Officer

Alister Cowan
Chief Financial Officer

Robert Peabody
Chief Operating Officer

Bob Baird
Vice President, Downstream Operations

Rob McInnis
Manager, Investor Relations

Terrance Kutryk
Vice President, Midstream & Refined Products

OPERATOR:

At this time, I would like to turn the conference over to Rob McInnis, Manager, Investor Relations. Please go ahead.

ROB MCINNIS:

Good morning, everyone. Thank you for joining us to discuss our 2012 Second Quarter results. I'm joined today by CEO Asim Ghosh, CFO Alister Cowan, and COO Rob Peabody, as well as the heads of our Midstream and Downstream businesses, Terrance Kutryk and Bob Baird respectively.

Today we will provide an update on Husky's business strategy and an overview of results, followed by a question-and-answer session. Please note that today's comments do contain forward-looking information. Actual results may different materially from expected results because of various risk factors and assumptions that are described in our quarterly release and in our annual filings, which are available on SEDAR, EDGAR, and our website. Now I'll turn the call over to Asim.

ASIM GHOSH:

Good morning. It's been another steady-as-she-goes quarter. The results this quarter showed our continued focus on executing against all of the elements of our plan. We brought two heavy oil projects online, Pikes Peak South and Paradise Hill, which will ramp up to full production of around 11,000 barrels per day by the end of the year.

We realized strong production and earnings results, even with the two planned off-station programs, and of that, the SeaRose is now back home in Newfoundland after successful drydock in Belfast. It's been reconnected, and we're going to start ramping up production this quarter. And finally, our focused integration strategy has once again proved its value in helping us shield us from a volatile market and the higher location discounts that we've been seeing in Canada.

I'll turn to a selection of operational highlights, and then Rob and Alister will amplify later today. In heavy oil, as I just mentioned, we've been making good progress in transitioning our heavy oil portfolio towards more thermal production and horizontal drilling. We achieved first oil in the second quarter at both the Pikes Peak South and the Paradise Hill thermal projects ahead of schedule, and product is now shipping from both sides. To accelerate this program, we have now sanctioned the Sandall thermal project and are looking at the early stages of examination of four additional thermal projects. We'll be developing these projects with a proven modular approach, which should give us cost and operational efficiencies.

In Asia-Pacific construction is finished on the shallow water jacket for the Liwan project, and installation is scheduled for the third quarter. Significant milestone, as this jacket is the foundation for the central platform, which will develop the Liwan field. I told you before it's a massive structure about 200 meters tall, and the top side's component of the platform is also coming together as planned. That's scheduled to be floated out over the jacket in the second quarter of next year. Just to remind you, this top side will be something like 28,000 metric tons when it's finished, and that's one of the biggest ever in Asia. So in summary; the Liwan gas project is also keeping pace for first production target late 2013, early 2014.

On the Sunrise energy project, likewise the building blocks are moving into place. Looking at the subsurface side, all 49 SAGD well pairs are finished, and most importantly we've confirmed the quality of the reservoir. On the surface side, the biggest component is the central processing facility, which is about 30% complete. And construction of the other feed facilities, including the pipelines, is about half complete. So, Sunrise also is coming together as planned, with first production anticipated in 2014.

So, to summarize, it's been a steady quarter, with progress against each of the elements of our business. And as I said before, consistent execution of our business strategy is enabling us to deliver on the milestones we laid out at our last two Investor Days at the end of 2010 and 2011. On that note, let me turn over to Alister for the Q4 for the results review.

ALISTER COWAN:

Thanks, Asim. As we all know, the global economic environment continues to be difficult, and that's resulted in significant volatility in commodity prices in the second quarter. However, the sound financial strategy we set and our ongoing financial discipline are enabling us to proceed with all of our planned projects through these volatile cycles. Our focused innovation strategy, combined with a higher production and heavy oil and the high operational reliability at our Downstream facilities have contributed to a solid first half of 2012, even with the FPSO off-station programs in the Atlantic Region.

