

News Release

Calgary – July 26, 2001 – For Immediate Release

CNOOC AND HUSKY SIGN WENCHANG 39-05 PETROLEUM CONTRACT

Husky Oil China Ltd., a subsidiary of Husky Energy Inc., announced today the signing of Wenchang 39-05 Petroleum Contract and Participation Agreement with the China National Offshore Oil Corporation (CNOOC).

Husky, as operator, has undertaken to drill three exploration wells over a seven-year period. CNOOC has the right to participate in development programs with a 51% interest, while Husky would have the remaining 49% interest.

“This project is consistent with Husky’s upstream strategy,” said John C.S. Lau, President & CEO of Husky Energy Inc. “Our upstream projects reflect a diverse, high quality asset base providing strong production and reserves growth. This exploration block, with contiguous discoveries, will provide an excellent opportunity to grow our offshore production, following successful development of the Wenchang 13-1 and 13-2 fields.”

The Wenchang 39-05 block comprises an area of approximately 5,700 sq. km containing numerous exploratory prospects. The 39-05 block has been covered with extensive 3-D seismic and Husky, as operator, will commence exploration operations in 2002.

The Wenchang 39-05 block is contiguous with additional, unappraised oil discoveries made by CNOOC for which Husky has obtained an exclusive right to participate in development. These discoveries will be appraised with a view to tie them into the Wenchang 13-1 and 13-2 field development now in progress. Husky holds a 40% interest in the CNOOC operated Wenchang 13-1 and 13-2 field development which is expected to come on stream during the first half of 2002.

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

For background information and a map, please visit: <http://www.huskyenergy.ca/news/releases/Wenchang3.pdf>

-30-

For more information contact:

Rick Alexander
Vice President, Investor Relations
(403) 298 6952

Michael Lawrence
Manager, Corporate Communications
(403) 298-6587