

SCHEDULE 1
SCOPE OF SERVICES

1.0 General Information

1.1 Project Overview

Headquartered in Calgary, Alberta, Canada, Husky Oil Operations Limited (the “Operator”) is a Canadian-based integrated energy company serving global customers, committed to maximizing returns to its shareholders in an ethical and socially responsible way, through the dedicated efforts of its people. It is involved in:

- Exploration and development of crude oil and natural gas
- Production, purchase, transportation, refining and marketing of crude oil, natural gas and natural gas liquids and sulfur
- Transportation and marketing of refined products

A more detailed Operator profile is available on request. The Operator is the management and operating company for the Operator’s five Significant Discovery Areas (SDA) and five Exploration Licenses, offshore Newfoundland. The White Rose field, the largest of the Operator’s SDA’s, is estimated to contain approximately 230 million barrels of recoverable reserves.

East Coast operations are managed from the local offices of the Operator and will be supported using established logistics infrastructure and resources in St John’s, Newfoundland and Labrador.

Consistent with the legislative requirements of the Canada Newfoundland Atlantic Accord Implementation Acts, the Operator is committed to enhancing the business opportunities for Canada and Newfoundland.

Consequently, Contractor is encouraged to utilize the services of Newfoundland and other Canadian companies and Personnel wherever possible.

1.2 Project Objectives

The long-term goals of the Operator, to be supported by Contractor, are:

- Execute a cost-effective program, while maintaining health, safety and environmental responsibilities and meeting all due diligence requirements.
- Minimize and phase capital expenditure.
- Re-establish and maintain cost-effective relationships with suppliers and contractors, creating long term mutual benefits and a local infrastructure.
- Effectively conduct core business activities.
- Optimize synergy opportunities with other operators in the area.

- Conduct operations with a moderate, cost effective, risk profile.

1.3 General Conditions

Contractor shall:

- a) work strictly in accordance with and at all times comply with all relevant provincial and federal regulations, codes and standards and authorities appropriate to the Scope of Services,
- b) ensure that good, safe working practices are followed at all times and shall promote safety throughout its operations by an active participative program of which it shall keep Operator fully informed at all times,
- c) provide management, supervision, Personnel, plant, equipment, property resources and all other things material and physical as are necessary to carry out all activities herein and in accordance with the provision of the contract in every respect,
- d) be utilized and deployed to Operator's best economic and operational advantage at all times,
- e) ensure that all appropriate certification and maintenance records shall accompany all Contractor's equipment. Appropriate certification is to be maintained at all times,
- f) provide, and continue to seek to provide and engage Personnel demonstrably competent qualified and experienced, for all Services being delivered by Contractor,
- g) ensure that the Services are provided at all times in accordance with the more stringent of Operator policy and procedures or best oil industry practices,
- h) provide, and continue to seek to provide and engage Personnel demonstrably competent qualified and experienced, for all Services being delivered by Contractor,
- i) ensure that Contractor offshore Personnel shall have all requisite training before being deployed offshore, including Basic Survival Training, and shall be medically certified by a medical services provider that is approved by Operator,
- j) ensure that its offshore Personnel are provided with and use personal protective equipment such as, but not limited to, hard-hats, high visibility protective clothing, gloves, safety boots, goggles etc. at all times in the performance of the Services,
- k) provide specialist onshore or offshore contract Personnel or other related ad hoc or other specialist services not specifically defined in this Scope of Services but considered to be within the general expertise of Contractor, its parent or associate companies; and
- l) comply with any reasonable instruction issued by Operator during, or in connection with, the performance of the Services, but this shall in no way relieve Contractor of its responsibilities and obligations hereunder.

Operator reserves the right to reject any Contractor's Personnel that Operator considers unsuitable. Contractor must provide qualified replacements at no additional cost to Operator.

Contractor, its subcontractors and suppliers and any other person for which Contractor is responsible, shall be required to act as good corporate citizens during the term of any Agreement, particularly with regard to the communities in which the Services are carried out.

Contractor shall be cognizant, at all times, of the importance of maintaining good community relations, particularly in the areas and in the vicinity of locations of the Services. To this end, Contractor shall be required to establish, and thereafter implement, the policies and procedures necessary to maintain good community relations.

