



Husky Oil Operations Limited

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October 15, 2014

Sahtu Land & Water Board
Box 1
Fort Good Hope, NT
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SLWB Files: S13A-002, S13L1-005
MWH File: 25501261

Attention: Bakhtiyor Mukhammadiev, Regulatory Specialist

**Re: Husky Oil Operations Limited – 2013/2014 Annual Report for Water Licence
S13L1-005 (N-09, H-64, G-70 and O-41)**

Husky Oil Operations Limited (Husky) is submitting the following information in response to the requirements outlined under the Terms and Conditions of Water Licence (WL) S13L1-005 (associated Land Use Permit (LUP) S13A-002), for activities formerly licenced under S11L1-003, for the N-09, H-64, G-70 and O-41 wellsites.

A Groundwater Baseline Drilling Program was conducted during the 2013 - 2014 time period (under LUP S12X-006). Any water allocated to this WL (S13L1-005) was used for the Groundwater Baseline Drilling Program. Upon consultation with the Sahtu Land and Water Board (SLWB), it was agreed that water use would be reported under S13L1-005. Waste reporting would be reported under LUP S12X-006.

Part B, Item (2) of the Terms and Conditions states that an annual report shall be supplied for the life of the water licence. For ease of review, the report has been presented in the same order as the terms listed within the SLWB WL.

This report includes information during the operational reporting period from May 1, 2013 to August 31, 2014 (herein referred to as the reporting period).

a) The monthly and annual quantities in cubic metres of fresh water obtained from all sources:

There was no fresh water obtained from the approved water sources under this WL during the reporting period.

b) The monthly and annual quantities in cubic metres of each and all waste(s) produced associated with exploratory drilling, including, but not limited to, Flowback Fluid, Drill Waste, and Produced Water:

There was no waste produced during the reporting period.

c) Tabular summaries of all data generated under the "Surveillance Network Program":

Under Part D, item 4 of WL S13L1-005, all freshwater-based surface drill fluids and solids shall be analyzed as per the Surveillance Network Program (SNP), prior to discharge. All other drilling wastes and fluids must be stabilized and removed for disposal to an approved waste disposal facility (refer to item (b) of this annual report for a summary of these wastes).

According to the annexed SNP, surveillance monitoring stations S13L1-005-1 and S13L1-005-2 are provided for wellsites O-41 and G-70. These wells have not yet been drilled and stations not installed; therefore no data is available from the surveillance network program during this reporting period.

d) A summary of exploration and development activities as they relate to water use:

No new drilling was completed on Exploration Licence 494 during the reporting period.

e) A list of unauthorized discharges:

No unauthorized discharges occurred on EL494 during the reporting period.

f) The details and results of the required Annual Summer Site Inspection:

The 2014 Summer Site Inspection reports for N-9, H-64, O-41 and G-70 wellsites, and the Groundwater Baseline Drilling Program will be submitted under separate cover.

g) A lease well pad schematic:

The Lease Layout Diagrams for N-9 and H-64 were provided to the SLWB in 2013. The O-41 wellsite pad was cleared (mulched) but neither O-41 nor G-70 pads were constructed and wells have not been drilled; therefore there are no lease well schematics.

h) Details of all abandonment and restoration activities:

No abandonment or restoration activities were completed during the reporting period.

i) Any other details on water use or waste disposal requested by the Board by November 1st of the year being reported:

No additional requests pertaining to water use or waste disposal were made by the Sahtu Land and Water Board.

I trust that the above information meets the requirements for the annual report described in the Terms and Conditions of Water Licence S13L1-005. If you have any questions, please contact the undersigned at (403) 298-6655 or by email (Ken.Hansen@huskyenergy.com).

Sincerely,
HUSKY OIL OPERATIONS LIMITED



Ken Hansen
Project Manager - NWT

cc: Katherine Ades – Water Resource Officer, GNWT-ENR
Steve Deschene – A/Regional Superintendent, GNWT-Lands
Darren Heck – Environmental Project Manager, NESTL
Jenica von Kuster – Environmental and Regulatory Coordinator - NWT, Husky