Net earnings for the quarter were $431 million or $0. 43 diluted per share, compared to $669 million or $0. 71 diluted per share a year earlier. And that included an after-tax gain of $55 million on an assets swap. The cash flow from operations was $1.15 billion or $1.17 per diluted share, and that compares to $1. 51 billion, or $1.67 per diluted share a year ago.

On the production side we averaged 282,000 barrels of oil equivalent per day in the quarter, and that included a temporary 34,000 BOEs per day reduction in the Atlantic region due to the off-stations. This compares to 325,000 in BOEs in the first quarter and 311,600 a year ago. As I said, the production reflects the impact of both the SeaRose and the Terra Nova off-station programs, and we've said previously, these will reduce our annual production by approximately 16,000 barrels per day, which as we said was being factored into the annual guidance of 290,000 to 315,000 BOEs per day.

We continue to benefit from a strong Downstream operational performance and reliability, and these have partially helped offset lower commodity prices and refined product margins. The upgrader contributed $42 million to net earnings in the quarter, compared to $48 million in the last quarter and $20 million a year ago. The U.S. refining operations contributed $84 million to net earnings, compared to $71 million in the first quarter and $165 million last year. As we did disclose in the

MD&A, there was a FIFO; first in, first out, after-tax loss of approximately $60 million in the quarter as commodity prices declined.

Just looking at pricing, the details are all in the MD&A, which is posted on the website for the detailed results, but I will touch on a few highlights. The average realized price for the Company's production as a whole was $51.98 per BOE in the quarter, compared to $66.33 per BOE a year ago and $65.26 per BOE in the first quarter. The average realized crude oil pricing was $71.61 per barrel, down from $87.87 per barrel a year ago and $87.11 per barrel in the first quarter. This reflects the impact of the Atlantic region off-stations, lower commodity prices, and the wider product and location differentials.

Through our focused innovation strategy we've been able to minimize the volatility and capture a large portion of these wider location differentials and product differentials in our Upstream and marketing and the Downstream upgrading and refining operations. Natural gas remains depressed at $2.05 per Mcf, compared to $4.02 per Mcf a year ago and $2.64 per Mcf in the first quarter of this year.

Just looking at the next quarter, Toledo, Ohio refinery is scheduled to have a turnaround in September, and that will be a partial outage expected to last approximately 30 days. As Asim said, production from the White Rose and the satellite fields will ramp up gradually with the recommissioning of the SeaRose FPSO as per schedule. And as already said; production at the Pikes Peak South and Paradise Hill heavy oil thermal projects will ramp up to full volumes by the fourth quarter.

From a financing perspective, we did, as you know, take action over the last 18 months with the financial plan designed to strengthen the balance sheet to ensure that we could execute on our deliverables. Now, this financial strength and discipline has stood us in good stead during a period of market volatility, and that's given us the means to move forward with our medium to long-term investments that will drive the future growth.

Let me give you a bit of an update on our cash tax position for 2012. We've now completing a detailed review of the final tax legislation related to the taxation of partnerships, and we have identified that the major impacts will be effective for Husky in 2013, not 2012 as previously estimated. That now means that cash taxes for 2012 will be approximately $250 million lower, at around $500 million.

Finally, the Board of Directors has approved a quarterly dividend of $0.30 per share. And as we indicated in the press release, as a result of the progress and the major projects, the strength of our balance sheet, we've agreed with the principal shareholders that they will revert to receiving dividends in cash, not shares, commencing with this dividend, which is payable in October 2012. Rob will now give us an operations update.

ROBERT PEABODY:

Thanks, Alister. As both Asim and Alister have mentioned, the SeaRose off-station program is proceeding according to plan. We were really pleased with the safe and efficient manner in which the off-station work was carried out in Belfast, and we were able to get home a few days early. This is another demonstration of how safety and productivity go together.

