



Husky Energy Inc.

# News

June 14, 2006

For immediate release

## **Husky Energy Announces Significant Gas Discovery in South China Sea**

**Calgary, Alberta** - Mr. John C.S. Lau, President & Chief Executive Officer of Husky Energy Inc., announced today that Husky Oil China Ltd., a wholly owned subsidiary of Husky Energy, has made a significant hydrocarbon discovery at Liwan 3-1-1, Block 29/26, in the South China Sea.

Liwan 3-1-1 was drilled in a water depth of 1,500 metres on Block 29/26 in the Pearl River Mouth Basin and is the first deep water discovery made offshore China. The block is located approximately 250 kilometres south of Hong Kong. The well was drilled on existing 2-D seismic data to a total depth of 3,843 metres on a large structure with 60 square kilometres of closure and encountered 56 metres of net gas pay on logs over two zones. The 2-D seismic interpretation prior to drilling the well indicated a direct hydrocarbon response at the Liwan 3-1-1 location, which Husky's analysis indicates is present over a majority of the 60 square kilometre closure currently mapped. The porosity encountered in the pay zones averaged approximately 20 percent, based on Husky's petrophysical interpretation. Liwan 3-1-1, which is the deepest water well drilled offshore China, confirms the existence of a new hydrocarbon province.

The Liwan 3-1-1 well will be sidetracked for further evaluation of the pay zone and Husky currently plans a 3-D seismic survey in the near future to assess a number of similar structures which have been identified on 2-D seismic data. Further drilling on the block will follow after the evaluation of the 3-D data. Based on our current interpretation of the 2-D seismic and the Liwan 3-1-1 well results, the discovery could contain a potential recoverable resource of four to six trillion cubic feet of natural gas and as such, would be one of the largest natural gas discoveries offshore China.

"We are very pleased with our exploration results and this discovery confirms our confidence in the significant undiscovered hydrocarbon potential in the South China Sea," said Mr. Lau. "We look forward to evaluating this discovery and continuing our exploration efforts in China."

Husky has been actively exploring offshore China, in collaboration with CNOOC (China National Offshore Oil Corporation) since 2002. Husky signed the Production Sharing Agreement for Block 29/26 in August 2004, with a commencement date of October 2004. Block 29/26 is 3,965 square kilometres in area and one of three exploration blocks currently held by Husky in the South China Sea. CNOOC has the right to participate in the development of any discovery for up to 51 percent working interest.

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

*Certain statements contained in this news release constitute forward looking statements or information (collectively, "forward looking statements") within the meaning of applicable securities legislation. These forward looking statements relate to future events or Husky's future performance. The use of any of the words "could", "expect", "believe", "will", "projected", "estimated" and similar expressions and statements relating to matters that are not historical facts are intended to identify forward looking statements and are based on Husky's current belief or assumptions as to the outcome and timing of such future events, and in this news release includes the sidetracking and other future drilling activities the acquisition of 3-D seismic and the size and potential of this South China Sea discovery. Actual future results may differ materially. Husky's annual report to shareholders and other documents filed with securities regulatory authorities (accessible through the SEDAR website [www.sedar.com](http://www.sedar.com) and the EDGAR website [www.sec.gov](http://www.sec.gov)) describe the risks, uncertainties and other factors, such as drilling results, changes in business plans and potential delays or changes in plans, that could influence actual results. Except as required by law, Husky disclaims any intention or obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise.*

*Reserves Data and Other Oil and Gas Information – 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 United States 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 Disclosure for Oil and Gas Activities. Please refer to "Disclosure of Exemption Under National Instrument 51-101" at page 9 of our Annual Information Form for the year ended December 31, 2005 filed with securities regulatory authorities for further information.*

*Cautionary Note to U.S. Investors – The United States Securities and Exchange Commission permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that a company has demonstrated with actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions. We use certain terms in this release, such as "recoverable resource" that the SEC's guidelines strictly prohibit us from including in filings with the SEC. U.S. investors should refer to our Annual Report on Form 40-F available from us or the SEC for further reserve disclosure.*

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