



Husky Oil Operations Limited

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October 27, 2016

Sahtu Land & Water Board
Box 1
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SLWB Files: S13A-002, S13L1-005

Attention: Bakhtiyor Mukhammadiev, Regulatory Specialist

**Re: Husky Oil Operations Limited
2015/2016 Annual Report for Water Licence S13L1-005**

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. Condition Part B, Item (2) of the LUP states that an annual report is to be provided by September 30. On September 27, 2016 the SLWB granted Husky an extension on the reporting period to October 31, 2016.

This report includes information during the operational reporting period from September 1, 2015 to April 30, 2016 (herein referred to as the reporting period).

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 Water Licence.

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; 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 (EL) 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 2016 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. O-41 and G-70 wells have not been drilled therefore there are no lease well pad 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) 523-2313 or by email (jenica.vonkuster@huskyenergy.com).

Sincerely,
HUSKY OIL OPERATIONS LIMITED



Jenica von Kuster
Environmental and Regulatory Advisor – NWT

cc: Katherine Ades – Manager, Resource Management, GNWT-Lands
Trevor Bremner – Resource Management Officer II, GNWT-Lands
Laurel McDonald – Manager, Wildlife and Environment, GNWT-ENR
Gilly McNaughton – Regional Environment Protection Officer, GNWT-ENR
Ken Hansen – Project Manager - NWT, Husky Oil