Husky Energy

WHITE ROSE DEVELOPMENT PROJECT

Canada-Newfoundland and Labrador Benefits Report

January 1 – March 31, 2006

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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, 2006, 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 Husky Energy's East Coast Operations and includes activities of its major sub-contractors as well.

2.0 Highlights for the Period

- The White Rose Project came in on schedule and on budget
- Overall Canada / Newfoundland content for the period of January 1, 2006 to March 31, 2006 was 93%
- Approximately 8 million barrels of oil were produced as of March 31 at an average production rate of 60,000 bbls/ day.
- The Rowan Gorilla was contracted to drill up to 4 wells during the upcoming drilling season.
- Total employment in East Coast Operations exceeded 990
- The Husky annual diversity workshop was held on March 8, 2006

3.0 Employment Summary

As of March 31, 2006, a total of 990 people were employed on White Rose. This includes people employed with Husky and its contractors. Of this total 809 or 81.7% were residents of Newfoundland and Labrador when hired, while another 123 or 12.3% were residents of other regions of Canada at the time of hire. Over 98% of positions were located in Newfoundland and Labrador as at March 31, 2006 and 543 of these positions were in the offshore.

Table 3.2 Employment Summary by Location, as of March 31, 2006

Location	Newfoundland & Labrador			Other Canadian			Non-Canadian			Total Employment
	Male	Female	Sub-Total	Male	Female	Sub-Total	Male	Female	Sub-Total	
TOTAL	675	134	809	116	7	123	55	4	59	990

4.0 Project Expenditure

For the period January 1, 2006 to March 31, 2006, project expenditures (as a percentage of total cost) were 40% Newfoundland and Labrador content, 53% Other Canadian and 7% Foreign content.

5.0 Procurement Summary (Contracts > $100,000)

During the first quarter of 2006 three contracts of a value of $100,000 or greater were awarded.

Husky East Coast Operations Procurement Summary **2006 - Q1** **Husky Energy**

Description	Vendor Name	Vendor Location	Range	NF	CDN	FOR	Total
Commodity Chemicals	Brentagg	St. John's	F	39%	33%	28%	100%
Lessons Learned Study	Westney	Calgary	A	100%			100%
Rigid Spool Fabrication	Eastcan Metal Works	St. John's	A	100%			100%
							0%
							0%
							0%
							0%
							0%

Cost Range Code Legend

A = 100,001 - 250,000 $	E = 1,500,001 - 2,000,000 $	I = 7,500,001 - 10,000,000 $	M = 30,000,001 - 50,000,000 $
B = 250,001 - 500,000 $	F = 2,000,001 - 3,000,000 $	J = 10,000,001 - 15,000,000 $	N = 50,000,001 - 75,000,000 $
C = 500,001 - 1,000,000 $	G = 3,000,001 - 5,000,000 $	K = 15,000,001 - 20,000,000 $	O = 75,000,001 - 100,000,000 $
D = 1,000,001 - 1,500,000 $	H = 5,000,001 - 7,500,000 $	L = 20,000,001 - 30,000,000 $	P = Over 100,000,001 $

6.0 Exploration

Exploration activities were suspended in November 2005 and will resume again in May 2006. The Rowan Gorilla VI has been contracted to carry out a 4 well program and Western Geco will be carrying out a seismic survey this summer. There were no exploration expenditures to report for the period January 1 to March 31, 2006.

7.0 Offshore Photographs

Port Crane and Laydown Area

View of Offloading Reel with Glomar Grand Banks in the Background

Sample Testing in SeaRose Lab

Keeping Watch on the Bridge

Toolbox Talk Safety Meeting

Recreation Time on the SeaRose