

Husky Oil Operations Limited

707 8th Avenue S.W.
Box 6525, Station D
Calgary, Alberta, Canada
T2P 3G7

Bus: (403) 298-7273
Fax: (403) 750-1365

July 21, 2010

Chief conservation Officer
National Energy Board
411 Seven Avenue SW
Calgary, Alberta T2P 0X8

RE: Approval to Alter Condition of a Well
Husky et al Stewart D-57

Dear Madam /Sir

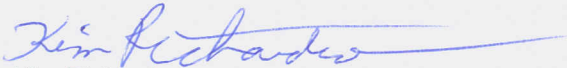
It is Husky's intention to remove the wellhead and cut off and cap the casing strings on the above mentioned well. This well has never been completed and is standing cased. Attached please find Approval to Alter Condition of a Well documents for the well Husky et al Stewart D-57, which is in the Sahtu region of North West Territories.

Following documents are submitted:

Husky et al Stewart D-57: 3 packages including Approval to Alter Condition of Drill a Well, Abandonment program, and a CD with electronic copy of all mentioned documents.

If you require anything else please do not hesitate to contact me at (403) 298-7273 or kim.richardson@huskyenergy.com

Yours truly,
HUSKY OIL OPERATIONS LTD



Kim Richardson
Drilling Superintendent NWT

MAIL IN /
SALLE DE COURRER

2010 JUL 29 P 12:52

APPROVAL TO ALTER CONDITION OF A WELL

NEB/ONE

APPLICATION

This application is submitted under Section 10 of the *Canada Oil and Gas Drilling and Production Regulations* (SOR/2009-0315). When granted under Section 13 of the Regulations, this form is the requisite approval for the commencement of well operations. An approved copy of this notice is to be posted at each drill site.

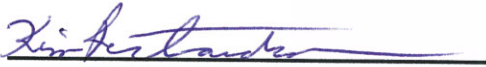
Well Name	Husky et al Stewart D-57		
Well Identifier	2036	Operations Authorization No.	
Operator	Husky Oil Operations Limited	Current Depth	3147m KB
NEB Operating Licence No.	1204	Licence No.	Significant Discovery Licence 138
Contractor	Pete Rose Welding	Drilling Rig or Unit	
Station Keeping	Not Applicable	Land Structure	Conventional Land
Current Well Status	Suspended Drilled and Cased	Anticipated Well Status Change	Abandoned Cut and Capped
Land Use Permit No.	LUPS05A-007	Issued by:	Sahtu Land and Water Board
Water Licence No.	WL S05L1-004	Issued by:	Sahtu Land and Water Board
Location Unit	D	Section	57
		Grid	64-20N 125-26W
Coordinates (NAD 27)	Surface	Lat	64 ° 16 ' 3.2 "
		Long	125 ° 26 ' 5.9 "
	Bottom Hole	Lat	64 ° 16 ' 4.9 "
		Long	125 ° 25 ' 47.0 "
Ground Level / Seafloor	424.4 m	Elevation KB/RT	434.4 m
Approximate Date of Commencement	17-Aug-10	Est. Days on Location	3 days

WELL OPERATION PROGRAM

Activity Type	Top to Bottom Interval (m KB)	Comments
Abandonment		Cut and and cap an uncompleted wellbore
Select		
Select		
Select		
Select		

Additional Information

"I certify that the information provided on this form is true and correct"

Name	Kim Richardson	Telephone	(403) 298-7273 Ext
Job Designation	Drilling Superintendent	E-Mail	kim.richardson@huskyenergy.com
Operator			
Signature		Date	July 21, 2010
	Responsible Officer of Company		

NATIONAL ENERGY BOARD APPROVAL

(Board Use Only)

This well approval is granted under section 13 of the *Canada Oil and Gas Drilling and Production Regulations* (SOR/2009-0315) and is subject to the terms and conditions attached to this approval and Operations Authorization No. _____.

Job Designation	Well Identifier	Unique Well Identifier
Signature	Date	
	NEB Authority	



HUSKY OIL OPERATIONS LTD. (APEGGA Permit # P04623)

Date: July 21, 2010

Drilling & Completions Department

Well Test Program

Objective: To remove wellhead and cut and cap casing strings

Husky et al Stewart D-57

UWI: D-57-64-20-125-15

Well Licence: WID #
Surface Location: D-57-64-20-125-15

AFE Number: US-43346-LN
AFE Amount: \$

Classification: Exploratory Wildcat

Partners:

Husky Oil Operations Ltd.	48.4090%
TAQA North	32.5000 %
Pacific Roderia	10.8798 %
International Frontier	8.2112%

PREPARED BY:

 July 21, 2010
K. Richardson- Drilling Superintendent

Original: Central Well File (with Field Package)

Copies: G. Sillito
Kim Richardson (with Field Package)
J. Thacker (with Field Package) (if applicable)
Field Consultant (with Field Package)

