



File: OA-1402-003

12 February 2013

██████████  
Vice President Exploration & Production Services  
Husky Oil Operations Limited  
707 - 8th Avenue SW  
Box 6525, Station D  
Calgary AB  
T2P 3G7

Dear ██████████:

**Operations Authorization OA-1204-003 - Issuance of Safety Order NO. 2013-001**

The *Canada Oil and Gas Operations Act* (COGOA), the *Canada Labour Code* (CLC) and the regulations promulgated under them establish the duties of an operator to ensure the health and safety of personnel while undertaking an authorized activity.

Subsection 5(1) and section 18 of the *Canada Oil and Gas Drilling and Production Regulations* (COGDR) require the development and implementation of effective management systems. Section 19 explicitly requires the operator to take all reasonable precautions to ensure safety and environmental protection.

Husky Oil Operations Limited (Husky), in conducting activities pursuant to Operations Authorization OA-1204-003 (Authorization), is subject to these requirements and the conditions attached to the Authorization. Condition 5 states:

5. Husky shall complete a camp inspection and ensure that the camp is fit for habitation. Applicable permitting (food permit handling/fire inspection) documents are to be readily available/posted on location prior to well re-entry.

Further, associated with the Authorization is a signed declaration provided by Husky pursuant to subsection 5.11(1) of COGOA that all equipment and installations are fit for purpose, that operating procedures are appropriate, that personnel are qualified and competent and that Husky will ensure these continue to be so for the duration of the authorized activity (Declaration).

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A site inspection conducted by NEB Safety Officers on 31 January 2013 of camps, installations and facilities associated with the Husky Little Bear N-09 well (WID # 2076) and Husky Little Bear H-64 well (WID # 2077) as detailed in the inspection summary report (activity number 1213-375), revealed significant deficiencies within the accommodations and kitchen areas that could affect the health and safety of personnel and erode the integrity of the accommodations area as a safe refuge. In this instance, deficiencies were of such a nature that NEB inspection staff remained on the site until the appropriate actions were taken to restore a level of safety sufficient to permit continued operations of the accommodation and kitchen facilities.

On 29 January 2013, the loss of consciousness and subsequent fall of a water truck operator resulted in a lost time injury. Husky did not report the incident to the NEB until 6 February 2013. Details of the incident are outlined in preliminary incident report 2013-020.

On 6 February 2013 a missing piece of equipment and an unsafe procedure led to the occurrence of a flash fire. Details of this incident are outlined in preliminary incident report 2013-021.

A review of the inspection summary report and recent incident reports indicate that Husky is failing to ensure the safety of personnel and point to management system failures, lack of management control over the operation and contravention of the signed Declaration. This situation is unacceptable.

By way of Safety Order 2013 – 001 issued by the Chief Safety Officer, Husky is required to submit on or before 19 February 2013 a written plan indicating the measures, actions, commitments and schedule it will undertake to ensure safety and bring all facilities, activities and operations into compliance with the Authorization, the Declaration and the regulatory requirements under COGOA and the CLC. Until such time as the plan is declared acceptable to the Chief Safety Officer, Husky is required to safely shut in and isolate the Husky Little Bear N-09 (WID # 2076) and Husky Little Bear H-64 (WID # 2077) wells from any surface, open or down hole activities.

Signed,

A handwritten signature in blue ink, appearing to read "Brian Nesbitt". The signature is fluid and cursive, with a large initial "B" and "N".

Brian Nesbitt  
Chief Safety Officer

cc. [REDACTED]  
Senior Vice President, Exploration, Husky



**NOTICE OF SAFETY ORDER NO. 2013 - 001**

**IN THE MATTER OF THE CANADA OIL AND GAS OPERATIONS ACT  
AN ORDER TO THE COMPANY UNDER SUBSECTION 58(1)**

Husky Oil Operations Limited (Husky)

is a company subject to the *Canada Oil and Gas Operations Act* (COGOA).

The undersigned National Energy Board (NEB) Chief Safety Officer completed a review of the inspection summary report activity number 1213-375 conducted on 31 January 2013 and preliminary incident reports 2013-020 and 2013-021 associated with Operations Authorization OA-1204-003 (Authorization).

The review was a part of the National Energy Board's:

regular inspection program       accident investigation       other

The Chief Safety Officer considers that continuation of an operation in relation to:

exploration                               drilling                               transportation  
 production                               conservation                       construction

for oil or gas is likely to result in serious bodily injury.

