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Corridor's Safety Slogan

"At work, rest and play: safety first every day."

Community Liaison Committee

The Community Liaison Committee held the first meeting for 2011 on January 19. There were two Corridor representatives, three community members and three guests from the community in attendance.

Updates were given on Production, Drilling, Health Safety and Environment (HSE) and Sponsorship.

The Committee was made aware of the Shale Gas Information Session that was

scheduled for January 29 at the Sussex Legion.

There were no outstanding Action Items from the last meeting or new issues discussed.

The next meeting will take place on Tuesday, April 12, 2011, at 7:00 pm at the Penobsquis WI Hall. If you have any questions or would like to receive a copy of the minutes, please contact Nancy Secord at 433-3066.

Sponsorship Update

Corridor received seven sponsorship requests from Penobsquis and the surrounding areas since the last newsletter. Sponsorship funding was awarded to the following organizations: Penobsquis Volunteer Fire Department; Sussex Rangers Atom A Hockey Team; Sussex and District Female Hockey Team; Sussex McGinney's Moose Lights Hockey Team; Penobsquis Women's Institute; and CJCW (Curl for a Cause).

Requests are still under review from the following organizations: the Sussex Junior Boy's Golf Team; Canadian Forestry Association of New Brunswick; Sussex Corner Elementary; and Ducks Unlimited.



Doug Bailey, Production Operations Manager, presents Beth Aiton, Secretary/Treasurer of the Penobsquis Women's Institute with a cheque for upgrades to the WI Hall.

Seismic Activity Update

Corridor is currently working through the government approval process for an application to collect seismic data in the Cornhill area. The current plan is to complete this work in mid- to late-spring, 2011. A seismic program is conducted in six phases (land permitting, land surveying, line cutting, drilling, recording and line clean-up). A summary of each of the phases of work is provided below.

- 1) The **land permitting** phase involves working with landowners to obtain permission to work on private land and obtaining the required regulatory approvals from government to conduct the work. Once the government approvals and landowner permissions have been obtained, the land surveying phase can begin.
- 2) **Land surveying** for seismic involves the use of GPS instruments to locate the seismic line on the ground. Corridor work crews will actively work with landowners to locate the seismic line on their property to ensure that a mutually acceptable location for the line is identified.
- 3) **Line clearing** is required wherever the seismic line is located in forested areas. Corridor prefers to use a method called 'avoidance cutting'. In this method, large trees are avoided where possible and the seismic line meanders through the woods. The seismic line is cleared either by chainsaws or mulching machines. Mulchers are preferred, as they produce a narrow, even trail easily traveled by crews and seismic equipment.
- 4) The next phase of the work is **source point drilling**. Small tracked drills are used to drill a hole about 3 inches in diameter and about 30 feet deep. The tracked drilling units are about the size of a large pick-up truck. The tracks are wide and composed of rubber to minimize ground and soil disturbance. A small explosive charge is placed at the bottom of the drilled hole and the hole is packed with drill cuttings. This is called a source point. The source points are placed about 60 m apart, and no source points will be located within 180 m (590 feet) of a water well or foundation.
- 5) The **recording** phase involves placing sensors called geophones on the ground. The geophones are connected by wires to a recording truck where a computer is used to store the seismic information. The source points are detonated one at a time. The sound energy from the detonation reflects off the rock layers below the surface. The reflected sound energy is detected by the geophones and this information is stored in a computer.
- 6) After the recording phase, all of the seismic equipment and survey markers are removed in the **clean-up** phase. Corridor's goal is to ensure that the seismic line is clean and that the trail is returned as much as possible to its natural state.

After the seismic data are recorded and stored on seismic data tapes, the raw data are sent to a seismic processing facility, generally in Calgary, where final processed cross section diagrams are produced. A geophysicist then studies the seismic cross section diagrams to map rock layers and irregularities deep in the Earth to predict where oil or gas may be trapped in sufficient quantities for further exploration.

Although government and university geologists have compiled a significant amount of information about the geology of the Cornhill area through the study of surface outcrops of rocks, much remains unknown about the rocks deep within the Earth. Corridor may, or may not, find geological formations of interest in the Cornhill area upon completion of the seismic program. It is important to remember that seismic is exploration, and it is difficult to predict what you will find when you explore.