PRE-JOB CHECKLIST



Husky Energy

	YES	N/A
♦ CONTACT PRODUCTION SUPERINTENDENT 24 HOURS PRIOR TO COMMENCING OPERATIONS.	<input type="checkbox"/>	<input type="checkbox"/>
♦ CONTACT CONSTRUCTION FIELD SUPERVISOR TO DISCUSS ROAD RESTRICTIONS, ROAD USE EQUIPMENT, CONDITIONS OF LEASE, ETC.	<input type="checkbox"/>	<input type="checkbox"/>
♦ CONTACT AEUB VIA DDS SYSTEM TO NOTIFY OF HUSKY'S INTENT TO COMMENCE OPERATIONS.	<input type="checkbox"/>	<input type="checkbox"/>
♦ ALL GROUND DISTURBANCE REQUIREMENTS HAVE BEEN MET PRIOR TO INSTALLING ANCHORS.	<input type="checkbox"/>	<input type="checkbox"/>
♦ COMPLETE, SIGN, AND FAX IN NOTICE OF WELLSITE SUPERVISOR FORM.	<input type="checkbox"/>	<input type="checkbox"/>
♦ REQUIRED RESIDENCE NOTIFICATIONS HAVE BEEN COMPLETED.	<input type="checkbox"/>	<input type="checkbox"/>
♦ COPY OF WELL LICENCE IS ON LOCATION.	<input type="checkbox"/>	<input type="checkbox"/>
♦ REPORT ALL APPLICABLE INCIDENTS TO THE NEB 24/7 INCIDENT CELLPHONE	<input type="checkbox"/>	<input type="checkbox"/>
♦ RIG HAS OPERATIONAL HYDROCARBON GAS DETECTOR/LEL METER.	<input type="checkbox"/>	<input type="checkbox"/>
♦ ALL REQUIRED TRAINING CERTIFICATES ARE ON LOCATION AND AVAILABLE FOR INSPECTION.	<input type="checkbox"/>	<input type="checkbox"/>
♦ GUIDE 56-SCHEDULE 4.3 HAS BEEN REVIEWED AND DISCUSSED WITH HUSKY COMPLETIONS SUPERINTENDENT.	<input type="checkbox"/>	<input type="checkbox"/>
♦ EMERGENCY RESPONSE PLAN MANUALS ARE ON LOCATION IF REQUIRED.	<input type="checkbox"/>	<input type="checkbox"/>
♦ IS HUSKY'S GENERIC EMERGENCY RESPONSE PLAN COMPLETED AND POSTED ON SITE.	<input type="checkbox"/>	<input type="checkbox"/>
♦ SITE SPECIFIC CONTACT LIST POSTED IN DOGHOUSE/ON SITE.	<input type="checkbox"/>	<input type="checkbox"/>
♦ CONDUCTED A RIG INSPECTION AND FILLED OUT SERVICE RIG INSPECTION CHECKLIST.	<input type="checkbox"/>	<input type="checkbox"/>
♦ FLARE PERMIT IS ON LOCATION IF REQUIRED AND ALL CONDITIONS HAVE BEEN MET	<input type="checkbox"/>	<input type="checkbox"/>
♦ SURVEYED LOCATION FOR POTENTIAL SAFETY HAZARDS. FOR EXAMPLE: PUMP JACK LOCKED OUT, OVERHEAD POWERLINES, ETC. c/w COMPLETED AND DOCUMENTED HAZARD ASSESSMENTS	<input type="checkbox"/>	<input type="checkbox"/>
♦ DIRECTION SIGNS HAVE BEEN PLACED ON ROADS LEADING TO LEASE.	<input type="checkbox"/>	<input type="checkbox"/>
♦ PRODUCTION FLOWLINES HAVE BEEN DEPRESSURED AND PURGED IF SOUR.	<input type="checkbox"/>	<input type="checkbox"/>
♦ 5 METER NO-GO ZONES HAVE BEEN ESTABLISHED FOR EQUIPMENT APPROACH AROUND ALL SURFACE FACILITIES INCLUDING THE WELLHEAD c/w COMPLETED AND DOCUMENTED HAZARD ASSESSMENTS	<input type="checkbox"/>	<input type="checkbox"/>
♦ ASSESS SOURCES OF AND DISCUSS METHODS TO MANAGE POTENTIALLY EXPLOSIVE ATMOSPHERES ASSOCIATED WITH SURFACE EQUIPMENT AND WELL OPERATIONS.	<input type="checkbox"/>	<input type="checkbox"/>
♦ TAILGATE MEETINGS TO DISCUSS ALL HAZARD ASSESSMENTS CONDUCTED WITH ALL PERSONELL	<input type="checkbox"/>	<input type="checkbox"/>

COMMENTS:

Please complete and fax to Kim Richardson at (403)298-6001 prior to moving on equipment

ERP CONTACT LIST**EMERGENCY NUMBERS**

HEALTH CENTER	867-587-3675	Norman Wells
HOSPITAL	867-669-4111	Stanton Territorial Hospital -Yellow Knife
AMBULANCE	867-873-2222	Yellow Knife
RCMP	867-587-1111	Norman Wells
NEB	1-403-807-9473	24/7 Incident Cell Number
North-Wright Airways	867-587-2288	Norman Wells (fixed wing transport)
Work Place Safety	867-920-3841	Yellow Knife
FIRE	867-587-2222	Norman Wells

HUSKY OIL OPERATIONS LTD.

