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Wenchang First Oil Bolsters Husky Energy's International Growth

Calgary, **Alberta** – Husky Energy Inc. (Husky) and its co-partner, the China National Offshore Oil Corporation Ltd. (CNOOC), have successfully achieved first oil production from the Wenchang offshore project in the South China Sea.

Husky and CNOOC, operator of the Wenchang oil field project (13-1 and 13-2), are producing oil from two fixed platforms and the Wenchang Floating, Production, Storage and Offloading Vessel (FPSO), the "Nanhai Endeavour." The fields are located in the western Pearl River Mouth Basin, located about 400 kilometres southwest of Hong Kong and 140 kilometres east of Hainan Island.

"The Wenchang project proceeded on schedule and on budget as anticipated by Husky," said Mr. John C.S. Lau, President and Chief Executive Officer of Husky. "Cash flow from this project will support exploration activities for block 39-05, which is adjacent to this existing development project, as well as contribute to our other growth strategies in the area."

Husky has a 40 percent working interest in the Wenchang 13-1 and 13-2 fields, and has estimated proved reserves of 83 million barrels. The field peak production is projected to be 50,000 barrels of oil per day. Husky's share of production from Wenchang is expected to average 8,000 barrels of oil per day in 2002 and 20,000 barrels of oil per day at peak production. Husky estimates the total development cost to be US$327 million, and estimates operating costs during peak production to be approximately US$2 per barrel.

Husky is a Canadian-based integrated energy and energy-related company headquartered in Calgary, Alberta. Husky is a publicly traded company with shares trading on the Toronto Stock Exchange under the symbol HSE.

Certain information in this release may contain forward-looking statements. Actual future results may differ materially. Husky's annual report to shareholders and other documents filed with securities regulatory authorities describe the risks, uncertainties and other factors, such as drilling results that could influence actual results.

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Husky Energy Inc. - Wenchang Backgrounder

Husky Oil China Ltd., a wholly-owned subsidiary of Husky Energy Inc., signed a petroleum contract with the China National Offshore Oil Corporation ("CNOOC") in October 2000 to develop two high-quality oil fields in the South China Sea. The Wenchang 13-1 and 13-2 fields were discovered in 1997 and are located in the western Pearl River Mouth Basin, approximately 400 km southwest of Hong Kong and 140 km east of Hainan Island. The fields are approximately seven kilometres apart. CNOOC is the operator of both fields. Husky holds a 40 percent interest and CNOOC holds the remaining 60 percent interest.

Each Wenchang field will be produced from a fixed platform in approximately 120 meters of water into a floating production storage and offloading vessel ("FPSO") stationed between the fields. The FPSO is turret-moored and has crude oil storage capacity of 850,000 barrels. Oil will be offloaded on to a shuttle tanker for delivery to market. The FPSO was constructed at the New DALIAN shipyard in China.

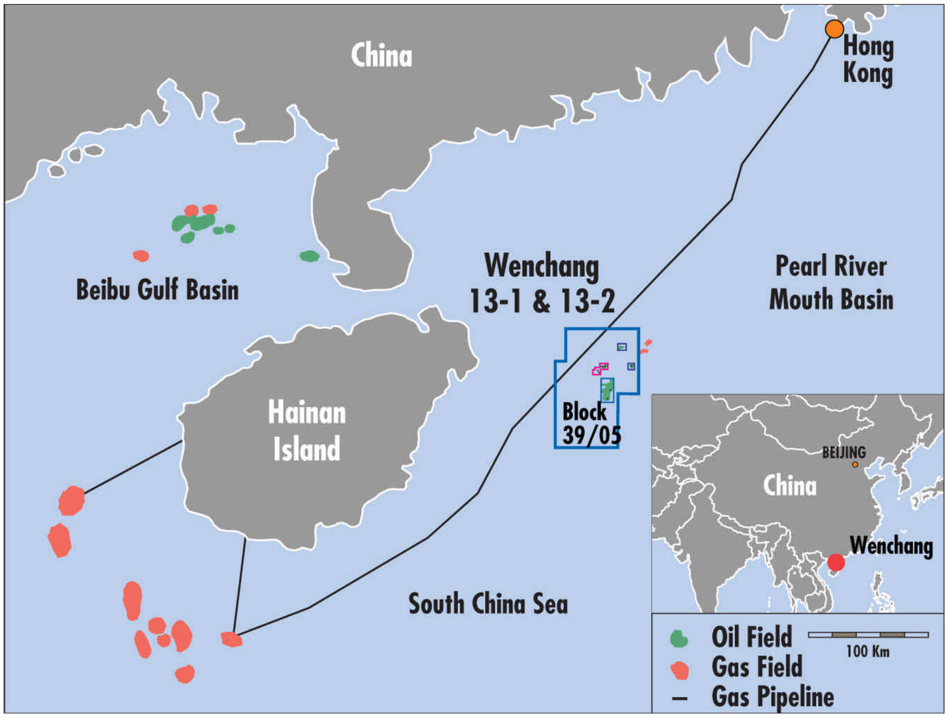
The Wenchang fields are estimated to contain 83 million barrels of proved oil reserves and 92 million barrels of proved plus probable reserves. Husky's annual average production for 2002 is anticipated to be 8,000 barrels per day. Peak production is anticipated to be 20,000 barrels per day net to Husky and peak production is projected to be reached in the fourth quarter of 2002 and last for approximately three years. The estimated total production life is 10-12 years. Production downtime is forecasted to be 35 days per year.

