



Expanding the Horizon

Husky Energy Inc.



October 26, 2004

For immediate release

### Husky Expands Interest in Indonesian Gas Fields

**Calgary, Alberta** – Husky Energy Inc. is pleased to announce an agreement has been reached to purchase a 68.7 percent interest in a production sharing contract (PSC) from its partner in the Madura Strait, offshore Indonesia. The US\$50-million transaction gives Husky a 100 percent interest in an exploration block where two natural gas fields have been discovered. Husky plans to develop the fields and pursue additional opportunities as part of its international growth strategy.

The Madura block is located about 40 kilometres north of East Java and covers 2,794 square kilometres of exploration acreage. Nine wells have been drilled on the block since 1984, resulting in the two discoveries which are entitled Madura BD and MDA.

The larger of the two gas fields is Madura BD. It has probable reserves of 212 billion cubic feet (bcf) of natural gas and 12.2 million barrels (mmbls) of natural gas liquids (before host government share) based on the current term of the PSC. Husky anticipates that an additional 303 bcf of natural gas and 10.8 mmbls of natural gas liquids resources within the same field will be reclassified as probable reserves upon signing of an extension to the term of the PSC with the Indonesian government.

The proposed development plan for the Madura BD gas field includes the installation of an unmanned production platform, a nine kilometre pipeline to new gas processing facilities to be constructed on Kambing Island and a 45 kilometre pipeline to market. Peak production is estimated to be approximately 80 million cubic feet per day. After completion of the PSC extension and finalization of a gas supply contract, the development is expected to come on stream within approximately three years.

The MDA field has discovered resources of 150 bcf. Husky will pursue future opportunities for commercializing the MDA field, which could potentially be produced into the East Java gas pipeline. Husky has identified several exploration prospects in the PSC area that it plans to pursue.

"The Madura purchase is another step forward in Husky's plans to expand its international gas exploration and development interests," said Mr. John C.S. Lau, President and Chief Executive Officer, Husky Energy Inc. "The Madura PSC strategically enhances our investments in Southeast Asia and has the potential to meet an increasing demand for natural gas in East Java."

Husky Energy is a Canadian based, integrated energy and energy-related company headquartered in Calgary, Alberta. Husky Energy is a publicly traded company listed on the Toronto Stock Exchange under the symbol HSE.

*Certain information in this release may contain forward-looking statements. Actual future results may differ materially. Husky's annual report to shareholders and other documents filed with securities regulatory authorities describe the risks, uncertainties and other factors, such as changes in business plans, drilling results and the uncertainty of estimates and projections of future production, that could influence actual results. Husky assumes no obligation to update forward-looking statements should circumstances or management's estimates or opinions change.*

*Husky's disclosure of reserves data and other oil and gas information is made in reliance on an exemption granted to Husky by Canadian securities regulatory authorities, which permits Husky to provide disclosure required by and consistent with those of the Securities and Exchange Commission and the Financial Accounting Standards Board in the United States in place of much of the disclosure expected by National Instrument 51-101 "Standards of Disclosures for Oil and Gas Activities". Please refer to "Disclosure Exemption Under National Instrument 51-101" in Husky's Annual Information Form for additional information.*

For a map and additional information, please go to [www.huskyenergy.ca](http://www.huskyenergy.ca)

-30-

For further information, please contact:

Donald Campbell  
Manager, Investor Relations  
& Corporate Communications  
Husky Energy Inc.  
(403) 298-6153

Colin Luciuuk  
Manager, Investor Relations  
Husky Energy Inc.  
(403) 750-4938