Kim Richardson	Drilling Superintendent	403-298-7273 (W) 403-249-1861 (H) 403-542-1059 (C)
Jack Thacker	Sr. Superintendent	403-298-6395 (W) 2403-79-8288 (H) 403- 542-1327 (C)
Mike MacKinnon	Drilling West Manager	403-298-6352 (W) 403-272-0832 (H) 403-542-1109 (C)
Gerry Sillito	Completions West Manager	403-750-1765 (W) 403-938-7428 (H) 403-542-1119 (C)
	D&C department fax	403-298-6001 (F)
Husky Oil-Calgary	Answering Service	403-298-6111 (24 hours)

SELECTED SERVICES

Bonnett's	Wireline	Grande Prairie	780-836-4700
Sahtu Helicopters	Helicopters	Norman Wells	867-587-2827
North-Wright Airways	Fixed wing Aircraft	Norman Wells	867-587-2288
Coopers	Barging	Fort Simpson	867-695-3720
Exploration logistics	Medics	Norman Wells	867-587-2212
Streamflo	Wellhead		

(THIS LIST MUST BE POSTED IN MEDIC'S TENT)

July 21, 2010



Drilling and Completions Department

Well Test Program

<u>Well Name/Location</u>	Husky et al Stewart D-57	<u>Pool:</u>	Wildcat
<u>UWI</u>	300D576420125150	<u>License #:</u>	WID #2036
<u>Surface Location</u>	D-57: Latitude 64°16'03.2", Longitude 125°26'05.9" (NAD 27)		
<u>AFE</u>	Number: US--CP	<u>Partners:</u>	Northrock Resources- 32.50%
	Amount: \$600K		Husky 48.41%
	Days: 2 days		Pacific Rodera- 10.88%
			International Frontier- 8.21%

SPECIAL CONSIDERATIONS

Heli-Portable Operations:

Certifications: NEB regulations stipulate that certifications for all hoisting equipment, pressure equipment and BOP's must be submitted to the NEB

OBJECTIVES

- **Safety** - As always this is to be a safe operation with documented safety meetings and reviews of procedures. A safety meeting will be held with all service company personnel on location, prior to each job. Wellsite supervisor must notify Contractor(s) of known hazards of which Contractor(s) may be unaware. Wellsite supervisor must ensure that workers are aware of their responsibilities and duties under OH&S regulations and those workers comply with regulations. All service companies supplying materials will review Material Safety Data Sheets at this meeting for all products supplied and maintain these MSDS sheets for workers' examination on location in compliance with WHMIS regulations. All safety meetings will be recorded on Husky Oil Ltd. daily report and on the daily tour sheet.

PLEASE ENSURE THAT A LINE LOCATOR HAS BEEN USED TO LOCATE ALL LINES.

THE LINES MUST BE FLAGGED BEFORE ANY HOLES ARE DUG.

During the service rig rig-up and operations, representatives will be on location at all times. Any breaking of ground must be approved (i.e.: ground stakes, ditches or drain sumps).

- **Regulations** - All applicable regulations including, but not limited to Canada Oil and Gas Drilling and Production Regulations, Canada Labor Code Part II and Canada Oil and Gas Occupational Safety and Health Regulations, are to be strictly adhered to. Written instructions must be posted in the wireline unit or other conspicuous area prior to wellsite supervisor leaving lease. Wellsite supervisor must designate a competent person to carry out principal contractor responsibilities. **All verbal notifications and approvals from government regulatory agencies will be recorded on Husky Energy daily report and on the daily tour sheet and will be followed by the appropriate paper work.** The name of the individual contacted, time, and the subject matter of the approval or notification should be recorded.
- **Cost** - It is expected that field estimates of costs are to be within 3% of final invoiced costs. In addition it is expected that final costs be within 10% of the AFE estimate, but every effort must be made to keep overall costs as low as possible. Ideas to streamline operations and reduce costs may be freely shared with engineering and supervisory staff for review and if safety is not compromised possible implementation. Reduce rental equipment on location to a minimum or negotiate standby status at "no charge"
- **Environment** - The impact of Husky's operations on the environment must be kept to a minimum. Husky has a target of zero spill tolerance and in the event of a spill or release the volumes must be controlled and kept to a minimum. Ideas for safe spill containment and control along with ideas for alternate environment friendly fluids that can effectively replace existing fluid are actively solicited.

