Husky Energy

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For immediate release

Husky Energy Completes Gas Sales Contracts for Madura BD Gas

Calgary, Alberta - Mr. John C.S. Lau, President & Chief Executive Officer of Husky Energy Inc. today announced the completion of Gas Sales Agreements between Husky Oil (Madura) Ltd. and PT Parna Raya, PT Inti Alasindo Energy and PT Perusahaan Gas Negara (Persero) Tbk ("PGN") for the sales of the natural gas production from the Madura BD Field, offshore Indonesia.

The agreements with PT Parna Raya and PT Inti Alasindo Energy are each for 40 million cubic feet per day while the agreement with PGN is for 20 million cubic feet per day, plus an additional 10 million cubic feet per day on a reasonable efforts basis. The initial gas price under each of the contracts is U.S. $4.20 per million British thermal units. The contracts include escalation provisions. The term of each agreement is 20 years commencing with first production which is expected in 2011.

Husky has submitted a Plan of Development to the Government of Indonesia for the field development and is in the process of negotiating an extension to the Madura Strait Production Sharing Contract ("PSC"). Contracting for front end engineering design of offshore facilities and pipelines will commence shortly.

The Madura BD Field is estimated by Husky to contain probable reserves of 93 billion cubic feet of natural gas and 6 million barrels of condensate in addition to contingent resources of 422 billion cubic feet of natural gas and 17 million barrels of condensate as at December 31, 2006. When development of the field is completed, production is estimated at 100 to 110 million cubic feet per day of sales gas and 6,000 barrels per day of condensate. The natural gas will be processed through a floating production unit and will flow via a 60 kilometre pipeline for delivery onshore to East Java. The gas will ultimately be sold by the above companies to fulfill their industrial customers' gas demand in the East Java area and the condensate will be shipped to markets in South East Asia by shuttle tanker.

Husky Oil (Madura) Ltd., which is wholly owned by Husky Energy Inc., is the operator of the Madura Strait Production Sharing Contract and holds a 100 percent interest in the PSC.

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.

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, and in this news release include the timing of front end engineering, Madura gas and condensate production and resource estimates. 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, the receipt of *regulatory approvals, 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 applicable securities laws, 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.*

Husky's disclosure of reserves data and other oil and gas information is made in reliance on an exemption granted to Husky by Canadian securities regulatory authorities, which permits Husky to provide disclosure required by and consistent with those of the United States Securities and Exchange Commission and the Financial Accounting Standards Board in the United States in place of much of the disclosure expected by National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities*. The probable oil and gas reserves disclosed in this release have been evaluated in accordance with standards outlined in National Instrument 51-101. Please refer to "Disclosure of Exemption Under National Instrument 51-101" at page 2 of our Annual Information Form for the year ended December 31, 2006 filed with securities regulatory authorities for further information.*

Volumes of oil and gas classified as resources in this news release have not met all of the requirements outlined by the United States Securities and Exchange Commission ("SEC") to be classified as proved reserves and by 51-101 to be classified as probable and possible reserves. These requirements may include, but are not limited to: drilling requirements, testing requirements, regulatory requirements, infrastructure and market considerations, commitment to develop and economic requirements. Once all of the requirements are met the Company will reclassify the volumes to reserves in future disclosures. Contingent resources are those quantities of oil and gas estimated on a given date to be potentially recoverable from known accumulations but are not currently economic.

The SEC permits U.S. oil and gas companies, in their filings with the SEC, to disclose only proved reserves that the company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions. In this presentation, Husky refers to "probable reserves" and "contingent resources" which are inherently more uncertain than proved reserves and which the U.S. oil and gas companies are prohibited from including in reports filed with the SEC.

-30-

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