



Husky Oil Operations Limited

707 8th Avenue S.W.
Box 6525, Station D
Calgary, Alberta, Canada
T2P 3G7

Bus: (403) 298-6111
Fax: (403) 298-6378

November 28, 2012

Sahtu Land and Water Board

P.O. Box #1
Fort Good Hope, NT
X0E 0H0
By e-mail: sahtuwat@allstream.net

Attention: Angela Love, Regulatory Specialist

Dear Angela:

**Re: Land Use Permit S11A-003 and Water Licence S11L1-003 Amendment Application
Land Use Permit Application S12X-006
Land Use Permit S12F-007 and Water Licence S12L8-007 Application
Comments received From Tulita Renewable Resource Council**

Husky Oil Operations Limited ("Husky") has received comments from Tulita Renewable Resource Council ("TRRC") dated October 12, 2012 and Deline Renewable Resources Council regarding the subject application. Husky submits the following information in response to TRRC's letter. TRRC's comments are listed below with their respective responses.

Cumulative Impacts

As with the MGM and ConocoPhillips applications this year, we continue to be concerned that the impacts of all the exploration and eventual development activities at the same time will have major and lasting impact on an important portion of our traditional harvesting territory. We feel strongly that the exploration and development is happening at a speed that is not sustainable for our people. Our people do not have time to be adequately prepared for what is happening. Please refer to our previous letters regarding MGM and ConocoPhillips applications for similar statements of concern. We urge that the three companies operating in the shale oil play area make every effort to coordinate activities, including research and monitoring, to minimize impacts. In particular, we note that the proposed all-weather road will have impacts on important harvesting species for our community, including boreal caribou (listed as a Species At Risk), moose, and furbearers. We have specific concerns about the wildlife mitigation measures listed in the Environmental Protection Plan — these are described below.

Response:

Husky agrees that a regional cumulative effects assessment is likely warranted for the area. Husky is still in the process of evaluating its exploration licences and, at this time, is unable to predict the long term plans for the properties. Upon receipt of information from its ongoing evaluations that suggest an economic project is present, Husky will be in a better position to communicate its long terms plans. It should be noted that it is also difficult to predict the long



term plans of other operators in adjacent exploration licences which would be included in the "larger area" that TRRC is referring to.

It should be acknowledged that while there are several proposed exploration programs planned for the 2012/2013 winter season in the area, there are a number of factors that must be determined by each company in order to determine if future exploration and development can even be considered. The purpose of Husky's proposed testing and completions program is to evaluate the reservoir and determine if it is possible to extract the resource with the proposed methods. Husky believes that our LUP and WL applications are appropriately scoped for the activity proposed.

One of the challenges for a cumulative effects assessment is lack of baseline data in the area. During the exploration phase, Husky has initiated baseline environmental studies for wildlife, habitat, and surface & groundwater and this information can be found in the Land Use Permit Application S12F-007 and Water Licence S12L8-007 application binder for the All-weather Access and Associated Facilities. Husky would be willing to participate in a regional approach with other operators and affected organizations.

Husky suggests that the TRRC contribute to a cumulative effects assessment by collecting data on wildlife harvesting and sharing that information with Husky.

Monitoring

The TRRC has not had a positive experience with Husky in its monitoring program over the past year. We recommend that changes be made to the program to ensure that monitors are accountable to the TRRC, AANDC inspector and ENR and are encouraged to make independent observations without repercussions from the company.

The TRRC insists that we must be included equally along with the Norman Wells RRC in the monitoring program, and that there be a minimum of two monitors at every activity site. There must be thorough tracking of observations made and measures taken to address monitor concerns — the TRRC documented two incidents last winter and to date have received no report on measures taken.

Furthermore, we requested a report on the overall results of wildlife monitoring by Husky last winter, and to date have not received this. We are greatly interested to learn from the experience of the past activities in order to better provide input on adaptive management measures so that impacts are kept as minimal as possible.

Response:

Husky agrees that the relationship with TRRC could be improved. During our 2011-2012 program, some of the monitors were not always on site and did not fill out the paper work as required. After voicing our concerns to TRRC, improvements were made and replacement monitors were brought in. All monitors are obligated as part of their contract to submit daily checklists and photographs to the Husky Field Supervisor. Husky encourages the monitors to communicate their observations to the TRRC. Husky has never restricted monitors' access or disciplined or threatened to discipline monitors for reporting their observations.



Husky Oil Operations Limited

Husky is willing to work with the TRRC to determine a mutually acceptable solution regarding TRRC's request to have multiple monitors at every activity site.

Husky complies with the terms of the Benefits and Access Agreements. TRRC was given every opportunity to bid on this project and did not submit a bid. Husky met with NWRRC and encouraged them to share the monitoring responsibilities with TRRC. Husky is unaware of the "two incidents last winter" to which the TRRC refers. We will address these unresolved issues upon receiving additional information.

Husky will provide TRRC with a report on the overall results of wildlife monitoring during the 2011-12 program. We welcome TRRC's involvement in striving to minimize any impact.

Consultation

The last time that the community was consulted about Husky activities was in May 2012, nearly six months ago. There was no specific consultation with the TRRC as a whole. We are mandated by the Sahtti Dene and Metis Land Claim Agreement as the community body responsible for "conservation, harvesting studies, research and wildlife management." It is therefore necessary for us to be given special opportunities to discuss development plans as they pertain to wildlife impacts.