Notifications and Important Information

- All applicable incidents as per the Reportable Incidents Requirements in Part XVI of the Canadian Oil and Gas Occupational Safety & Health Regulation must be reported to the NEB 24/7 incident cell phone
- Document and photograph all spills and/or stains on location prior to starting work
- Contact the NEB to inform them of the operations and request clearance to flare during normal well kill and swabbing operations. **Record the date and time the contact was made.**
- Record all contacts with governing personnel on the daily report. Record name of contact, their work location, date, time and a summary of discussions. (IE – Met with Joe Doe from OH&S at Norman Wells (XXX-XXX-XXXX) on 2007/07/30 at 15:00 hrs. Performed safety inspection of operation – no problems encountered).
- Estimate and record in each day's report the amount of gas flared (even if the volume is zero) and the H₂S content of the gas. Summarize, on the last report of the well test, the total of all gas flared, H₂S content and in the case of a multi formation completion the formation that it was produced from.
- Report all fluid movements.
- Check surface casing vent for pressure or flow and report to Calgary if either condition is found. Complete the vent inspection report and forward with daily reports. Send the report to the superintendent in charge. **Assure that all required data is reported.**
- Check and record the casing pressure at the wellhead on every morning report.
- It is required by Husky to conduct a hazard assessment to identify existing or potential hazards at a work site before work begins. The person(s) conducting the hazard assessment should consider establishing a 5 meter equipment NO-GO zone around all surface facilities on location, including but not limited to the wellhead, heli-pad, pig senders, flow line risers, headers.

If equipment movement is required inside any established NO-GO zone, a hazard assessment that addresses procedures (e.g. physical barriers (fencing or cement bollards) or a sufficient number of spotters to maintain control of the equipment). the assessment should also address methods of implementation controls to mitigate the risk, and a tailgate safety meeting with all pertinent personnel must be conducted and documented prior to any equipment movement taking place inside the NO-GO zone.

The use of boundary markers to delineate No-Go zones is recommended wherever possible however one must assure that all hazardous zones are marked out on the location.

Note: If a NO-GO zone is not practical, an alternate method of control shall be implemented to ensure that there is no unintended contact with any facility on location.

- At the conclusion of operations, document and photograph all spills and/or stains on location after operations are complete.
- This is a NWT well, however maintain compliancy with AEUB Directive 33 and Husky policy which requires all operators to assess the Hazard of Air and Hydrocarbon Mixing (to cause a possible explosive atmosphere) in the Wellbore and Surface Facilities. Please conduct a Hazard assessment on all operations to determine the proper course of action to mitigate the risk air / hydrocarbon explosion.

The operator (supervisor) must have documented practices available at the well site for the safe management of the potential for explosive mixtures and ignition in wells and associated surface equipment, and the operator (supervisor) must ensure that all well site staff responsible for well control and blowout prevention understand these practices and know how to apply them.

Purpose:

To remove wellhead and cut and cap casing strings

SCOPE

- Remove wellhead
- Cut and cap casing strings as per attached procedure

OPERATIONAL PROCEDURE

1. Check surface casing vent for pressure or flow and report to Calgary if either condition is found. Complete the attached vent inspection report and forward with daily reports.
2. Remove wellhead
3. Cut off casing bowl, weld caps on casing strings as per attached procedure and install well sign.

Upon completion of fieldwork the completion foreman shall complete the following:

1. A complete lease clean up shall be conducted. All garbage shall be picked up from the lease, all surplus material shall be transferred to proper storage locations and all rental equipment shall be returned.
2. Prepare a complete set of downhole and wellhead diagrams showing all serial numbers, pressure ratings, sizes, setting depths, etc.
3. Ensure that all field-generated P.O.'s are filled out vendor's name and address, a brief description of the work performed and a rough estimate of the final expected costs involved.
4. Notify appropriate agencies that operations are complete.
5. Forward all paperwork, to Drilling and Completions in Calgary office

Emergency Preparedness Plan

1. A medic tent complete with ALS kit to be set up onsite for duration of operations.
2. A medic and a satellite telephone to be stationed onsite for duration of operations. The medic should be capable of administering stitches.
3. A minimum of 1 person onsite in addition to the medic is to have a standard first aid ticket.
4. Helicopter to be on site or in the near vicinity while workers are onsite. Radio contact to be maintained with the helicopter if it is offsite.
5. Medic to establish evacuation protocol with Norman Wells Medical Centre prior to commencement of operations. Minor injuries to be transported via helicopter to the medical centre. Major injuries to be transported to the KP-160 airstrip via helicopter and on to Yellow Knife via fixed wing aircraft.
6. All operations onsite will cease if the medic has to accompany an injured worker to medical assistance. All other workers will be evacuated with the first available helicopter.
7. Two environmental monitors (bear Watchers) complete with rifles and ammunition to be stationed onsite for duration of operations.
8. Helicopter pilot to constantly monitor weather conditions and operations will cease and the workers will be evacuated to Norman Wells if weather conditions show signs of deteriorating.
9. A head count to be established and maintained during operations.
10. Flight plan and estimated time of return must be on file with Sahtu Helicopters in Norman Wells.

