

Husky Oil Operations Limited

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October 31, 2013

Gaétan Caron
Chair & CEO
National Energy Board
444 Seventh Avenue, SW
Calgary, AB
Email: finrespguidelines@neb-one.gc.ca

Dear Mr. Caron:

Re: Draft Financial Viability and Financial Responsibility Guidelines (the "Draft Guidelines")

Husky Oil Operations Limited appreciates the opportunity to comment on the Draft Guidelines.

Husky supports the purpose of the Draft Guidelines and associated statutory and regulatory provisions in having companies demonstrate the financial capacity to undertake proposed activities in a safe and responsible manner and effectively respond to an incident. This requirement is not new and in our view the National Energy Board (NEB) was effectively achieving this purpose under the existing statutory and regulatory provisions prior to the introduction of the Draft Guidelines.

While this submission represents the views of Husky alone, our views are informed by conversations we have had with others, including the Government of the Northwest Territories, other regulatory bodies in the NWT, Aboriginal co-management agencies, community members and industry peers. We have also been an active participant in the Canadian Association of Petroleum Producers' (CAPP) review of the Draft Guidelines.

Our concerns with the Draft Guidelines may be summarized as follows:

- They duplicate other regulatory and consultation processes and financial assurance requirements (e.g. double bonding);
- They do not adequately reflect the different risk profiles of onshore versus offshore operations;
- They introduce ambiguous requirements around the notion of "worst-case scenario" and associated consultation; and
- They establish unduly prescriptive, costly and difficult insurance, underwriting and letter-of-credit requirements.

The Draft Guidelines introduce conditions that are unnecessary for the achievement of the stated public policy

purpose and carry with them the unintended consequence of adversely impacting the competitiveness of the Northwest Territories by duplicative and inefficient regulatory processes, additional costs and barriers to investment. These concerns—many of which apply equally to offshore and onshore operations—would be best addressed through broader consultation with stakeholders in the design of the Draft Guidelines.

With this in mind, we respectfully urge the NEB to undertake a more comprehensive consultation process to develop separate guidelines for onshore and offshore activity. Furthermore, we urge the NEB to suspend the implementation of the Draft Guidelines while such a consultation process is being undertaken.

Similar concerns regarding the scope of consultation have been expressed with respect to the recently introduced Filing Requirements for Onshore Drilling Operations Involving Hydraulic Fracturing. We again respectfully encourage the NEB to move forward with a more comprehensive consultation process on these guidelines as well, and to delay implementation until such has occurred.

The widespread concern that we have heard voiced with respect to the Draft Guidelines demonstrates the importance of the issues involved and, in turn, the importance of having the NEB engage in a more comprehensive consultative design process. We also believe such an approach is particularly appropriate given the nearing transfer of responsibilities for resource management under Devolution to the Government of the Northwest Territories.

Thank you again for the opportunity to comment. We are available to you and your staff should you wish to discuss any matter in further detail.

Yours truly,

A handwritten signature in black ink, appearing to read 'Sharon Murphy', with a long horizontal stroke extending to the left.

Sharon Murphy
Senior Vice President
Corporate Affairs