

News Release

For immediate release

September 23, 2002

Husky Energy Commences Oil Production and Expands Activities In South China Sea

Calgary, Alberta – Husky Energy Inc. announced today that it has signed petroleum contracts for two additional exploration leases in the South China Sea. Both are located in the Beibu Gulf, north of Hainan Island and within 80 kilometres of the Weizhou oil fields. The agreement includes exploration lease 23/15, which is 1,327 sq. kilometres and exploration lease 23/20, which is 1,543-sq. kilometres. A single exploration well is required in each contract area in the first three years of the contract.

Husky also reported that production from the Wenchang 13/1 and 13/2 oil fields in the South China Sea has exceeded 60,000 barrels of oil per day (bopd). Production commenced in July 2002 and estimated peak production was 50,000 bopd. Further analysis of the production data is required to determine whether estimates of daily production rates and recoverable reserves will be revised.

Husky has a 40 percent interest in Wenchang, which is located in the Pearl River Mouth basin about 140 kilometres east of Hainan Island and 400 kilometres southwest of Hong Kong. The China National Offshore Oil Corporation (CNOOC Ltd.) holds the remaining 60 percent.

“The Wenchang project was developed on time and within budget. To date, production exceeds our expectations,” said Mr. John C.S. Lau, President and Chief Executive Officer of Husky Energy. “The production from the Wenchang development gives Husky a strong focus and strategic position to develop new opportunities in the South China Sea.”

Husky will proceed with an exploration program on the 39/05 offshore lease that surrounds the Wenchang fields. Husky signed the petroleum contract and participation agreement for 39/05 in July 2001. A drilling program involving two or three wells will commence by the end of 2002 or in the first quarter of 2003. Exploration targets within the 5,700-sq. kilometre lease include fields that could be brought into development using Wenchang facilities. Husky holds a 100 percent working interest in 39-05 during exploration and is the operator. CNOOC has the right to participate in any development program with a 51 percent interest.

Husky Energy Inc. 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 contained in this release may contain forward-looking statements. Husky's annual report to shareholders and other documents filed with securities regulatory authorities describes the risks, uncertainties and other factors, such as changes to business plans, that could influence business reports.

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