



Husky Energy Inc.

News

October 16, 2006

For immediate release

Husky Energy Successfully Implements Alkaline-Surfactant-Polymer (ASP) Flood Technology

Calgary, Alberta – Mr. John C.S. Lau, President & Chief Executive Officer, Husky Energy Inc., announced that the Company has successfully implemented Alkaline-Surfactant-Polymer (ASP) flood technology in Canada to extend the production life of the Taber South Mannville B Pool, in the Warner field.

The construction of the Taber South Mannville B Pool project, which is located 24 kilometres south of Taber, Alberta, was completed on-time and on-budget, and started up in May 2006. The \$70-million project, which is the first of its kind in Canada, has been awarded a grant of \$10 million under the Government of Alberta's Innovative Energy Technologies Program.

"The successful implementation of the ASP technique means that a significant number of reservoirs in Alberta may benefit from the knowledge gained from this technology," said Mr. Lau. "Currently, a large volume of oil remains in the ground after conventional oil recovery methods have been implemented. ASP flooding technology is a recovery method designed to extract remaining oil for certain reservoirs and ultimately extend the life of those reservoirs."

The Taber South Mannville B Pool, which is nearing the end of its productive life, was identified as a pilot candidate for ASP technology as the reservoir has been in production since 1963. The Warner project is targeting an incremental recovery of 4 to 6 million barrels of oil equivalent. Results since start-up are in line with Husky's pre-project reservoir engineering estimates.

Husky injects alkaline surfactant polymer followed by a polymer. The surfactant agents act to free oil trapped in the pore spaces of the reservoir and the polymer increases the area of the reservoir sweep. Water flooding resumes after chemical injection to produce oils released by the injected chemicals. The ASP flood technology is now being applied to certain mature reservoirs in Husky. A similar project at the Crowsnest field near Taber, is currently in detailed design phase.

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

Cautionary note regarding forward-looking statements or information – *Certain statements contained in this news release constitute forward-looking statements or information (collectively, "forward-looking statements") within the meaning of applicable securities legislation. These forward-looking statements relate to future events or Husky's future performance. The use of any of the words "could", "expect", "believe", "will", "projected", "estimated" and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking statements and are based on Husky's current belief or assumptions as to the outcome and timing of such future events or performance. In particular, forward-looking statements include references to the target for incremental recovery. Actual future results may differ materially. Husky's annual report to shareholders and other documents filed with securities regulatory authorities (accessible through the SEDAR website www.sedar.com and the EDGAR website www.sec.gov) describe the risks, uncertainties and other factors, such as drilling results, changes in business plans and potential delays or changes in plans with respect to development projects or capital expenditures, that could influence actual*

results. Except as required by law, Husky disclaims any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Cautionary note regarding measurement – The Company uses the term barrels of oil equivalent (“boe”) which is calculated on an energy equivalence basis whereby one barrel of crude oil is equivalent to six thousand cubic feet of natural gas. Readers are cautioned that the term boe may be misleading, particularly if used in isolation. This measure is primarily applicable at the burner tip and does not represent value equivalence at the well head.

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For further information, please contact:

Tanis Thacker
Senior Analyst, Investor Relations
Husky Energy Inc.
(403) 298-6747