EMERGENCY NUMBERS

HEALTH CENTER	867-587-3675	Norman Wells
HOSPITAL	867-669-4111	Stanton Territorial Hospital -Yellow Knife
AMBULANCE	867-873-2222	Yellow Knife
RCMP	867-587-1111	Norman Wells
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	D&C department fax	403-298-6001 (F)
Husky Oil-Calgary	Answering Service	403-298-6111 (24 hours)

Field Package

CONTENTS: (Well diagram, planned completion diagram, and correlating log in main program)

DISTRIBUTION

Original: Wellfile
cc: Mike Mackinnon
M. B. Muir
K. Richardson
Field Consultant

CONTACTS

Calgary Office: (403) 298-6001 Fax
(403) 750-1970 Alternate Fax

Kim Richardson (403) 298-7273 office
(403) 542-1059 cellular
(403) 249-1861 residence
kim.richardson@huskyenergy.ca Office E-mail
richkl@shaw.ca Home email

FINANCIAL ESTIMATES (To be included in the daily cost summary)

82534 Engineering and Design: 2% of AFE estimate cost (As of January 1, 2001)

83008 Administrative Overhead: Use 3% of the daily field estimate
(Workover actual is 3% of the first \$50K, 2% of the next \$100k and 1% of the remainder)



82229 Reporting system \$160/day

Husky Energy **Recommended Practice**

SURFACE ABANDONMENT

Document # R&R RP-02

Upstream Environment Reclamation & Remediation

Revision No.	Revision Date	Reason for Issue	Developed	Checked	Approved
		Original Issue _____ Annual Review _____			
Original Issue Date 2008-10-07	Review Cycle: Annually	Regulatory Change <u>x</u> _____ Other _____	Manager Reclamation & Remediation Jody Spady	Manager Reclamation & Remediation Jody Spady	HS&E Manager Lois Garrett

1.0 PURPOSE

- The completion of surface abandonment in accordance to regulatory guidelines, to facilitate reclamation and to reduce long term liability.
- Where petroleum and mineral rights expire, abandonments must be completed within a specified time frame and hence, cut and caps must be completed prior to the deadline to avoid non-compliance.

2.0 HAZARDS

- Potential H₂S concentration in the well bore is a health hazard.
- Potential gas migration or gas venting to surface may be cause for an explosion or a fire hazard (see Best Practice R&R-8.02, Gas Migration).
- The excavation around the wellhead is a confined space, unless otherwise constructed (see sections on Confined Space Entry and Safe Excavation).
- Excavation around the well bore has potential to impact underground lines and the potential to come in contact with contamination.
- Not cutting off the well bore at least one meter below final grade leaves the potential for damage by farm implements.

3.0 ENVIRONMENTAL IMPACT

- Improper gas migration procedures or equipment calibration problems can lead to false readings and a potential for undetected gas leaks (See R&R – RP-03)

4.0 PRACTICE

- Approval to cut and cap must be obtained from the Business Unit through the 'Recommend to Abandon' process (See Appendix A - Abandonment or Discontinuation Process and Responsibilities).
- Completions is responsible for confirming downhole operations are complete and successful, and hence written confirmation must be obtained from the corresponding Completion's Supervisor or Superintendent that the well is 'Ready to Cut and Cap'. See Appendix A

- **Prior to scheduling cut and cap operations, wellsite inspections must be performed to identify all remaining surface equipment/features, evaluate potential ground disturbance hazards, determine decommissioning requirements (i.e. pipeline abandonment/removal) and prepare cost estimates. Where any facilities remain other than a casing bowl, Operations shall be consulted and activities coordinated accordingly.**
- **All cut and cap operations must have on-site supervision and anyone involved in cut and cap operations must have gas detection equipment including personal H2S monitors.**
- Extra precaution must always be taken in sour gas fields. Always be aware of the sour gas potential in your respective areas and take appropriate precautions.
- Cut and cap operations should be performed in a timely manner following downhole abandonment (must be completed within 12 months in Alberta). However, it is recommended a minimum of 5 days should elapse after rig release prior to cut and cap to evaluate potential for leaks or gas migration (mandatory for dry holes in Alberta).
- Prior to cut/cap the surface-casing vent must be checked for a gas flow via a bubble test or pressure test. Ensure the surface-casing vent is free of any debris. If a positive bubble test exists **do not proceed with cut and cap**. Gas migration tests are mandatory for all wells in Saskatchewan and in the problem regions in Alberta (refer to R&R RP-03). **Whenever vent flows or gas migration is detected, contact the Completions or Abandonment Coordinator.**
- Ensure production casing is full of water or mud to surface prior to proceeding to ensure no gas pockets exist.
- **Where well heads are remaining, all valves must be checked for gas with LEL meters or bubble tests. Any closed valves must be pressure tested with a pressure gage. If there is any uncertainty, contact Completions and Operations for review prior to proceeding.**
- Ensure ground disturbance procedures have been completed prior to any excavation.
- Excavate around wellhead to a minimum depth of 2 m or according to final grade. Ensure a proper slope is maintained on the walls of the excavation as per OH&S guidelines. Any excavation deeper than 1.5 m (1.2 m in BC or Saskatchewan) must be sloped. Keep spoil piles 1 m from excavation. Minimum requirements for cut and cap are 1 m below final grade level and 2 m below grade within 15 km radius of urban areas or in areas with special farming practices (i.e. deep tillage, drainage works, peatlands). In certain areas such as muskeg, gravel pits, etc. a deeper excavation may be required.
- Ensure two safe means of egress out of the hole. In dry conditions ramps are acceptable, and in wet conditions tiered stairs are preferable. Anyone entering the excavation must have personal monitors with a minimum of H2S and Oxygen sensors. A harness may be used for the welder for an emergency evacuation.
- Remove and separate any contaminated material encountered during excavation around the well bore (see R&R RP-05).
- Check again for gas migration and LEL levels in the excavation.
- Ensure the welder and the backhoe operator each understands the procedures and responsibilities during the casing cutting operation.
- Attach the wellhead to the bucket of the backhoe using proper slings, lift the bucket and center over wellhead or if acceptable to the site supervisor refer to the documented welder's