Description: The inspections conducted by NEB safety officers on 31 January 2013 of camps, installations and facilities associated with the Husky Little Bear N-09 well (WID # 2076) and Husky Little Bear H-64 well (WID # 2077) as detailed in the inspection summary report, revealed significant deficiencies within the accommodations and kitchen areas that could affect the health and safety of personnel and erode the integrity of the accommodations area as a safe refuge. In this instance, deficiencies were of such a nature that NEB inspection staff remained on the site until appropriate actions were taken to restore a level of safety sufficient to permit continued operations of the accommodation and kitchen facilities.

On 29 January 2013, the loss of consciousness and subsequent fall of a water truck operator resulted in a lost time injury. Husky did not report the incident to the NEB until 6 February 2013. Details of the incident are outlined in preliminary incident report 2013-020.

On 6 February 2013 a missing piece of equipment and an unsafe procedure led to the occurrence of a flash fire. Details of this incident are outlined in incident report 2013-021.

The inspection summary and preliminary incident reports:

- indicate that Husky is failing to ensure the safety of personnel pursuant to section 19 the *Canada Oil and Gas Drilling and Production Regulations*;
- evidence management system failures and lack of management control over the safety of the operation in contravention of subsection 5(1) and section 18 of the *Canada Oil and Gas Drilling and Production Regulations*; and
- show that Husky has acted contrary to the signed Declaration it provided pursuant to subsection 5.11(1) of COGOA (Declaration).

**Therefore, Husky Oil Operations Limited is HEREBY ORDERED, pursuant to subsection 58(1) of the *Canada Oil and Gas Operations Act*, to:**

- (1) Immediately bring the Husky Little Bear N-09 well (WID # 2076) and Husky Little Bear H-64 well (WID # 2077) to a safe condition, shut in and isolate the wells from any surface, open or down hole operation; and**
- (2) Affix a copy of this Order at or near the scene of the well operations and within the accommodations installations.**

Continue the Order in accordance with the following terms:

- (1) Submit to the NEB on or before 19 February 2013 a written plan indicating the measures, actions, commitments and schedule Husky will undertake to ensure safety and bring all facilities, activities and operations into compliance with the Authorization, the Declaration and the regulatory requirements under the COGOA and the *Canada Labour Code*; and
- (2) Until such time as the plan is declared acceptable by the Chief Safety Officer, the wells associated with the Authorization are to remain shut in and isolated.

**For your information, section 58 of the COGOA reads:**

58. (1) Where a Safety officer or the Chief Safety Officer, on reasonable grounds, is of the opinion that continuation of the operation in relation to the exploration or drilling for or the production, conservation, processing of an operation of oil or gas in any area to which this Act applies is likely to result in serious bodily injury, the Safety officer or Chief Safety Officer as the case may be, may order that the operation cease or be continued only in accordance with the terms of the order.

(2) The Safety Officer or Chief Safety Officer who makes an order under subsection (1) shall affix at or near the scene of the operation a notice of the order in a form approved by the National Energy Board.

(3) An order made by a safety officer under subsection (1) expires seventy-two hours after it is made unless it is confirmed before that time by order of the Chief Safety Officer.

(4) A safety officer who makes an order under subsection (1) shall immediately so advise the Chief Safety Officer, and the Chief Safety Officer may modify or revoke the order.

(5) A person carrying out an operation to which an order under subsection (1) makes reference, or any person having a pecuniary interest in that operation, may, by notice in writing, request the Chief Safety Officer to refer the order to the National Energy Board to review the need for the order under section 28.6 of the National Energy Board Act and, on receiving the notice, the Chief Safety Officer shall refer the order accordingly.

(6) No person shall continue an operation in respect of which an order has been made pursuant to this section, except in accordance with the terms of the order or until the order has been set aside by the National Energy Board pursuant to section 28.6 of the National Energy Board Act.

**TAKE NOTICE THAT** failure to comply with an order made by a Safety Officer or Chief Safety Officer is an offence punishable on summary conviction or indictment.

**FURTHER THAT NOTICE THAT** under subsection 58(5) of the *Canada Oil and Gas Operations Act*, a person carrying out an operation to which an order makes reference, or any person having a pecuniary interest in that operation, may, by notice in writing, request the Chief Safety Officer to refer the Order to the National Energy Board to review the need for the Order under section 28(6) of the *National Energy Board Act* and, on receiving the notice, the Chief Safety Officer shall refer the Order accordingly.

**HOWEVER**, no person shall continue an operation in respect of which an Order has been made except in accordance with the terms of the Order or until the order has been set aside by the National Energy Board.

Issued at Calgary this 12th day of February 2013.

To:

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Vice President Exploration & Production Services  
Husky Oil Operations Limited  
707 - 8th Avenue SW  
Box 6525, Station D  
Calgary AB T2P 3G7

Signed by: Brian Nesbitt  
Chief Safety Officer:  
National Energy Board  
Officer ID No. 995