Drilling and Completions Update

Drilling

There are no drilling plans for the early part of 2011. The Nabors Drilling Rig #58 is still racked at a secure site for storage. Corridor is working on plans to drill the Sally's Brook well which will be a shallow wildcat exploration well located near the Lewiston Road north of McCully and west of Cornhill. This shallow well will test the geological structures in the local area and is planned to be decommissioned as soon as drilling is completed. The well will be logged with wire line tools and possibly cored to recover samples of the rock. Once this evaluation is complete, the well will be decommissioned according to Provincial Guidelines. In simplis-

tic terms, decommissioning involves placing cement in the well, cutting the pipe several metres below ground level and returning the site as much as possible to its natural state. There is no fracking planned for this well, as it is not necessary for achieving the objective of this stratigraphic test. The expected commencement date for drilling has not been determined. This well will likely be drilled with the small Nabors Rig #112 that was used by Corridor on Anticosti Island and by Contact in the Hillsboro area in 2010. Any additional drilling plans for the Penobsquis area will be communicated in future newsletters.

Completions

There will be ongoing well testing activities on the G-36 oil well (Landry well pad) for the months of February and March to further evaluate the potential of this oil discovery made in 2009. As well, there will be other small workover activities taking place periodically across the McCully field over the next few months. Most of these activities will be short in duration with minimal flaring.

Production Operations Update

Plant and Field Operations

Production Operations remain normal. The gas plant expansion, that included the addition of a new Inlet Separator and Process Booster Compressor, has been in full operation since October 2010. Minor clean-up items, such as permanent walkways, etc., are scheduled to be complete by the end of the first quarter 2011. Also, other smaller capital projects have been completed in the past few months to improve the operation and reliability of the McCully Gas Plant.

Safety and Environment

The QHSE Team has continued to support field operations in the Penobsquis area. We would like to acknowledge our Production group and our Completions team for their ongoing efforts to safely manage the large volumes of snow over the past few months. Their efforts in maintaining safe access and egress to their facilities is essential in keeping a safe workplace for all.

Final changes are being incorporated into Corridor's Emergency Response Manual (ERM) and an updated version will be released shortly. In the second quarter, we are planning a joint training exercise between Corridor's Halifax and Penobsquis offices to familiarize all key individuals with the updated version of the ERM.

Since the last newsletter, Corridor is pleased to report that

no incidents have occurred. This once again confirms Corridor's commitment to the environment, community and our people. Corridor and its contractors are continually looking for ways to improve in all aspects of health, safety and the environment.

The QHSE Team is also actively engaged in the work associated with obtaining regulatory approval for the drilling of an exploration well on the Old Harry prospect within Exploration Licence 1105 in the Newfoundland and Labrador offshore area. Corridor will ensure that this exploration program meets or exceeds all environmental, safety and operational regulations established under the robust Canadian regulatory regime.

Oil & Gas Primer

Beginning in the next issue of the Newsletter, Corridor's Chief Reservoir/Production Engineer will start publishing a series of articles that will explain the different technical areas of the oil and gas industry. The April 30 article will be a general introduction to the industry. Future topics will include all aspects of the industry from how oil and gas is formed to how we get oil and gas to market. The series will explain some of the terms used by the industry and how all the technical disciplines come together to produce oil and gas in a safe and environmentally responsible manner.

People are encouraged to send any requests for topics to be addressed by the Chief Reservoir/Production Engineer to Corridor via email at HSE@corridor.ca or by calling toll free at 1-888-429-4511. Requests could be as simple as a question asking, for example, what is a wellhead? All questions will be addressed in current or future articles.

Upcoming Activities

- The next newsletter will be published on April 30, 2011.
- The next meeting of the Community Liaison Committee is scheduled for Tuesday, April 12, 2011, from 7:00-8:00 PM at the Penobsquis WI Hall.
- The March meeting of the McCully Joint Health and Safety Committee has been cancelled.

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We want to hear from you!

Please send any suggestions or comments to:

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Corridor Resources is a Halifax, Nova Scotia based company focused on exploring and developing natural gas resources in the McCully Field and surrounding areas of southern New Brunswick. The Company has been producing natural gas from the McCully Field to markets through the M&NP pipeline since June 28th, 2007. Corridor also has a number of potentially high impact exploration projects planned in New Brunswick and elsewhere in eastern Canada with a total of 1.9 million net acres under license.

Corridor Mission Statement

Corridor Resources is focused on the exploration and development of oil and gas in eastern Canada. Corridor is dedicated to safe work practices, environmentally responsible operations and the highest level of business integrity. With a strong leadership team supported by devoted employees and contractors, Corridor aims to create shareholder value by expanding its reserves and production while fostering successful partnerships in the communities in which we live and work.