



# **WHITE ROSE DEVELOPMENT PROJECT**

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

**For the Period  
April 1 – June 30, 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 June 30, 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 June 30, 2004.

## **2.0 SUMMARY OF PROJECT ACTIVITIES**

This section provides progress information for major Project components during the period April 1 to June 30, 2004.

### **2.1 Husky Project Management**

- Since arriving in Marystown, Newfoundland and Labrador, the SeaRose FPSO has undergone preparatory work in anticipation of the installation of the topside facilities onto the vessel, which commenced mid-June 2004. The Lampson 2600 Trans-lift crane, located at the Cow Head Fabrication Facility in Marystown, will carry out a total of 17 lifts.
- Components of the vessel mooring system have been installed at the White Rose field, including anchor piles, anchor and riser base pile frames and anchor chain, which has been laid out on the seafloor bed.
- The subsea production system installation will commence July 2004 and continue over the following three to four months and then resume in 2005.
- The first of the four White Rose development wells drilled to total depth, a water injector, was successfully completed. A second water injector is currently undergoing completions operations.
- First oil remains on target for late 2005 or early 2006.

### **2.2 FPSO Project Management & Operations**

- The document management and development contract is progressing with ongoing development of HSE and standard operating procedures manuals.
- The training contract with the Marine Institute is progressing.
- The dynamic simulator and test bed have been received in St. John's.
- Risk Management Risk Institute Company (RMRI) issued the Safety Plan for review.
- The integrity management bids, for the development of the structural, subsea and process piping integrity manuals, are under review.

### **2.3 Hull**

- The SeaRose FPSO arrived on schedule at the pilot boarding station in Placentia Bay on April 5, 2004 and subsequently berthed at the Cow Head facility on April 6, 2004.

### **2.4 Topsides**

- M12 (MER, HVAC, Workshop and Lab) arrived in Marystown from its Bull Arm fabrication site on May 16, 2004.
- M01 (Manifolds and Flare KO) departed St. Catherines, Ontario on June 25, 2004.

- Four of the 16 topside pre-assembled modules have been lifted onto the vessel – M02 (HP/MP Separation), M03 (LP/Test Separation), M45 (Chemical Injection/Utilities) and M08 (Forward Laydown).
- Installation and commissioning of the topside facilities will continue to be the focus at Marystown for the next several months.

## **2.5 Offshore Installation**

- The riser buoy, anchor piles and mooring wires arrived in Bay Bulls.
- The *Atlantic Hawk* completed the wet stowage of anchor chain and installed the long baseline survey array to facilitate subsea and mooring system positioning for the installation program.
- The *CSO Constructor* completed the pile driving program and the mooring wire deployment in early July 2004.
- The *Dove* finished connecting the chain clump weight section and will commence the buoy hook-up program.

## **2.6 Subsea**

### **2.6.1 Glory Hole Excavation**

- Glory hole excavation is complete.

### **2.6.2 Subsea Production System (SPS)**

- Trees 9 and 10 were shipped from Leeds to Newfoundland. The *GSF Grand Banks* completed installation of the first x-mas tree.
- System integration testing (SIT) was completed on the northern gas injection manifold, while final preparations and testing are ongoing for the subsea manifolds.

## **2.7 Drilling and Completions**

- The completions program began during May 2004, with the batch x-mas tree program.
- The first three deviated water injectors were drilled, cased and suspended.
- The first horizontal producer was drilled, cased and suspended.
- The conductor and surface casing was set in two gas injectors in the northern glory hole.
- The first water injector was completed (B-07 1).

## **2.8 Transportation**

- As of the end of June 2004, approximately 80% of the first Knutsen shuttle tanker blocks and approximately 40% of the second hull blocks have been fabricated.
- Keel laying for the first shuttle tanker is scheduled to commence early July 2004.

- Knutsen finalized the terms of an arrangement with Canship Umland for ship management of the White Rose shuttle tankers. Canship also manages the three shuttle tankers that service the Terra Nova and Hibernia developments.

## **2.9 Logistics**

- Husky issued invitations to bid for Infrastructure, Facilities and Services; contract award is anticipated during Q3 2004.

### 3.0 EMPLOYMENT SUMMARY

#### 3.1 Employment by Residence Status

As at June 30, 2004, a total of 2,880 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, 1,827 or 63.4% were residents of Newfoundland and Labrador when hired, while another 718 or 25.0% were residents of other regions of Canada at the time of hire.

**Table 3.1: Participation of Newfoundland and Labrador, Canadian and Non-Canadian Residents in White Rose Activity by Location of Work as of June 30, 2004**

	Newfoundland & Labrador			Other Canadian			Non-Canadian			Total Employment
	Male	Female	Sub-Total	Male	Female	Sub-Total	Male	Female	Sub-Total	
<b>Total</b>	1639	188	1827	692	26	718	321	14	335	2880

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

From April 1 to June 30, 2004, Husky project management, major contractors and sub-contractors carried out a total of 1,493,853 person hours of work related to the White Rose Development Project. Approximately 83.0% of these person hours were worked in Newfoundland and Labrador.

**Table 3.2: Summary of Person Hours Worked in Newfoundland & Labrador, Other Canadian, and Foreign Locations April 1 to June 30, 2004**

Project Component	For the Quarter Ending June 30, 2004				Project to Date <sup>6</sup>			
	Newfoundland & Labrador	Other Canadian	Foreign	Total	Newfoundland & Labrador	Other Canadian	Foreign	Total
Husky Project Management	56,276	0	0	56,276	398,649	766	15,520	414,935
FPSO Project Management <sup>1</sup>	44,858	1,758	2,273	48,889	257,009	10,291	84,567	351,867
FPSO Topsides <sup>2</sup>	808,834	184,493	5,455	998,782	3,799,902	743,743	43,606	4,587,251
FPSO Hull <sup>3</sup>	0	0	0	0	5,228	0	1,779,935	1,785,163
FPSO Turret <sup>4</sup>	3,190	0	0	3,190	31,971	0	1,158,261	1,190,232
Subsea <sup>5</sup>								
Subsea Production System	135,569	485	57,808	193,862	489,942	5,495	492,670	988,107
Glory Holes	0	0	0	0	136,325	0	29,702	166,027
Drilling	137,688	1,346	92	139,126	510,180	13,703	1,838	525,721
Logistics	53,690	0	39	53,729	180,324	0	39	180,363
<b>TOTAL</b>	<b>1,240,104</b>	<b>188,082</b>	<b>65,667</b>	<b>1,493,853</b>	<b>5,809,529</b>	<b>773,998</b>	<b>3,606,138</b>	<b>10,189,665</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 758 hours to account for hours that were not previously captured – AOMS. Re-allocation of hours for Seabase Maersk – 930 hours from CDN to NL Offshore.

#### **4.0 PROJECT EXPENDITURE**

For the period February 1, 2002 to June 30, 2004, Project expenditures (as a percentage of total cost) were 31.7% Newfoundland and Labrador content, 11.7% Other Canadian and 56.6% Foreign content.