Looking first at our activities in Western Canada and the Western Canada business unit in the second quarter, we continue to invest in this foundation business with a greater focus on oil resource plays and liquids-rich gas opportunities. In our oil resource portfolio, we drilled eight horizontal wells over the second quarter, bringing our total number of horizontal wells this year to 34.

We were active in the Redwater and Saskatchewan Viking plays, the lower Shaunavon in Southwestern Saskatchewan and the Ounger play in Southeast Saskatchewan. At the Rainbow Muskwa play in Northwest Alberta we drilled and cased two additional horizontal wells and brought one on to production. We're looking to complete four wells over the summer, that were drilled earlier this year on the play, along with one carryover well from last year.

In the Northwest Territories, planning is underway for proposed winter program at our Slater River project in late 2012 and into next year. Subject to regulatory approvals, we plan to construct an all-weather road and further evaluate the two vertical wells that we drilled last winter. This work will help inform the next stage of our evaluation program.

Turning to our gas resource plays, we continue to focus on liquids-rich gas opportunities. Drilling and completion activity at Ansell in West Central Alberta was limited over the quarter due to spring break-up. A total of three wells were drilled, including one multi-zone vertical well, one vertical Cardium well and one Woolrich horizontal well. The horizontal well was drilled to the intermediate casing point before the rig was laid down for spring break-up. We've now drilled a total of 12 wells in the first half of 2012 and completed 31 wells at Ansell.

At Kaybob one horizontal well was completed, tied in and placed on production during the quarter, and two other wells are scheduled for completion early in the third quarter. This brings to four the total number of horizontal wells drilled to evaluate this liquids-rich Duvernay play.

Looking at heavy oil, Asim has already mentioned that we are a making good progress in transitioning our heavy oil portfolio towards more production from thermal projects and horizontal drilling. Production from all of our thermal projects is now averaging about 24,000 barrels per day, with about 4,500 barrels per day coming from our new Pikes Peak South and Paradise Hill thermal projects. These projects, the two of them, were delivered in aggregate slightly under budget and in about 13 months and 15 months respectively, so, a very good performance by the business unit there.

Now, let's take a look at our growth pillars. Together with our partner CNOOC we're making great strides on the Liwan gas project. As mentioned earlier, construction of the jacket finished on schedule, and it has now been loaded out on a barge for placement at the shallow water location. All nine sub-sea production trees are now installed on wells in the Liwan 3-1 gas field. Six upper completions have been installed and flow tested with results as expected. We remain on schedule for first production in the late 2013, early 2014 timeframe.

In Indonesia, we are a moving forward with a planned six-plus well exploration program. We are a working with our partner to advance the MDA and MBH fields towards production. We are anticipating first gas from the Madura Straits block in 2014. We expect to award the contract for leased FPSO this fall for the BD field. Overall our Asia-Pacific strategy is on track to create a material oil and gas business of at least 50,000 barrels of oil equivalent per day by 2015.

In oil sands, you've already heard how the Sunrise project is taking shape, so I won't add much other than to say the development work is progressing as planned for the next phase of the project, and feed for this next phase is expected to finish up next year.

In the Atlantic region, development drilling continued over the quarter at North Amethyst. At West White Rose we commissioned a supporting water injection well in the quarter. And we also drilled an in-fill production well in the White Rose field during the off-station to support oil production following the reconnection of the SeaRose. Prefeed and feed work has been awarded for the White Rose extension project.

And looking forward to the remainder of 2012, we'll participate in drilling two exploration wells offshore in Newfoundland. We expect to spud the searcher well in the Southern Jeanne d'Arc Basin within the next couple of weeks, and the Harpoon prospect which is operated by Statoil and is near the Mizzen discovery in the Flemish Pass, is expected to spud later this year. And just to remind you, we hold a 35% interest in that well.