2.0 General Scope of Services

- 2.1 Contractor shall provide helicopter survival suits and suit services to Operator for all Operator installations. Operator, at present, requires service for the Mobile Offshore Drilling Unit (MODU) GSF Grand Banks and the Sea Rose FPSO. Should Operator add additional MODUs, FPSOs, construction vessels or other offshore drilling/production facilities, Contractor's scope of work will include the provision of suits and the associated services to these facilities.
- 2.2 All services provided by Contractor shall be coordinated by Operator's Helicopter Services Provider, Cougar Helicopters. Operator shall share a common pool of suits, provided by Contractor, with both Hibernia Management and Development Company and Petro-Canada.

3.0 Helicopter Suit Supply

- 3.1 Contractor shall supply the Nautilus E452 Suit System for use by Operator's personnel.
- 3.2 Contractor shall initially provide an approved quantity of suits to support Operator's offshore operations. If POB levels decline, the number of suits required by Operator shall also decline accordingly. Contractor shall work with Operator to find an alternate use for suits that are no longer required by Operator. The approved quantity shall then be adjusted.
- 3.3 For adhoc suit requirements, above the regular quantities specified, Contractor shall ensure that there are sufficient quantities available for adhoc usage to ensure uninterrupted operations at Operator's offshore installations. Contractor shall have, at a minimum, adhoc suits available for use by all basin Operators. If additional suit quantities beyond the specified adhoc requirement are required, lead times for suit delivery shall be agreed between Operator and Contractor.

4.0 Personal Locator Beacons (PLBs)

- 4.1 Contractor shall supply the Sea Marshall 121.5 PLB, complete with Transport Canada approval, to support Operator's offshore operations.
- 4.2 PLBs will be fastened/placed on all survival suits in use.
- 4.3 Ninety (90) PLB units shall be supplied.

5.0 Helicopter Underwater Emergency Breathing Apparatus (HUEBA)

- 5.1 Contractor shall supply the Aqua Lung SEA LV-2 compressed air system to support Operator's offshore operations.
- 5.2 Sixty (60) HUEBA units shall be supplied.

6.0 Support Services

- 6.1 Contractor shall deliver suits, PLBs and HUEBA units to and from the heliport. After each return use, Contractor shall take suit liners to Contractor's facility for washing. Contractor shall also ensure that suits are cleaned, repaired and leak tested as per established standards.
- 6.2 Contractor shall supply a digital video explaining the safety features of the suit, as well as the donning procedure. This video must be digital and Operator shall have the ability to incorporate it into Operator's offshore helicopter safety video.
- 6.3 Contractor shall maintain at all times Transport Canada certification for the Nautilus E452 Suit System. Certification must meet the current Transport Canada Aviation suit standard CAN/CGSB 65.17-1999 and current Transport Canada Marine abandonment suit standard CAN/CGSB 65.16.2005.
- 6.4 Contractor shall train Operator's helicopter services provider on the process for daily inspection of suits.
- 6.5 Contractor shall work with Operator and Operator's helicopter services provider to develop and implement a transition plan from the suits currently being used to the Nautilus E452 suit.
- 6.6 Contractor shall consult with Operator representatives and Operator's helicopter services provider for recommendations on appropriate levels of suit sizes.
- 6.7 Contractor shall maintain adequate records of the repairs and maintenance performed on all items, as well as the certifications conducted on each component of the helicopter passenger suit system. Contractor may be requested from time to time to demonstrate or give proof of such records.
- 6.8 Contractor shall, when requested, supply documentation on the procedure used for tracking and quality assurance.

6.9 Contractor shall perform all inspections and maintenance on PLBs. Contractor shall also ensure that personnel have the required training to perform daily checks as well as proper handling of units.

6.10 Contractor shall service HUEBA units as follows:

- Maintain and refill units when necessary.
- Ensure personnel have the required training to perform daily checks as well as proper handling of the units.

6.11 Contractor shall have a maintenance facility in Newfoundland and Labrador to conduct suit/equipment inspection and maintenance. Such facilities must meet all industry standards.

7.0 Specification Sheets and Certificates for Nautilus E452 Suit

7.1 The following documents are attachments to this scope of work:

- Nautilus E452 General Information
- Pictures of E452 Suit
- Transport Canada Aviation Approval Certificate
- Transport Canada Marine Approval Certificate