



Indian and Northern Affairs Canada
Affaires Indiennes et du Nord Canada
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North Mackenzie Sub-District
 P.O. Box 126
 Norman Wells, NT X0E 0V0

November 01, 2010

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

Dear Mr. Richardson

Re: Land Use Permits and Water Licences:

- 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 I-52)

On September 20, 2010, Resource Management Officer, (Stephen Deschene) conducted an inspection of your operations under the above mentioned Land Use Permits. Enclosed is a copy of the Environmental Inspection Reports. I am pleased to report that the remediation work discussed earlier this year and agreed upon in a letter dated June 22, 2010 has been completed.

On a slightly different note, concerns have been raised as a result of sampling at your L-71, B-44 and K-44 well centers. Results have been returned in excess of CCME Guidelines. Please contact this office at your earliest convenience to discuss remediation options.

S05T-006 has been successfully remediated and file closure is recommended upon expiry of the permit. The corresponding Water License can also be closed upon expiry and at the discretion of the Sahtu Land and Water Board.

S07T-014 has been successfully remediated and file closure is recommended upon expiry of the permit. As with the aforementioned Water License, closure is recommended but at the discretion of the board.

S07A-015 and S07L1-004 will be monitored for one year to ensure remediation is successful.

Thank you for your time and effort in remediating these sites and I look forward to hearing from you.

Yours truly

Steve Deschene
 Resource Management Officer III

cc: Inuvik District Files
 Sahtu Land and Water Board
 I.N.A.C. – Water Resources

Inspection Date : September 20, 2010



ENVIRONMENTAL INSPECTION REPORT

| | | | |
|---------------------------------|--|--|---------------------------------------|
| Permittee: | | Husky Energy 707 8 th Ave. S.W., Box 6525 Station D, Calgary AB T2P 3G7 | |
| Land Use Permit No. | | S07A-015 | Permit Expiry Date: November 12, 2012 |
| Quarrying Permit No. | | | Previous Inspection: March 26, 2008 |
| Contractor: | | | Subcontractor: |
| Location(s) Inspected: | | B-20 and L-52 Drill Sites. | |
| Current Stage of Operation: | | Completed | |
| Program Modifications Approved: | | None | |

Condition of Operation "A" - Acceptable "U" - Unacceptable "N/A" - Not Applicable "N/I" - Not Inspected

| Operating Condition | Aspect Inspected | |
|---|------------------|------|
| | B-20 | L-52 |
| Location as Permitted | A | A |
| Time as Permitted | A | A |
| Equipment as Approved (Type & Size) | N/A | N/A |
| Methods & Techniques | A | A |
| Facilities | A | A |
| Erosion (Control or Prevention) | A | A |
| Chemicals | A | A |
| Wildlife and Fisheries Habitat (Protection) | A | A |
| Wastes | A | A |
| Historical / Archaeological Sites | A | A |
| Fuel Storage | N/A | N/A |
| Brush Disposal | A | A |
| Restoration of Lands | A | A |
| Permits | N/A | N/A |
| Matters not Inconsistent | A | A |
| Sections 8 to 12 / 14 to 16 M.V.L.U.R. | A | A |

Explanatory Remarks -

B-20: The two trenches at the sump have been backfilled. All conditions acceptable.

L-52: The drainage that cuts across the toe of the wellsite seems stable and should pose no erosion problems. The sump will be monitored throughout the life of the water license 8071.1-004 which expires November 12, 2012.

Recommend monitoring for one more year.

Not Available
 Representative Signature

SE DL
 Inspector's Signature