We also note that the community consultation in May was very general. The proponents made it sound like the road was already going through, and we had no say in the matter. There was no opportunity for detailed learning about the various plans now being proposed, and as a result there was not opportunity for meaningful input.

There is a common practice of feeding people in order to attract them to meetings, and encouraging people to sign participant lists. As well, the time allotted for consultation is not adequate — we find that there is rarely time to build positive working relationships. We would like to work with Husky and other companies to improve the methods of consultation.

Response:

During consultations in May, Husky provided a "look-back" at the 2011-2012 program, which included a 3-D seismic program, construction of a winter road and drilling 2 wells. Our presentation also addressed the proposed 2012/2013 Slater River Program, whose objectives were to conduct baseline studies for wildlife, habitat, and vegetation, permafrost conditions, surface water and groundwater, construction of an all-season access road and associated facilities and to conduct testing on the two wells. At the time of the consultation in May, Husky admitted that we did not have exact coordinates for the location of the quarry sites, airstrip, camp, and groundwater pads but committed to returning to the communities once these locations were confirmed upon completing the summer/fall field investigations.

There is always room to improve consultation and obtain meaningful input and Husky will strive to improve on this. We recognize that with increased activity in Tulita District, there are many requests for meetings. Following Husky's consultations in May, we made several attempts to



set up meetings in Tulita, none of which were successful. We conducted further consultations in Tulita on November 20, 2012.

Traditional Knowledge Study

The traditional knowledge study cited in the Environmental Protection Plan was conducted for a different license/permit application in 2011. The participants did not understand at the time that their knowledge was solicited pertaining to an all-weather road. This is like asking someone to talk about oranges when really what the researcher wants to know about is apples. A new traditional knowledge study is required as a basis for planning an all-weather road or any other substantive new activity. Knowledge holders must fully understand the project being addressed for the study as the basis for effective knowledge sharing. We will be working with the SRRB to develop strong traditional knowledge standards moving forward, and hope to pilot such standards in the study on the proposed all-weather road.

The TRRC is concerned that there is currently no way to monitor how issues arising from traditional knowledge studies are addressed in development activities. We request that Husky establish a thorough tracking system and deliver tracking reports to the TRRC. The TRRC is willing to provide support in interpreting the results and implications of traditional knowledge collaboratively with the company.

Response:

When Husky commissioned the TRRC to conduct a Traditional Knowledge Study in 2011, it was agreed that there would be one study conducted over both EL-462 and EL-463 and that it would be used for any and all operations which Husky would conduct. Husky did not participate in the interviews with the participants but we would expect that the TRRC would have clarified that the survey would apply to all current and future operations within the licences.

A portion of the all-weather road leading to the well Little Bear N-09 follows the same route as was used for the 2011-2012 winter access road. That portion of the all-weather road which branches off and leads to the well Little Bear H-64 will be constructed on a new route but following existing seismic lines as much as possible. Husky commissioned archaeological studies in the summers of 2011 and 2012 prior to the submission of each LUP and WL application and no new historical sites were located.

Husky agrees that a tracking system could be quite useful and looks forward to working with the TRRC in developing and implementing such a system.

Wildlife Impact Mitigation Measures – All-Weather Road

It is very important that we maintain our stewardship of the land by harvesting. Development in our traditional harvesting territory is significantly impacting our way of life. We must find new ways to access available harvesting areas. Therefore we request that Husky provide access to existing roads in order that we are able to exercise our harvesting rights.



Husky Oil Operations Limited

Our specific review of the mitigation measures listed in the Environmental Protection Plan is detailed below:

Overall	The TRRC and traditional knowledge holders should be involved in awareness training with workers on measures required to protect and respect wildlife and habitat.
Population and Habitat Changes in Aquatic Species	NA
Population and Habitat Changes in Terrestrial Species	<ul style="list-style-type: none">• Speed limit on roads should be no more than 50 km per hour• Den, dam, lodge and nest site avoidance may be difficult in practice; the TRRC and traditional knowledge holders should be involved in planning the routing of the road.

Response:

As required by the Access Agreement, Husky uses all reasonable efforts to minimize any interference with or adverse effect on the Tulita Dene and Métis' use of the lands. For safety reasons, during field operations, Husky maintains the right to monitor and control access on the roads and facilities.

At kick-off meetings which are held before each component of the program, cultural awareness sessions are held. Tulita Elders teach Husky's employees and contractors on the need to protect and respect wildlife and the land.

The speed limit on all Husky roads is posted and is not to exceed 50 km per hour.

Given that Husky has received comments from the Deline Renewable Resources Council (DRRC) which are similar in nature to the concerns submitted by the TRRC, Husky has chosen to copy the DRRC on this response letter.



Husky Oil Operations Limited

I trust the additional information and clarifications provided are sufficient for your requirements to deem the application complete. Should you have any further requests for information, please contact the undersigned by telephone at (403) 298-6655, by fax at (403) 298-7227, or by email at ken.hansen@huskyenergy.com.

Sincerely,
HUSKY OIL OPERATIONS LIMITED

A handwritten signature in cursive script that reads "Ken Hansen".

Kenneth F. Hansen, P. Geol.
Slater River Project Manager, NWT

Cc: David Menacho, TRRC
Raymond Taniton, DRRC