Turning to the Downstream, as Alister mentioned, we've seen good performance and reliability from this part of our business. A planned three-week outage in April at the upgrader was successfully completed on time and under budget. Subsequently the upgrader set some significant milestones for record monthly production and shipments.

In summary, with increasing uptimes, reliability and consistent execution, we continue to meet our operational targets. I'll now turn you over to the moderator for your questions.

OPERATOR:

Thank you. We will now begin the analyst question-and-answer session. The first question is from George Toriola of UBS. Please go ahead.

GEORGE TORIOLA:

Thanks, and good morning, guys. My question is around the heavy oil business, and so two parts here. The first is what is the capital efficiency on these thermal projects that you are embarking on, like Pikes Peak and such? What type of capital efficiency do you expect going forward?

And secondly, how much scale would we see from these types of projects? I know Rob had talked in the past about the substantial amount of resource that is still in place. So how much of that do these projects get at? That would be helpful. Thanks.

ASIM GHOSH:

Rob, do want to take that?

ROBERT PEABODY:

Thanks, George. Just on capital efficiency of these projects, the two projects we just did were delivered between on average at about $33,000, $35,000 a flowing barrel, so very competitive overall in the portfolio. In terms of new resource, we'll update more at the Investor Day in December, but as we said before, we've got a sequence of these projects to go forward on. And I think it's fair to say that relative to the targets we set at our Investor Day back I think originally in 2010, that we're seeing more upside there than we initially thought. But as I say, we will come back to that at the Investor Day in December.

GEORGE TORIOLA:

Okay, thanks. And maybe just a quill follow-up; the essence of your change in strategy from moving away from CHOPS to the thermal projects, is that pure economics? Is that reserve recovery driven? What's the primary driver there?

ROBERT PEABODY:

It's quite simple really. First, CHOPS has been a great driver of our production heavy oil over the years, but the quality at the margin of those wells is declining, and meanwhile, with the efficiencies we're seeing in executing the thermal projects, we're able to replicate the economics of the really good CHOPS wells now through thermal projects. And in essence what we see there is we're able to achieve the same operating costs with similar F&D.

GEORGE TORIOLA:

Okay. Thanks a lot.

OPERATOR:

The next question is from Greg Pardy of RBC Capital Markets. Please go ahead.

GREG PARDY:

Hi, good morning. I've got a few nitty questions for you. But the one thing I think that stood out in the quarter was just the infrastructure contribution, and I guess there's a $120 million there just in terms of marketing and other gains. Asim could you talk just a little bit about what's driving that number?

ASIM GHOSH:

Alister, why don't you take that?

ALISTER COWAN:

Greg, that's simply the benefits of us realizing the location differentials from Western Canada down into the U. S. through our infrastructure that allows us to move our product, whether it be crude oil or synthetic, down through the pipes and selling it for basically U.S. pricing, not Western Canada pricing, that's the benefit of integration through that piece of infrastructure.

GREG PARDY:

Okay. So, I mean the numbers are pretty variable, but do you expect this to be like a significant ongoing contribution then through the balance of this year?

ASIM GHOSH

Well, I think strategically you have to look upon this as a hedge, okay? So, if the Canadian location discounts disappear, then the margin moves north of the border. And the intention of our integration— we've called it focused integration before, and targeted integration— it's not just integration for the sake of integration. It's because we recognize that Canada has got land locked oil, and we in that particular case have got heavy oil and upcoming bitumen, which requires access to broader markets. And this basically gives us the access and shields us from differentials as they occur. And if the differential goes away, then the benefits come back upstream. I don't want to sound patronizing about it, but it's that simple.

GREG PARDY:

That's okay. No, no, and it's all in your own pipe, right?

ASIM GHOSH:

It's in our controlled pipes, so whether we own the pipe or whether we control it, it's basically -- we have capacity, we have control capacity. I'll remind you, through the Hardisty system, we control roughly a fifth to a quarter of all oil that leaves Western Canada, and we see that as a very strategic part of our business.

