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For immediate release

Formal Agreement on White Rose Expansion Includes Equity, Benefits and Super Royalty

St. John's, Newfoundland and Labrador - Newfoundland and Labrador has officially entered a new era of oil and gas development in the province by signing a formal agreement with Husky Energy, Petro-Canada and the province's energy corporation to develop the White Rose Expansion oil fields.

"Our government is particularly proud to join into this equity partnership with Husky Energy and Petro-Canada," said Premier Williams. "These two companies have consistently demonstrated their faith in the future of the oil and gas industry in Newfoundland and Labrador, and we thank them for their commitment to working with the province in moving the industry forward. This agreement is another step in our government's approach to resource development that balances the needs of the province with those of our industry partners. It is truly a great feeling to be a part of this prosperous new era in Newfoundland and Labrador, and to be full partners in our oil and gas industry. I look forward to building on this partnership and those that lie ahead."

The final agreement was announced in St. John's this afternoon by Premier Williams, Ruud Zoon, vice president of Husky Energy's east coast operations, Alan Brown, East Coast Canada regional manager, Petro-Canada, and Ed Martin, President and CEO of Newfoundland and Labrador Hydro and the province's energy corporation. The agreement formalizes an agreement in principle reached in September of this year. The terms of the agreement apply to lands around the original White Rose Development including North Amethyst, West White Rose and South White Rose Extension. The current terms of the original White Rose development remain unchanged.

"We are very pleased to have reached this agreement with the Province and we look forward to working with our new equity partner, the province's energy corporation. This agreement gives us clarity, stability and fiscal certainty, and will allow us to advance the tiebacks in a timely manner," said John Lau, President and Chief Executive Officer of Husky Energy. "Development of the satellite tie-ins is a positive step for the future of the White Rose development and will provide significant opportunities for the proponents, their shareholders, and the people of Newfoundland and Labrador."

"Our equity stake, super royalty of 6.5 per cent on top of the 30 per cent in the generic royalty regime, and the fact that all work that can be done in the province will be done here, ensure we are getting maximum value from this resource," said the Honourable Kathy Dunderdale, Minister of Natural Resources. "We are excited about this new era where by the province is fully participating in the development of our rich natural resources."

The companies estimate the project will require 9.6 million person hours of work over its lifetime. Approximately 93 per cent or 9 million of those hours will be completed in Newfoundland and Labrador. Some of the work has already begun. The companies estimate first oil from the project in the fourth quarter of 2009.

This satellite development is an important milestone for Newfoundland and Labrador. In addition to developing new fields, the province's oil and gas industry is economically extending the life of a maturing field by building on existing infrastructure. This means more value from this project for everyone involved.

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.

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