



WHITE ROSE DEVELOPMENT PROJECT

Canada-Newfoundland and Labrador Benefits Report

**For the Period
April 1 – June 30, 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 June 30, 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 June 30, 2005.

2.0 SUMMARY OF PROJECT ACTIVITIES

This section provides progress information for major Project components during the period April 1 to June 30, 2005.

2.1 Project Overview

- The Project continues to work toward an integrated plan with sailaway target of August, 2005.
- AMKC are now nearing completion of the Topsides with progress at 99.1% at the end of June 2005. Focus is now firmly on commissioning which is 97.2% complete.
- Drilling operations were completed on the 10th development well (E-18 3) on June 18, 2005. This is the last well to be drilled before first oil.
- Trees have been installed on all 10 wells to first oil.
- The rock-dumping to reinforce the mooring pile that is standing higher from the seabed than initially designed is scheduled to occur in July and is progressing toward that date.
- The diving vessel, Marianos, arrived in Newfoundland on June 18 and began diving work associated with retesting the Northern umbilical tie-in.
- The subsea construction vessel, Constructor, arrived in Newfoundland on June 24. The Constructor began laying flowlines, umbilicals, and risers to the Southern Drill Center.
- The three major pieces of subsea controls equipment being installed on the FPSO, the HPU (Hydraulic Power Unit), EPU (Electrical Power Unit), and MCS (Master Control System) have undergone software modifications and testing is underway presently
- Emergency response exercises ongoing, independent assessment to OPITO standard scheduled for July.
- The Rowan Gorilla VI mobilized from the Gulf of Mexico on June 19, 2005. The rig was moved to Halifax on the dry tow vessel, Mighty Servant 1. The rig was off loaded from the heavy lift vessel on June 27, 2005, in Halifax harbour where preparations were being made for the wet tow to the Lewis Hill location.

2.2 Operations

- Subsea and Turret training completed at site.
- PTW (Permit to Work) and Isolation Standards training commenced.

- FPSO Crew Training is near completion. Command and control training/assessment and integrated emergency response exercises are planned for July.

2.3 Transportation

- Heather Knutsen completed delivery of it's cargo to the US Gulf. The vessel is now in Nigeria to load a cargo for delivery to Germany in late July.
- The Jasmine Knutsen is loading it's first cargo in two parcels, the first off an FPSO in Congo and the second in early July in Gabon. This cargo is destined for Philadelphia in late July.

2.4 Miscellaneous

- An information session on diversity and Canada Newfoundland benefits for new Husky contractors is planned for early July.
- Final reports from the three vendors for the natural gas study have been received and a detailed assessment of the results is planned for July/August.
- Husky East Coast office participated in the 2005 Offshore Oil and Gas Conference and Exhibition in St. John's. Mr. Dave Taylor and Mr. Ruud Zoon made presentations at the conference. Mr. Zoon also made a presentation to the Energy Council conference held in St. John's on June 26, 27, 2005.

3.0 EMPLOYMENT SUMMARY

3.1 Employment by Residence Status

As at June 30, 2005, a total of 2380 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 1,891 or 79.4% were residents of Newfoundland and Labrador when hired, while another 227 or 9.5% were residents of other regions of Canada at the time of hire. Over 98.7% of positions for the White Rose project were located in Newfoundland and Labrador as at June 30, 2005.

Table 5.1: Participation of Newfoundland and Labrador, Canadian and Non-Canadian Residents in White Rose Activity by Location of Work As at June 30, 2005

| Location | Newfoundland & Labrador | | | Other Canadian | | | Non-Canadian | | | Total Employment |
|----------|-------------------------|--------|-----------|----------------|--------|-----------|--------------|--------|-----------|------------------|
| | Male | Female | Sub-Total | Male | Female | Sub-Total | Male | Female | Sub-Total | |
| TOTAL | 1668 | 223 | 1891 | 214 | 13 | 227 | 248 | 14 | 262 | 2380 |

3.2 Employment by Location (Person Hours)

From April 1 to June 30, 2005, Husky project management, major contractors and sub-contractors carried out a total of 1,037,169 person hours of work related to the White Rose Development Project. Approximately 96.3% 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 April 1 to June 30, 2005

| Project Component | For the Quarter Ending June 30, 2005 | | | | Project to Date ⁵ | | | |
|--------------------------------------|--------------------------------------|----------------|---------|-----------|------------------------------|----------------|-----------|------------|
| | Newfoundland & Labrador | Other Canadian | Foreign | Total | Newfoundland & Labrador | Other Canadian | Foreign | Total |
| Husky Project Management | 131,699 | 11,304 | 7,670 | 150,673 | 784,335 | 31,123 | 36,010 | 851,468 |
| FPSO Project Management ¹ | 48,183 | 0 | 2,154 | 50,337 | 414,141 | 10,849 | 90,254 | 515,244 |
| FPSO Topsides ² | 536,660 | 0 | 0 | 536,660 | 6,194,857 | 792,229 | 43,766 | 7,030,852 |
| 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 | 65,204 | 0 | 6,476 | 71,680 | 780,332 | 5,655 | 564,714 | 1,350,701 |
| Glory Holes | 0 | 0 | 0 | 0 | 136,325 | 0 | 29,702 | 166,027 |
| Drilling | 142,321 | 5,822 | 4,978 | 153,121 | 1,078,827 | 32,044 | 7,576 | 1,118,447 |
| Logistics | 74,504 | 160 | 34 | 74,698 | 450,818 | 160 | 167 | 451,145 |
| TOTAL | 998,571 | 17,286 | 21,312 | 1,037,169 | 9,878,294 | 872,060 | 3,717,495 | 14,467,849 |

4.0 PROJECT EXPENDITURE

For the period February 1, 2002 to June 30, 2005, project expenditures (as a percentage of total cost) were 38.1% Newfoundland and Labrador content, 13.1% Other Canadian, and 48.8% Foreign content.