



# **WHITE ROSE DEVELOPMENT PROJECT**

## **Canada-Newfoundland and Labrador Benefits Report**

**For the Period  
October 1 – December 31, 2004**

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## **1.0 INTRODUCTION**

The following represents Husky Energy's (Husky's) Canada-Newfoundland and Labrador Benefits Report for the quarter ending December 31, 2004, as required under the Conditions set out in Decision 2001.01 for the White Rose Development Project.

This report provides a summary of progress/activities related to the Project for the period with the exception of Project expenditures, which are captured for the period February 1, 2002 to December 31, 2004.

## 2.0 SUMMARY OF PROJECT ACTIVITIES

This section provides progress information for major Project components during the period October 1 to December 31, 2004.

### 2.1 Project Overview

- Six wells including a horizontal oil producer, four water injectors and a gas injector have been drilled as development drilling proceeds on schedule.
- In December 2004 drilling of the E-18 1 Water Injector in the Central Glory Hole was finished. The well will be completed at a later date. The rig was moved to the Southern Glory Hole where drilling has started on the B-07 3 well, the second horizontal production well in the Southern Glory Hole.
- The System Integration Test (SIT) at Bull Arm is now completed.
- Husky and Maersk Contractors Newfoundland Limited (Maersk) agreed to terminate the Maersk Project Management and Operating Agreements by December 31, 2004. Husky will assume all responsibilities formerly vested with Maersk. The transition from Maersk was essentially completed at the end of December 2004 with only minor items outstanding.
- Hookup and integration of the topside facilities onboard the FPSO is the current focus at Marystown.
- First oil remains on target for late 2005 or early 2006.

### 2.2 Operations

- In December 2004, the first offer letters were issued to candidates for the FPSO crew positions. Interviews are continuing.
- FPSO crew training scheduled to commence at the Marine Institute mid-January 2005.
- A Custody crew has been recruited from Canship Ugland to relieve the FPSO crew for training. A start up and acceptance crew has been identified to complete the handover to the Operations team, again, while the FPSO crew undergoes training. Recruitment is underway with Aker Kvaerner

### 2.3 Transportation

- Shuttle tanker progress to the end of December 2004 is on schedule; both the *Jasmine Knutsen* and *Rose Knutsen* are currently undergoing outfitting.
- Knutsen signs a Ship Management Contract for White Rose tanker operations with Canship Ugland October 30, 2004.

### 2.4 Logistics

- Husky issued invitations to bid for Infrastructure, Facilities and Services; contract award is anticipated during Q1 2005.

### 3.0 EMPLOYMENT SUMMARY

#### 3.1 Employment by Residence Status

As at December 31, 2004, a total of 1,862 management, engineering, technical, skilled trades, support and consultant employees of Husky and its contractors were employed directly on the White Rose Development Project. Of this total 1,515 or 81.4% were residents of Newfoundland and Labrador when hired, while another 171 or 9.2% were residents of other regions of Canada at the time of hire. Over 96% of positions for the White Rose project were located in Newfoundland and Labrador as at December 31, 2004.

**Table 5.1: Participation of Newfoundland and Labrador, Canadian and Non-Canadian Residents in White Rose Activity by Location of Work As at December 31, 2004**

Location	Newfoundland & Labrador			Other Canadian			Non-Canadian			Total Employment
	Male	Female	Sub-Total	Male	Female	Sub-Total	Male	Female	Sub-Total	
TOTAL	1338	177	1515	159	11	171	168	8	176	1862

#### 3.2 Employment by Location (Person Hours)

From October 1 to December 31, 2004, Husky project management, major contractors and sub-contractors carried out a total of 998,230 person hours of work related to the White Rose Development Project. Approximately 96.1% of these person hours were worked in Newfoundland and Labrador.

**Table 5.2: Summary of Person Hours Worked in Newfoundland & Labrador, Other Canadian, and Foreign Locations October 1 to December 31, 2004**

Project Component	For the Quarter Ending December 31, 2004				Project to Date <sup>6</sup>			
	Newfoundland & Labrador	Other Canadian	Foreign	Total	Newfoundland & Labrador	Other Canadian	Foreign	Total
Husky Project Management	66,046	0	24	66,070	534,247	766	15,621	550,634
FPSO Project Management <sup>1</sup>	43,611	185	1,085	44,881	345,068	10,849	87,520	443,437
FPSO Topsides <sup>2</sup>	619,141	0	0	619,141	5,102,120	792,229	43,766	5,938,115
FPSO Hull <sup>3</sup>	0	0	0	0	5,228	0	1,779,935	1,785,163
FPSO Turret <sup>4</sup>	1,460	0	7,110	8,570	33,431	0	1,165,371	1,198,802
Subsea <sup>5</sup>								
Subsea Production System	34,832	40	25,500	60,372	688,769	5,655	547,382	1,241,806
Glory Holes	0	0	0	0	136,325	0	29,702	166,027
Drilling	141,209	4,230	123	145,562	796,779	20,876	2,351	820,005
Logistics	53,599	0	35	53,634	285,667	0	98	285,765
<b>TOTAL</b>	<b>959,898</b>	<b>4,455</b>	<b>33,877</b>	<b>998,230</b>	<b>7,927,634</b>	<b>830,375</b>	<b>3,671,746</b>	<b>12,429,755</b>

**Notes:**

1. FPSO Project Management also includes hours associated with Siemens ICSS contracts, excluding hours previously reported for turret ICSS.
2. Foreign person hours represent on-the-job training with respect to M01. Several engineering and skilled trades employees from CSE are working in the MacNulty Yard in Scotland as a part of a technology / skills transfer exercise. These workers will bring back learned skills to enable them to carry out specialty work on MO1. In addition a similar contingent from Scotland has been

posted to the Ontario yard to further facilitate the transfer of knowledge and skills to Canadian workers. A portion of foreign person hours is also attributed to titanium pipe spool fabrication in New Jersey.

3. Hull also includes hours associated with lighting (MariTeam) and VSAT (Aliant).
4. FPSO Turret also includes hours associated with Turret fabrication (Gulf Piping Corporation, Abu Dhabi), TER (various contractors, St. John's), ICSS (Siemens) and lighting (MariTeam).
5. Subsea includes hours associated with Subsea Production System (TOCL/Camserv), TGBs (Cameron) and Glory Holes (Boskalis and Vasco) activity.
6. Project to date adjustment of 3,000 hours overstated by Baker Petrolite in Q2 & Q3 2004, 855.5 hours not captured by Jacques Whitford Environmental Limited Q3 2004 report and 5,151 hours by AOMS for Q3, 2004.

#### **4.0 PROJECT EXPENDITURE**

For the period February 1, 2002 to December 31, 2004, project expenditures (as a percentage of total cost) were 35.7% Newfoundland and Labrador content, 12.6% Other Canadian, and 51.7% Foreign content.