

## **Husky Energy Unveils Carbon Capture and Enhanced Oil Recovery Initiative**

**Lloydminster, Saskatchewan (May 17, 2012)** – Husky Energy unveiled its carbon dioxide (CO<sub>2</sub>) capture and liquefaction project in Lloydminster, a facility that allows the Company to recover more oil from existing fields while reducing emissions at its ethanol plant.

“This remarkable project gives us two bangs for the same buck,” CEO Asim Ghosh said of the technology. In addition to enhanced oil recovery and reduced emissions, the project demonstrates Husky’s commitment to its business foundations.

“The CO<sub>2</sub> Capture and Liquefaction project represents how we are capturing full value from our facilities, and how we’re using technology to improve our performance,” Ghosh said.

The facility, which began operating in mid-March, converts approximately 250 tonnes of CO<sub>2</sub> produced by the ethanol plant each day into a high-pressure liquid. CO<sub>2</sub> is a byproduct of the plant’s fermentation process, where more than 350,000 tonnes of non-food quality grain and corn is used to produce approximately 130 million litres of ethanol per year.

The liquid CO<sub>2</sub> is then stored on site in three 900,000-gallon bullets – each holding one day’s worth of production – until it is transferred to the heavy oil fields by tanker trucks. Once there, the CO<sub>2</sub> is vaporized and injected into reservoirs to make the oil easier to extract. The application offers the potential to sustain Husky’s heavy oil production in the area for many years.

Husky received \$14.5 million from the federal government’s ecoENERGY Technology Initiative to develop and demonstrate carbon capture and storage technologies, one of eight companies in Western Canada to obtain funding. As well, the Saskatchewan government has provided funding for the field piloting program through its Petroleum Research Incentive Program.

Husky is Western Canada’s largest producer of ethanol and a pioneer in marketing ethanol-blended fuels. The Company is transforming its heavy oil foundation business toward more long-life thermal projects and horizontal drilling, reinforcing its position as a leading Canadian heavy oil producer.