Husky estimates the total development cost to be US$327 million, which includes the 21 wells drilled. The development plan does not include any further wells. Husky estimates operating costs during peak production to average approximately US$2 per barrel.

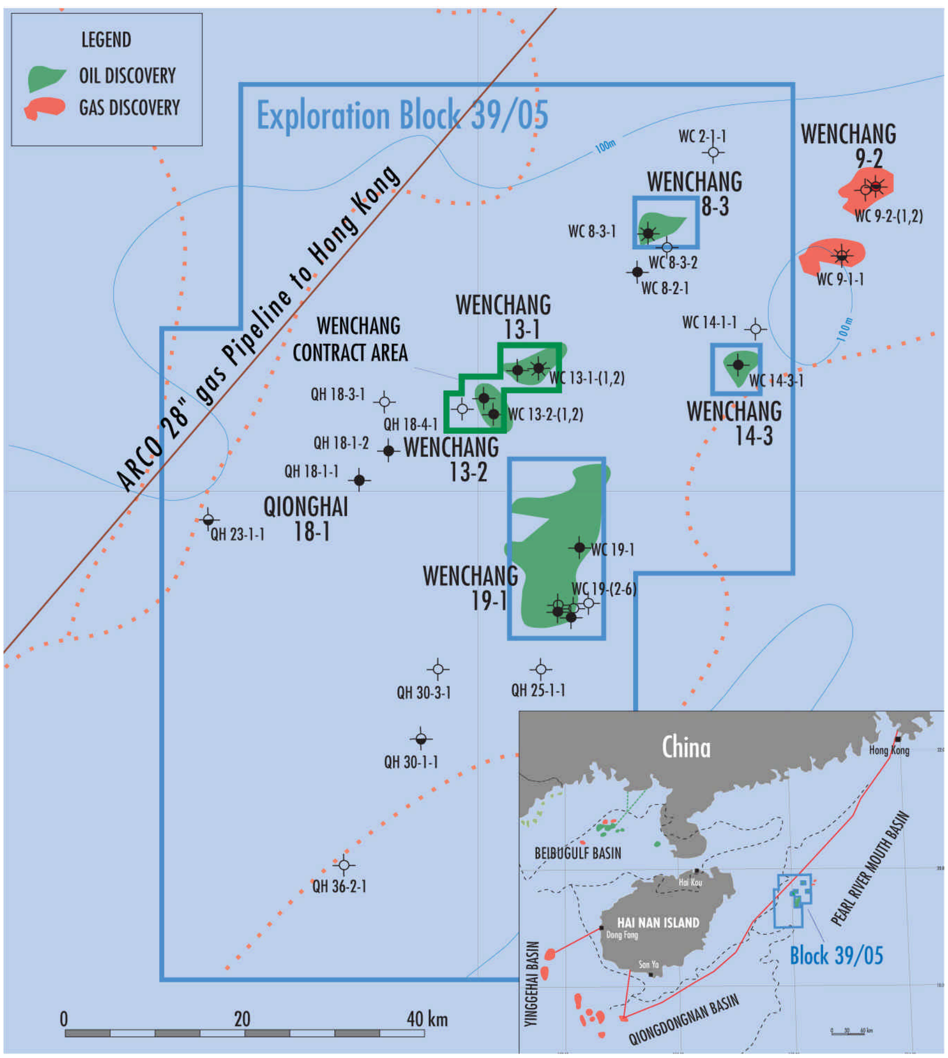
Oil production from the Wenchang fields is subject to royalties and other government takes on a field-by-field production basis subject to sliding scale. It is anticipated that these charges will range between three to six percent. The production is also subject to a value-added tax of five percent and corporate income tax at a rate of 33 percent.

