



Indian and Northern Affairs Canada **Affaires Indiennes et du Nord Canada**

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COPY

North Mackenzie Sub-District

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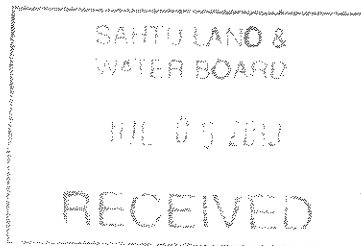
Norman Wells, NT X0E 0V0

June 22, 2010

Husky Energy
707 8th Ave. S.W.
Box 6525, Station D
Calgary, AB T2P 3G7

Attention: Kim Richardson

Dear Mr. Richardson



Re: Water Licences and Land Use Permits:

S02A-004 – S02L1-003 (Wellsite B-44 and Little Smith Staging Area (KP160))

S04A-006 – S04L1-006 (Wellsite L-71)

S05T-006 – S05L3-003 (Keele River Staging Area)

S05A-007 – S05L1-004 (Wellsites K-44 and D-57)

S07T-014 – S07L3-003 (Birch Island Staging Area)

S07A-015 – S07L1-004 (Wellsites B20 and L-52)

In regards to our meeting of June 10, 2010 please take note of the following:

S02A-004 – S02L1-003 (Wellsite B-44 and Little Smith Staging Area (KP160))

Wellsite B-44 and Camp

The gel sump contains ponded water and needs to be re-capped. The analysis of your samples dictates that no adverse environmental effects will result in decanting. Authorization to remove the water, install weeping tiles and cap the sump with the remaining berm material is hereby given.

The sewage sump is also open. Regrowth in this area is 100% and has created habitat for aquatic life. To destroy this area by removing the water and capping and also the needless excavation of yet another pit only enlarges the footprint. No further remediation of this sump is desirable.

Staging Area, Little Smith Creek (KP160)

Removal of the fuel berm is necessary. When removing the rig mats please ensure that the area that the soil has not been contaminated with hydrocarbons. If it is seen that there has been some spillage report it to the N.W.T. Spill Line and advise this office as to your plans for remediation.

It was brought to my attention that there is a small area that is discoloured (black) that may contain Ligno Sulphate, or gilsinite (mud additives). Please submit a spill report to the above mentioned. It is understood that this material will be excavated and removed to the proper facilities in Alberta for remediation. The excavation will be backfilled with onsite material.

There are materials (walnut shells and sawdust) stored across the access to KP160. This site was used by Red Dog Mountain Contracting. Please contact them to discuss ownership. As both the walnut shells and sawdust are biodegradable it is acceptable to spread them over your staging area at a rate that will not impede re-growth. The cement blocks in this area could be broken up and used to fill the sewage sump belonging to R.D.M.C.

S04A-006 – S04L1-006 (Wellsite L-71)

Wellsite L-71 and associated Camps

A gel sump has slumped to a level of the surrounding topography but contains no ponded water. As this sump has been monitored for 5 years (or more) it is likely that this is the extent of subsidence. Approval is given to knock down the perimeter berms and cap the sump.

Campsite Sump (located near the drill site)

No material is readily available to fill this depression. It exhibits 100% re-generation and supports various species of willow, sedges, grasses and even black spruce. To disturb this site would destroy this "natural" habitat and therefore no further remediation is necessary.

Stewart Lake Camp and Airstrip

All debris has been removed. The camp sump contains ponded water but exhibits 100% re-growth. As with the B-44 camp it supports native species of wildlife. To destroy this habitat will create a negative result in regards to the environment. Also, capping material is not readily available in this area and would have to be transported a great distance. This also increased the footprint of your operation. No remediation of this sump is needed.

S05T-006 – S05L3-003 (Keele River Staging Area)

All garbage, materials and miscellaneous debris has been removed from this area, sumps backfilled, no further remediation is necessary.

S05A-007 – S05L1-004 (Wellsites K-44 and D-57)

14 Wellsite and Camp

The gel and cement sumps contain ponded water and need to be re-capped. Sampling of the ponded water reveals that decanting of the sumps will result in no adverse environmental effects. Authorization to remove the water, install weeping tiles (gel sump) and cap both with remaining berm material is agreed.

D-57 Wellsite

This area exhibits good re-gen. and no erosion concerns, no further remediation is necessary.

S07T-014 – S07L3-003 (Birch Island Staging Area)

No signs of erosion of river bank, all debris removed, no further remediation needed. Coconut matting located on the east side of the Mackenzie River on the access from the winter road needs to be removed. This can be used for remediation purposes.

S07A-015 – S07L1-004 (Wellsites B20 and L-52)

Wellsite B20 and associated sump

Some broken bags of limestone should be removed and the well center re-contoured.

The two trenches at the sump, believed to be test pits, should be refilled. As this site does not exhibit re-growth to an acceptable level the use of coconut matting is approved.

Wellsite L-52

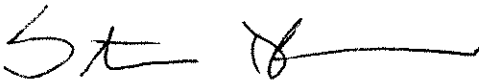
The drainage that cuts across the toe of the gel berm exhibits no signs of affecting the sump. As this sump is relatively new it should be monitored throughout the life of the water license (November 12, 2012).

Camp

The campsite is clean and exhibits good re-gen. No remediation necessary.

In general, approval is given to use coconut matting on areas that do not exhibit re-growth. It is also understood that any fencing, rat hole construction ie: large diameter culverts will be removed and well centers re-contoured to the surrounding topography.

Yours truly



Steve Deschene
Resource Management Officer III

cc: Inuvik District Files
Sahtu Land and Water Board

*Physician's report
Congo to report
for your information
For-ward to files
From D&W*