ALISTER COWAN:

Greg, its Alister, the only other comment I would make is you recall we restructured where we disclosed our information. And there's a reason why infrastructure and marketing assets are in the upstream segment, it's because essentially it's the hedge against the differentials, and therefore if it's not making money, you're going to make it in the exploration and production section and upstream. So, you've got to look at it on a combined basis.

GREG PARDY:

Okay. No problem. Just curious, the second quarter gas volumes looked light, but was there just a heavy turnaround period in Q2? I don't really care about gas at a $1.90 ACO, but was it a pretty heavy turnaround quarter for you?

ROBERT PEABODY:

Yes, Greg, it's really just the reflection of normal seasonal turnarounds, a little bit heavier than normal.

GREG PARDY:

Okay. And then I'm almost done here, but just in terms of cash tax number, just to make sure I've got the number right, it's $500 million this year, Alister, is that the right one?

ALISTER COWAN:

Yes, that's what we're looking at for this year.

GREG PARDY:

Okay.

ALISTER COWAN:

We have moved out the five-year payment period, and that starts in 2013, not 2012.

GREG PARDY:

Okay, so in calendar 2013 though, we should be expecting a pretty significant increase then?

ALISTER COWAN:

Yes, you will do.

GREG PARDY:

Okay, and would you like to hazard a ballpark range or guess?

ALISTER COWAN:

Well, you'll get about $250 million that we're not going to pay this year.

GREG PARDY:

Okay. $350 million?

ALISTER COWAN:

$250 million. I'll be clearer with my accent.

GREG PARDY:

Okay. [laughs] All right. The last question then is just to round the dividends paid in kind. Then should we assume then in the fourth quarter that your dividend payments are completely 100% cash?

ASIM GHOSH:

Well, the option to pay in kind continues. We didn't have a lot of people choose that option other than the principal shareholders, so theoretically not all, but to all intents and purposes, all.

GREG PARDY:

Okay. Fantastic. Thanks very much.

OPERATOR:

The next question is from David McColl of Morningstar. Please go ahead.

Yes, thank you, and good morning, guys. Two questions for you, coming on the Upstream and Downstream side. The first thing is on the Downstream. Obviously there's strike going on in Lima, so I'm just wondering if you could provide any more information on that, specifically whether it could eventually have an impact on the operations there in Q3, Q4. And related to that, I'm just wondering if you can give a little bit of insight on the unionization of your Downstream assets in Canada. The second question --

ASIM GHOSH:

I missed it; immunization?

ROBERT PEABODY:

Unionization.

ASIM GHOSH:

Unionization. I see.

DAVID MCCOLL:

Unionization. And the second question, just on the Upstream quickly, is I wonder if you can give a little bit of a separation for the operating costs at Tucker? It looks like they are coming down and pretty positive. I'm just wondering if you can break apart that 18-04 per barrel number. Thank you.

ALISTER COWAN:

So, Bob, do you want to take the --

BOB BAIRD:

Okay. Right now we don't see any issues, any operation -- the refinery is operating with the staff and management in the facility, and they are operating it with equal safety and efficiency that we expect. And we continue to operate it as well as we can. It's going really well. We don't anticipate any issues in the third or fourth quarter. And as for the unionization of the other facilities in Canada, we do have our asphalt refinery and our Prince George refinery are unionized facilities, and their unionized facilities, and their unions are the CEP; Communication, Energy and Paperworkers.

ASIM GHOSH:

Business is normal. The labor relations are solicitous.

ALISTER COWAN:

Your second question was on the op cost. If you look at the supplemental, the $18.04 of operating costs for oil sands, that's all Tucker.

DAVID MCCOLL:

Yes, that's what I was wondering. Could you maybe break down fuel, non-fuel costs there?

ROBERT PEABODY:

This is Rob. I don't have them to hand, but fuel is going to be in the sort of $5 a barrel range.