Husky is working with a marketing agent to actively market the Wenchang production. The oil will likely be sold into the Asian market. The crude oil quality is comparable to Minas (35 degree and 0.08 sulphur) which is an Indonesian benchmark blend. Husky plans for its first tanker of oil in mid-August.

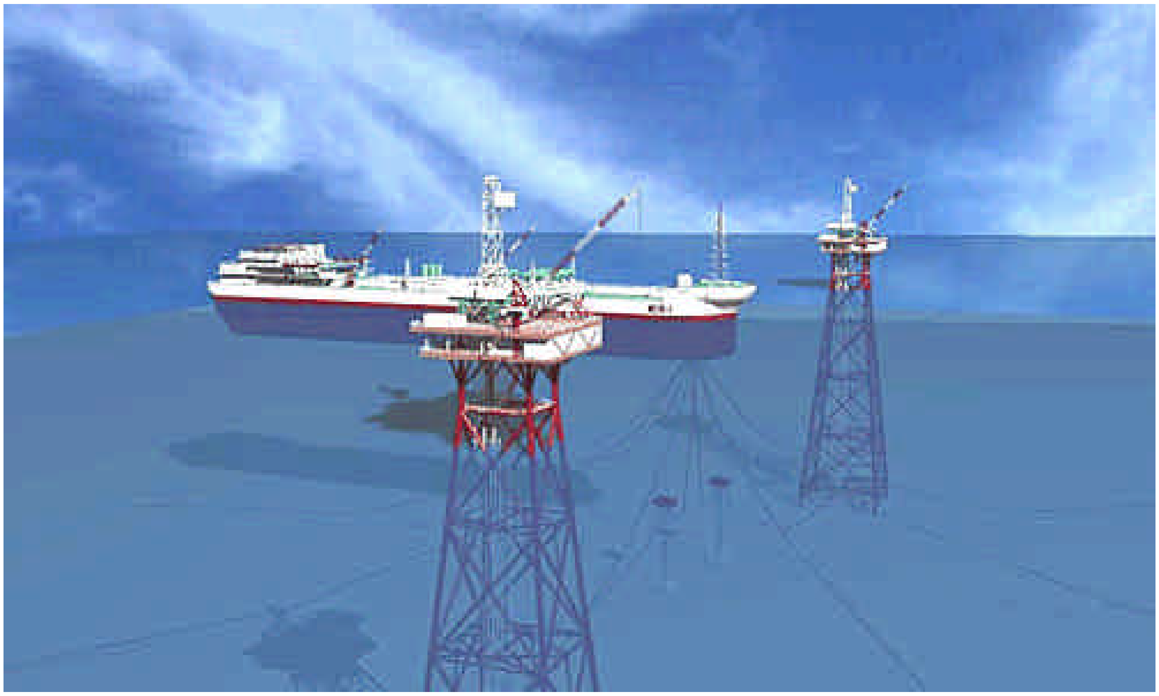
Opportunity exists to develop nearby ancillary pools in the future if they are proven to be commercially viable. In 2001, Husky signed the Wenchang 39-05 Petroleum Contract and Participation Agreement with CNOOC. Husky, as operator, has agreed to drill up to three exploration wells over a seven-year period (including one well in the first three years). Husky anticipates drilling its first well in 2003.



Wenchang Oilfields location



Wenchang 39-05 Exploration Block



Rendering of FPSO and both platforms