



WHITE ROSE DEVELOPMENT PROJECT

Canada-Newfoundland and Labrador Benefits Report

**For the Period
January 1 – March 31, 2005**

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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 March 31, 2005, 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 March 31, 2005.

2.0 SUMMARY OF PROJECT ACTIVITIES

This section provides progress information for major Project components during the period January 1 to March 31, 2005.

2.1 Project Overview

- Topsides progress at Marystown continues to be ahead of the August 15, 2005, plan
- Remanufacturing of the production and gas injection flowlines is now at 70% and 98% complete, respectively.
- Bids have been received for offshore contractors to reinforce one mooring pile using rock-dumping as reinforcement. Bid award is planned for end of April 2005.
- A rig contract has been executed with Rowan for the Gorilla VI. The rig is currently in shipyard for DNV inspections and Certificate of Fitness work and is expected to commence operations in June 2005. The current plan for this rig is to drill an exploration well at Lewis Hill first followed by adelineation well near the White Rose.
- A contractor has been selected to take and install the FPSO from Marystown through successful hookup to the mooring system offshore.
- Construction for the additional accommodations on the FPSO is advancing with satisfactory progress to date.
- First oil remains on target for late 2005.

2.2 Operations

- Offshore recruitment is 100% complete. Onshore Engineering support recruitment is ongoing. Composition of the crew is 78% NL, 17% Other Can and 5% Foreign.
- FPSO Crew training is now being focused on training by vendors at the Marystown site. Overall training is approximately 65% complete.

2.3 Transportation

- The naming ceremony was held on March 22, 2005, in Busan, South Korea for *the Heather Knutsen*, the first of two shuttle tankers, and was successfully delivered from the shipyard on March 31, 2005. The vessel started under a sub chartering with BP Amoco through Knutsen on April 1, 2005. It is currently en route to Singapore for bunkering and receipt of orders.
- *Jasmine Knutsen* sea trials and dynamic positioning trials are scheduled from April 22 to May 2, 2005. Delivery is on target for May 23rd 2005.

2.4 Logistics

- Husky awarded the Infrastructure, Facilities and Services; contract to ASCO in February 2005.

2.5 Miscellaneous

- The annual White Rose Diversity Workshop was held on March 23, 2005, and included approximately 50 representatives from Government, community agencies and White Rose contractor companies.
- Dr. R. Phillip Bording was appointed as the Husky Chair in Oil and Gas Research at Memorial University in February 2005.

3.0 EMPLOYMENT SUMMARY

3.1 Employment by Residence Status

As at March 31, 2005, a total of 1,974 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 1,667 or 84.5% were residents of Newfoundland and Labrador when hired, while another 175 or 8.9% were residents of other regions of Canada at the time of hire. Over 98.5% of positions for the White Rose project were located in Newfoundland and Labrador as at March 31, 2005.

Table 5.1: Participation of Newfoundland and Labrador, Canadian and Non-Canadian Residents in White Rose Activity by Location of Work As at March 31, 2005

Location	Newfoundland & Labrador			Other Canadian			Non-Canadian			Total Employment
	Male	Female	Sub-Total	Male	Female	Sub-Total	Male	Female	Sub-Total	
TOTAL	1489	178	1667	164	11	175	126	6	132	1974

3.2 Employment by Location (Person Hours)

From January 1 to March 31, 2005, Husky project management, major contractors and sub-contractors carried out a total of 991,419 person hours of work related to the White Rose Development Project. Approximately 97.4% 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 January 1 to March 31, 2005

Project Component	For the Quarter Ending March 31, 2005				Project to Date ⁶			
	Newfoundland & Labrador	Other Canadian	Foreign	Total	Newfoundland & Labrador	Other Canadian	Foreign	Total
Husky Project Management	118,389	19,053	12,719	150,161	652,636	19,819	28,340	700,795
FPSO Project Management ¹	20,890	0	580	21,470	365,958	10,849	88,100	464,907
FPSO Topsides ²	556,077	0	0	556,077	5,658,197	792,229	43,766	6,494,192
FPSO Hull ³	0	0	0	0	5,228	0	1,779,935	1,785,163
FPSO Turret ⁴	0	0	0	0	33,431	0	1,165,371	1,198,802
Subsea ⁵								
Subsea Production System	26,359	0	10,856	37,215	715,128	5,655	558,238	1,279,021
Glory Holes	0	0	0	0	136,325	0	29,702	166,027
Drilling	139,728	5,347	247	145,321	936,506	26,222	2,598	965,326
Logistics	81,140	0	35	81,175	366,807	0	133	366,940
TOTAL	942,582	24,400	24,437	991,419	8,870,216	854,774	3,696,183	13,421,174

4.0 PROJECT EXPENDITURE

For the period February 1, 2002 to March 31, 2005, project expenditures (as a percentage of total cost) were 36.5% Newfoundland and Labrador content, 12.7% Other Canadian, and 50.8% Foreign content.