ASIM GHOSH:

We can take that offline with Rob McInnis after the call.

DAVID MCCOLL:

I agree. Thank you.

OPERATOR:

The next question is from Kam Sandhar of Peters & Company. Please go ahead.

KAM SANDHAR:

Hi, I just have a couple questions. First of all, just wondering if you could give us an update on the cost side of Sunrise, and where you are, and how you're tracking relative to your expectations? And then just on the Duvernay and Muskwa, given that you have drilled a few wells, completed a few wells, just wondering if you can talk a little bit about some of the rates that you've gotten out of those wells?

ASIM GHOSH:

On the cost side, I think we've said before that we expect by the end of the year to have substantial cost certainty as we do the lump sum conversions. So, so far whatever has been completed has been on track, and there are no major surprises there. There are some puts, there are some takes, and it is all coming out in the wash. But we don't see any hemorrhaging, shall we say, but it is really, by the end of the year, that we will really get all the bits and pieces to come together, because we really are in the midst of the audit and conversion process as we speak.

The second question was about the Duvenay. Rob, do you want to take that?

ROBERT PEABODY:

Sure, just touching on, overall, we're drilling about 400 wells in Western Canada this year and about a third of those are into liquids-rich gas resource plays. And we're looking at a number of plays, including the Duvernay and Muskwa. On the call I just spoke about the number of wells we're drilling there. I think in summary, I'm not going to get into the results in a big way, because frankly most of those wells have only been on production for, in some cases, a month or two and in some case a few weeks. So, it's a little early to talk about them again. We'll come back to that at the December Investment Day.

I mean, the only thing I will say is that in general in most of these plays we monitor competitor results as well, and we're very much in line with what we're seeing competitors doing. But as I say, it's very early days. Overall, enough encouragement there that we continue to move ahead with the development plans, particularly at the Duvernay play and the Muskwa play.

KAM SANDHAR:

Okay. Thanks.

OPERATOR:

The next question is a follow-up question from George Toriola of UBS. Please go ahead.

GEORGE TORIOLA:

Thanks, I just wanted to follow up on two assets: Northwest Territories and Saleski. Maybe you can talk about what you've seen with Saleski at this time. And on the Northwest Territories what's the game plan, and what's the size of resource that you're looking for with drilling there?

ASIM GHOSH:

I think Saleski is at a very early stage. We gave you guidance last time about the resource evaluation that we did, which was massive. And we are advancing the early work of the pilot plan and the initial environmental monitoring, which will support a regulatory application for our pilot plan development. But that's about all it is. We don't see this as a project that will make a difference to Husky in the first five-year timeframe. It's something that we will look at for the future.

GEORGE TORIOLA:

Okay, that's helpful. How about the Northwest Territories; same timeframe?

ASIM GHOSH:

Yes, again this is early days. We will have a better sense of this resource after we do our winter exploration plan this upcoming season. So, in the short term, as Rob said, we are advancing planning for the winter program, subject to a lot of approvals that are required. Plans include an all-season access road, additional infrastructure, the two vertical wells will be re-evaluated, we will be evaluating an over 200-kilometer 3D seismic. So, it's a sequential process, and the results are being assessed, but there's much work still to do and in parallel we are continuing consultations with community and officials.

GEORGE TORIOLA:

Okay. Thank you.

OPERATOR:

The next question is from Paul Cheng of Barclays. Please go ahead.

PAUL CHENG:

Hey, guys, good morning, several quick questions. First, Alister, should we assume that the 2012 CapEx will remain unchanged despite volatility in the oil market?

ALISTER COWAN:

Yes, Paul, as I said, we have a strong balance sheet. We've got a financial program that allows us to write through the volatility, so our capital will be for 2012 as we set in our guidance.