best practice. The casing may be tied back to prevent the wellhead and stub from flipping after it is cut. **If gas is detected do not proceed with cut and cap.**

- Remove and collect any fluid contained in the surface casing by drilling a small hole in the surface casing at final cut depth.
- Cut two or three windows in the surface casing just below the surface-casing bowl. Leave as much pipe as possible to support wellhead and production casing and allowing sufficient room to cut production casing. Remove windows from casing by prying and pulling out. Ensure welder stands to side and tests holes with torch before proceeding. **Caution must be used to ensure enough support is left in surface casing to support weight of wellhead, production casing and any tension left in casing when slips were set.**
- Reach in windows with cutting torch only and cut off production casing. Ensure the welder is prepared for the production casing to break and drop as he cuts the casing.
- Cut the surface casing at final cut depth 2 m below final grade level.
- In Saskatchewan trim the surface casing 2-5 cm below the production casing stub.
- Displace any fluid to allow for welding of caps. Validate if weighted inhibitor is required.
- BC regulations require a 3 m cement plug be set at surface prior to welding on caps. A well identification sign must be welded to casing stub and stand 2 m above ground level on all BC crown lands.
- In Alberta, refer to section 6.0 of this document.
- In Saskatchewan, weld a steel donut between the production and surface casing and weld a steel cap over the production casing. Trim the surface casing 2-5 cm below the production casing stub.
- Weld lease identification to top plate with either the LSD or NTS description of the wellsite.
- Measure and record depth that casing stub is from surface.
- Photograph the top plate for the well file.
- Back fill excavation. Use clean fill to replace any contaminated soil removed.
- Forward all information to Surface Abandonment Administrator for distribution. A Well Abandonment Notification Form (WR-4 in Alberta) will then be completed.

5.0 REFERENCES

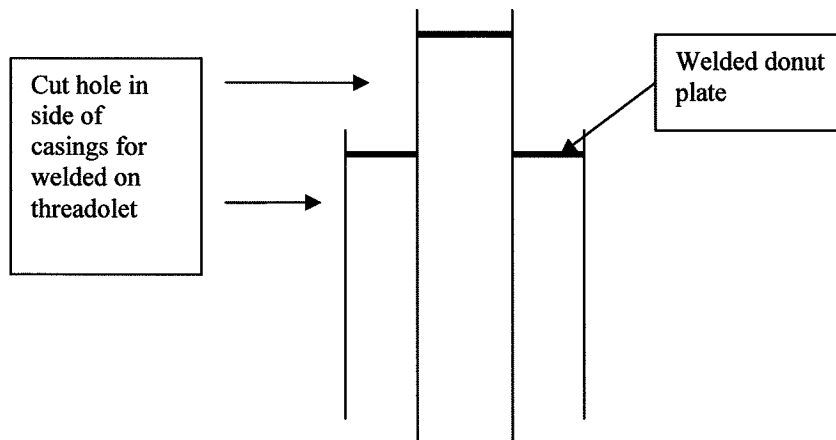
- ERCB Directive 20 Well Abandonment Guide
- ERCB Surface Casing Vent Flow/Gas Migration Data Sheet
- ERCB How to Test for Surface Casing Vent Flow and Gas Migration
- ERCB Form WR-4 Well Abandonment Notification
- ERCB ID 95-1 Surface Casing Vent Flow/Gas Migration Requirements
- C&R/IL/00-01 Sample Abandonment Letter for Wellsites
- SIR 130 Applications Form
- Alberta Regulation 173 (e)
- British Columbia Regulation 20.90
- Oil and Gas Conservation Regulations, 1985, R.R.S.c.)-2 Reg.1 (37a,b,c,d,e,f,g,h,i)
- British Columbia Regulation 336/91.5.48 (3) (e)

6.0

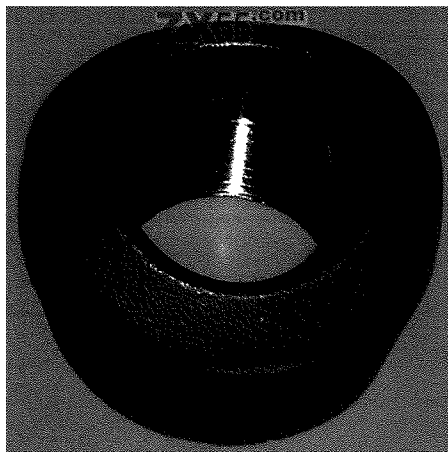
Attachment A. INTERIM CUT AND CAP PROCEDURES FOR ALBERTA

With the current changes to Directive 20 – Well Abandonment Guide regarding cutting and capping requirements, specifically the vented cap versus the sealed cap; the following guidelines have been developed to bring Husky into compliance with the regulation.

