Husky’s Focus on East Coast Exploration and Production

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Agenda

• Husky Overview
• Husky’s East Coast Activity
• Process from Exploration to Production
• Why Husky is Interested in Labrador
Husky Overview

- Canada’s third largest integrated energy company
- Three business segments
  - Upstream, Midstream and Downstream
- Operations in Canada, USA, Greenland, China and Indonesia

UPSTREAM
- Exploration
- Production

MIDSTREAM
- Refining
- Calgary
- Ethanol Production
- Upgrader
- Marketing

DOWNSTREAM
- Head Office
- Retail
Husky on the East Coast

- Active in region over 25 years
- St. John’s office opened 1997
- Large land base: > 1.6 million hectares
- Focus on Jeanne d’Arc Basin
  - White Rose (operator)
  - White Rose Satellites (operator)
  - Terra Nova
  - 17 Exploration Licenses
  - 16 Significant Discovery Areas
- Expanded Exploration Effort
  - Labrador
    - 6 Significant Discovery Areas
  - Flemish–Central Ridge
  - Sydney
  - Greenland

Husky’s East Coast Operations

White Rose field – two drilling rigs, SeaRose FPSO, a tanker, multiple support vessels, hundreds of contractors and employees and shore base facilities.
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East Coast Oil & Gas Activity

OIL FIELDS
- Hibernia
- Terra Nova FPSO
- White Rose FPSO
- White Rose Satellite Developments
- Hebron Development
- South Hibernia Development

GAS FIELDS
- Sable Project
- Deep Panuke Development

HS&E Principles & Values

Husky Energy is committed to providing its employees, contractors and the general public with the highest possible level of Health, Safety and Environmental (HSE) protection.

We believe we can achieve this goal by managing our business under the following principles & values:

- VISIBLE LEADERSHIP
- DEFINED RESPONSIBILITIES
- CLEAR ACCOUNTABILITY
- CONTINUOUS IMPROVEMENT
- EFFECTIVE CONTRACTOR MANAGEMENT
- WORKING CLOSELY WITH AFFECTED STAKEHOLDERS
The Husky Operational Integrity Management System is a set of corporate management system expectations that includes aspects of Health and Safety, the Environment, Quality, and Process Safety Management.

“All hazards and risks from operations & equipment are identified and controlled or eliminated.”

Working with communities

Husky looks forward to working with communities and stakeholders in Labrador.

Husky supports the Atlantic Accord principles of providing:
- Full and fair opportunity to NL based companies
- First consideration for training and employment to NL residents

Husky has a strong track record of working with stakeholders including
- Communities
- Regulators
- Governments
  - Aboriginal
  - Provincial
  - Federal
  - Municipal
- Fishers
- Environmental groups
- Special interest groups
- Local businesses
- Educational institutions
- Other interested parties
Ice Management

Individual icebergs that pose a threat are monitored and forecasts are made and updated to re-assess the threat. Threatening ice is usually towed to a position where its trajectory will no longer present a threat.

The following methods are currently used on the Grand Banks for ice management basic tow strategy is to move icebergs off the 200m water depth contour so it will move south in the stronger currents

- Floating Towrope
- Net
- Two Vessels Tows
- Water Cannon
- Prop-Washing

Challenges

- The harsh ice and weather conditions of the North Atlantic region
  - Operating in areas of heavy sea ice & icebergs
  - Short drilling season
  - Protecting production facilities
- Developing business support and infrastructure
Iceberg Management

Physical Ice Management method depends on the type of ice, weather conditions, and available time and resources. However, the success of deflecting icebergs off their natural drift is presently 92%.

Notional Timeline

This Is a Long Term Process!!
**Prospect generation must establish if conditions exist for an accumulation of hydrocarbons, estimate the size, predict oil vs. gas and determine location for drilling.**

**Geological Requirements for Accumulation of Oil and Gas**

- **Source Rock**: Shale with high content of organic material. With increased temperature, the organic material will be cracked/transformed to oil and gas.
- **Seal Rock**: Rock with very low permeability that maintains integrity of the trap, e.g., shale or salt.
- **Overburden**: Rock with porosity allows oil and gas to be stored, e.g., sandstone.

**Exploration Prospect Generation**

**Seismic**
- Geophysical measurement of the earth’s magnetic, gravity and electrical properties
- Look for hydrocarbon seeps
  - Satellite and air borne oil slick surveys
  - Water column samples
  - Sea floor bathymetry
  - Sea floor sediment samples
- Analogue Studies
- Integration and interpretation of data

**Other Methods**
- **Seismic**
- **Other Methods**
- **Analogue Studies**
- **Integration and interpretation of data**

*Source: Schlumberger*
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2D SEISMIC SURVEY vs. 3D SEISMIC SURVEY

2D SEISMIC GRID
2D seismic is recorded using data receivers in straight lines. Large areas can have no data coverage.

2D SEISMIC IMAGE
Only strips of information are acquired and these are often plagued by noise, making it difficult to interpret what is happening in the subsurface.

MAP FROM 2D DATA
A low resolution map results; you get an idea of the gross structural elements. Well location can be risky. Analogous to a very low pixel image.

3D SEISMIC GRID (OVER 2D LINES)
3D seismic is recorded using many lines of receivers in a dense grid pattern.

3D IMAGING
With a dense grid of data, a continuous image through the subsurface is acquired and the data can be manipulated in any direction.

MAP FROM 3D DATA
A high resolution map results; features are imaged in detail. Well location is optimized. Like taking a picture with a 12 mega pixel camera.

Exploration Drilling

- An exploration well is drilled to test a prospect
- In Labrador water depth – 250 to 500 metres
- Drill depth from 2,500 to 5,000 metres
- One well would typically require a full summer season of from 60 up to 120 days to complete

Drill Ship – West Navion  Henry Goodrich Semi-Submersible
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Why Husky is Interested in Labrador?

- Lightly explored area with high historical success rate
- Husky owns rights (from 17% to 43%) in 5 SDL's in Labrador plus the Hekja discovery in Nunavut
- Husky has an extensive grid of 2D seismic
- In 2008, acquired two Exploration Licenses
- Have identified prospects offsetting large gas discoveries on both blocks

Labrador: Five discoveries with total contingent gas resource of 4.2 Tcf (C-NLOPB, 2009)

A total of 29 wells were drilled from 1971 to 1983 on the Labrador Shelf

The current interpretation is based on 67,000 km seismic data acquired between 1973 and 2008 (40% of industry total)
Next Steps

**Period One** (six years)

- Husky is committed to growing its business in Newfoundland/Labrador in a responsible sustainable manner
- Conducting a seismic environmental assessment
- Consulting with affected stakeholders
- Evaluate legacy seismic and integrate with other technical data
- Acquire new 2D possibly 3D seismic data in 2010/2011
- Exploration drilling pending analysis of new seismic data
- An exploration well must be drilled in Period One to validate license and go to Period Two (3 years)
- Participating in ESRF study on the socio-economic impacts of oil and gas development in Labrador

Questions?
Forward Looking Statements

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