ASIM GHOSH:

Sorry, Paul, as we pointed out, we have been because of the unique place, well, not the unique, but compared to most companies, where we are positioned is we have been materially shielded from the volatilities.

PAUL CHENG:

That's great. Asim or Alister, I know it's early; can you give us some idea that 2013 preliminary budget is going to be pretty similar to 2012, or you expect going to be up?

ALISTER COWAN:

I think, Paul, as you said, it's very early to make any comment on that.

PAUL CHENG:

Okay, maybe then for Rob. Rob, you were kind enough to give what is the development cost for the thermal heavy oil project. Do you have a cash operating cost and steam oil ratio on those?

ROBERT PEABODY:

So, in terms of the cash operating costs there, we're looking in the $16, $17 a barrel range, although it's early days again. I think as these projects kind of line themselves out, there will be some opportunities there going forward.

PAUL CHENG:

And what's the steam oil ratio?

ROBERT PEABODY:

And the steam oil ratio, it's little early to say actually at the moment again, Paul, although we anticipate they're going to be, probably expect them to be under three, but it's a little early to say at the moment.

PAUL CHENG:

Okay. So your target is under three?

ROBERT PEABODY:

Yes.

PAUL CHENG:

Okay. And, Rob, what is your NGL production in your portfolio?

ROBERT PEABODY:

Sorry, we're just looking to be see if we have the figure right around. I have one at the top of my mind, but I -- about 8,500? Yes.

PAUL CHENG:

8,500? And the new plays that you are testing, are those mostly Brent oil or NGL?

ROBERT PEABODY:

It's a combination. The Duvernay play consists of significant condensate production and then NGLs and then things like the Rainbow Muskwa and Northwest Territories, there's a variety there including black oil.

PAUL CHENG:

Final question; I mean, I believe you gentlemen that have one of the few very interesting large acres in the carbonate oil sands leases. Have you guys started to look at and done any evaluation, or that this is so far out that you guys are just at the back burner?

ROBERT PEABODY:

As Asim mentioned earlier, I mean we did actually disclose at the end of last year after we had an independent evaluation done. An outside reserves auditor went through the Saleski lease, which is that carbonate position, and they recommended that we book 10 billion barrels of contingent recoverable reserves, which I remind you indicates there's still work to be done in terms of proving up the commerciality of this find, but a very large resource. And that was based on a significant valuation program where we drilled a number of evaluation wells over a long period of time. And I think Asim previously discussed just the forward plan, where we're in the very early stages of formulating a game plan around what type of pilot we might want to move forward with in the future.

OPERATOR:

This concludes the analyst question and answer portion of today's call. We will now take questions from members and media.

The first question is from Scott Haggett of Reuters. Please go ahead.

SCOTT HAGGETT:

Hi, I'm wondering if you can be a bit more specific on the restart of SeaRose. When do you actually expect to see oil coming on, and at what volumes will it come on at?

ASIM GHOSH:

I think we've given an overall Company guidance and production. I don't think we've given a specific guidance on the SeaRose. But basically it's undergoing reconnection exercises where each of the circuits has to be retested, and I said earlier, we expect to restart production this quarter, but I don't believe we've given guidance as to the specific ramp up.

SCOTT HAGGETT:

Thank you.

OPERATOR:

There are no further questions. I'll hand the call back over to Asim Ghosh for closing comments.

ASIM GHOSH:

Well, thank you for joining us. Thank you for the questions, so just a quick wrap-up. We continue to make progress against each of our business areas, the foundation and the growth areas. I remind you that our marketing and infrastructure and downstream businesses are creating value and sheltering us in part from the buffeting of benchmark prices and location discounts and differentials that we're seeing in the market. And where we are positioned is we are focused on execution, and we believe we are in a very good position to capitalize on the very substantial portfolio of opportunities that our company has. Thank you again for joining us.

OPERATOR:

Ladies and gentlemen, the conference is now concluded and you may disconnect your line. Thank you for joining and have a pleasant day.