As per the diagram below, Husky will be adopting a wedding cake style with a threadolet welded to the outside of each casing string. The donut to be welded between the production and the surface casing strings must be conducted as a heat treated weld.



Sample threadolet

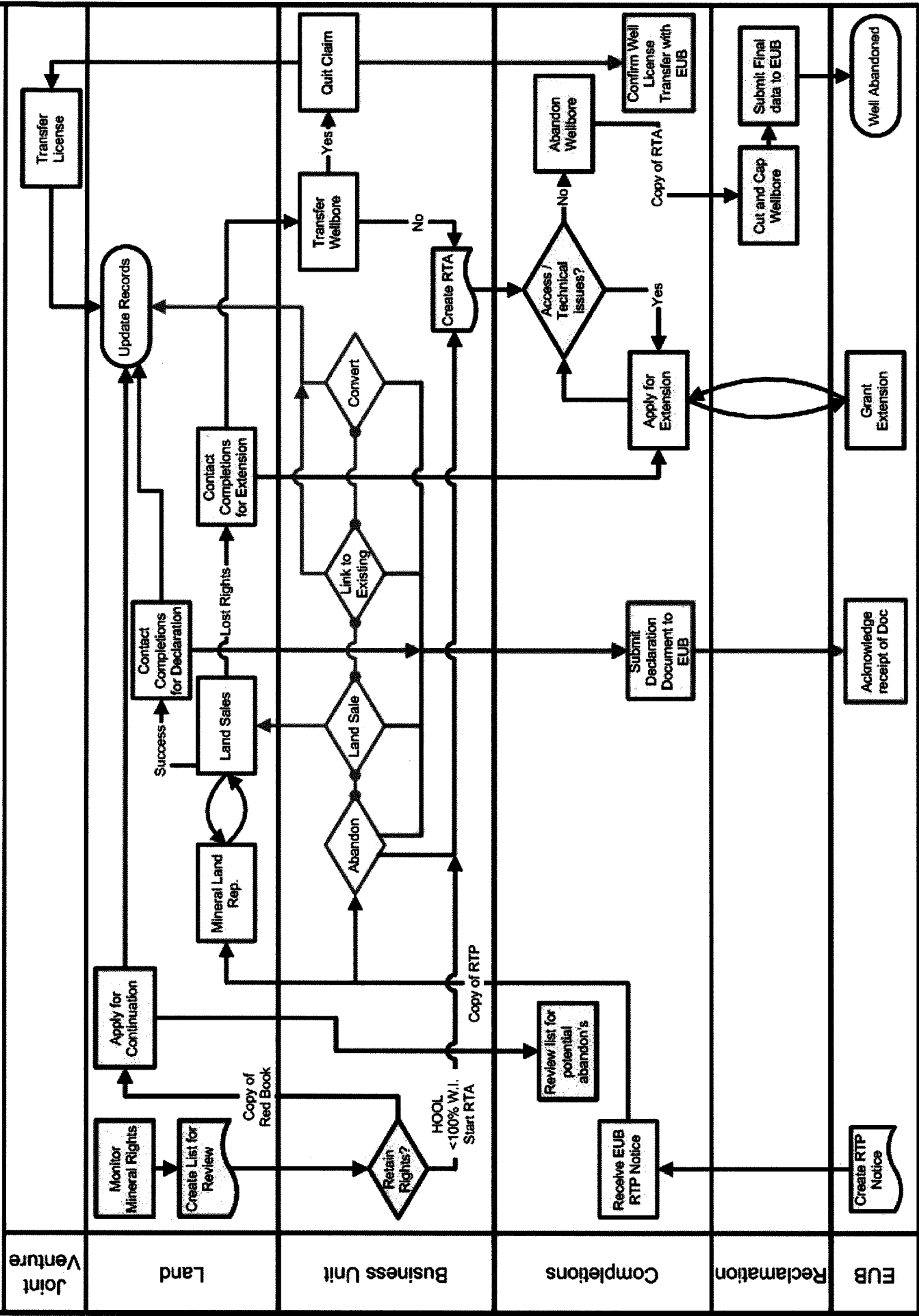


Type: Threadolet
NPS: 3/4"
Grade: 316 / 316L
Pressure: 3000 LB

This option will allow for installation of a plug should pressure be found leaking from the wellbore, and an easier re-entry. Once the threadolet has been welded in place, a threaded plug with a hole drilled through it should be threaded in place in an attempt to avoid debris from entering the wellbore.



RTP Process	
Joint Venture	<p>Transfer License</p> <p>Update Records</p>
Land	<p>Monitor Mineral Rights</p> <p>Create List for Review</p> <p>Copy of Red Book</p> <p>Mineral Land Rep.</p> <p>Land Sales</p> <p>Success</p> <p>Contact Completions for Declaration</p> <p>Contact Completions for Extension</p> <p>Lost Rights</p>
Business Unit	<p>Retain Rights?</p> <p>HOOL <100% W.I.</p> <p>Start RTA</p> <p>Abandon</p> <p>Land Sale</p> <p>Link to Existing</p> <p>Convert</p> <p>Transfer Wellbore</p> <p>Yes</p> <p>Quit Claim</p> <p>Create RTA</p>
Completions	<p>Review list for potential abandon's</p> <p>Copy of RTP</p> <p>Access / Technical Issues?</p> <p>Abandon Wellbore</p> <p>Confirm Well License Transfer with EUB</p> <p>Copy of RTA</p> <p>Apply for Extension</p>
Reclamation	<p>Submit Declaration Document to EUB</p> <p>Grant Extension</p> <p>Submit Final data to EUB</p> <p>Cut and Cap Wellbore</p>
EUB	<p>Receive RTP Notice</p> <p>Create RTP Notice</p> <p>Acknowledge receipt of Doc</p> <p>Well Abandoned</p>



Task	Mineral Land	Business Unit	Completions	Reclamation	Joint Venture
Monitor Mineral Rights	- At a set interval, send a list of upcoming mineral lease expiries to BU				
Decision to Retain Rights	- Receive copy of "Red Book"	- Discuss and sign off on decision to apply for continuation, - If well not eligible, start RTA Process			
Apply for Continuation	- Apply for continuations as per the "Red Book"				
Review Red Book	- Send list of non-continued wells to Completions		- Review list of wells as possible abandonment candidates		
Letter from EUB for RTP Expiry	- Rep to review letter for possible Sale opportunities	- Review letter and start discussion to Abandon, Sell, Link, or Convert well	- Receive Letter notifying Husky of Well that has Expired - Send request for action, notice & copy of letter to: - Geologist - Completions Superintendent - Mineral Land Rep - Prod & Expl Engineers - BU Asset Manager		
Decision to Abandon		- Reply to Completions request for decision (within 30 days) - Start RTA process	- Submit Declaration Document to EUB with decision to Abandon		
Abandon Well			- Receive RTA from BU - Check History and Access - Apply to EUB for Extensions - Create Cost Estimate & Program - Complete DH work - Complete Well Licence - Abandonment Report - Contact Recl. Dept for Cut & Cap	- Receive copy of RTA - Complete Cut and Cap work - Submit data to EUB (Stop)	
Decision to Link to Existing Lease		- Reply to Completions request for decision (within 30 days) - Supply Existing Mineral Agreement Number	- Submit Declaration Document to EUB and Alberta Energy with decision to Link well to Existing Mineral Agreement Number - Receive Confirmation (Stop)		
Decision to Convert to Disposal		- Reply to Completions request for decision (within 30 days) - Supply Needed paperwork for Well Conversion	- Submit Declaration Document to EUB with decision to Convert well using EUB agreement number - Confirm Well Status change (Stop)		

Task	Mineral Land	Business Unit	Completions	Reclamation	Joint Venture
Decision to Sell Mineral Rights (Land Sale)	<ul style="list-style-type: none"> - Assist BU in verifying working interests and rights 	<ul style="list-style-type: none"> - Reply to Completions request for decision (within 30 days) - Request land sale posting from Mineral Land - Supply Land Sale Date & confirmation to Completions 	<ul style="list-style-type: none"> - Submit Declaration Document to EUB with decision to Sell Rights 		
Land Sale	<ul style="list-style-type: none"> - Post Lands for sale - Track Sales Results 				
Success at Sale	<ul style="list-style-type: none"> - Provide Completions with new Mineral Agreement Number 		<ul style="list-style-type: none"> - Request Land Sale results and new Mineral Agreement Numbers - Submit New Declaration Document to EUB and Alberta Energy with New Mineral Agreement Number for relinking - Receive confirmation (Stop) - Request list of Lost Rights 		
Lost rights at Sale	<ul style="list-style-type: none"> - Provide Completions with list of Lost rights 	<ul style="list-style-type: none"> - Attempt to Transfer Wellbore to company that bought rights - If transfer, complete Quit Claim - If no transfer, start RTA 	<ul style="list-style-type: none"> - Apply for Extension (within 48hrs from Sale) to transfer or abandon well - If transfer, Confirm Well License Transfer with EUB (Stop) - If no transfer, Complete Abandonment process as above 	<ul style="list-style-type: none"> - Submit final EUB abandonment data (Stop) 	<ul style="list-style-type: none"> - Transfer License for Quit Claim well