

- Check out the upcoming August newsletter that will feature the Corridor Scholarship Program recipients.

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**Corridor's Safety Slogan**

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

# Corridor News

VOLUME 3, ISSUE 3

JUNE 30, 2009

## Community Liaison Committee

The Community Liaison Committee held its third meeting for 2009 on June 9<sup>th</sup>. Two Corridor representatives, five community members and two guests from the community attended.

Updates were provided for the following: Seismic; Production; Drilling; Completions; Health, Safety & Environment; and Sponsorship.

A community member asked if Corridor had given consideration to the possible effects subsidence would have on the pipeline. Corridor indicated that a broad regional settlement would not have any effect on the pipeline.

A member asked why the frac program had been changed from water to propane. Corridor explained that propane is used in a liquid form and will come back through the line with the gas. It is anticipated that the propane will do less damage to the formation than the existing water program and result in an increase in production.

The Committee is taking a summer break. The next meeting will be Tuesday, September 8<sup>th</sup> at 7:00 PM at the Penobscis WI Hall.

If you have any questions or would like to receive a copy of the minutes, please contact Nancy Secord at 433-3066.

## Community Sponsorship Update

Since the last issue of the newsletter, Corridor Resources has provided funding support for Hockey New Brunswick and the Sussex Canada Day Committee. Requests from the following organizations are currently undergoing review: Ducks Unlimited; UNESCO Geopark in Saint John; Sussex & Area Early Intervention Inc.; and the Waterford Community Group. To date, Corridor has donated approximately \$45,000 to local community organizations.

In addition, Corridor has awarded 4 scholarships to graduating high school students (2 from the Sussex Regional High School and 2 from the Petitcodiac Regional High School) for a total 2009 scholarship donation of \$8,000. Note that the number of scholarship applications submitted to Corridor was low in 2009. The students who have been awarded scholarships under the Corridor Scholarship Program will be featured in the August issue of the newsletter.



May 25<sup>th</sup> Ground Breaking Ceremony for the new playground and asphalt multisport surface at the Penobscis WI Hall that was sponsored by Corridor.

(Photo Reference: Telegraph Journal, Published Tuesday, May 26<sup>th</sup>, 2009)

# Drilling and Completions Update

## Drilling

- Both large triple drilling rigs remain shut down with no firm plans for the operation of the rigs in the near term. Any future work plans will be communicated in future newsletters. Nabors Rig #58 is currently located on the top of Dunsinane Hill on the I-39 (Folkins) well pad and will remain there for the near future until a plan for the rig has been determined. Meanwhile, Nabors Rig #86 has been moved to the expanded D-48 (Moffett) well pad for long term storage until further notice. Due to the low sales price for natural gas, the level of drilling activity this summer in the Penobscis area will be the lowest in the last several years.
- Corridor still plans to drill an exploration core hole well at Sally's Brook near Creek Road, New Brunswick (approximately 20 kilometers north of Penobscis) using a small core drilling rig, similar to the ones that PCS uses for some of its core holes in the Penobscis area. Corridor used one of these rigs in Mapleton last fall and we anticipate using this same rig again in Sally's Brook. Corridor is still in landowner negotiations but does anticipate submitting the regulatory applications for this well shortly, with drilling operations commencing in early fall.

## Completions

Fracing and completions planning is almost complete for the 2009 campaign. It is anticipated that completion operations will commence in Penobscis in mid-July with the frac equipment arriving at that time from a new company called GasFrac. Details on this new company and their innovative fracing process were presented in the Open House at the Penobscis WI Hall on June 11<sup>th</sup>. The overall campaign is expected to last for 1 to 2 months of operations, which includes the testing of the newly fraced wells. Most operations will take place on the G-48 (Moffett) well pad, with the 3 wells that are available for operations. As a change to the plans, the C-29 well on the I-39 (Folkins) well pad will not be completed this year. Based on the current economic conditions, Corridor has elected to defer the fracing of this well, along with the pipeline installation, until 2010.

The G-36 oil well has completed the first phase of its testing with some disappointing initial results. Corridor is still evaluating the test results and a re-frac in this well in early August may be attempted to improve the well's performance. The ongoing evaluation work will provide more clarity on whether this re-frac will be attempted.

The G-41 well (Smith-Green Road in Elgin) is also planned for some activity to further the understanding of the potential of this well and assist in making plans for additional work in the area. This completion work at G-41 would occur in mid to late August. The overall completion and fracing program is planned to be considerably smaller than in the last few years.



GasFrac equipment at a typical wellsite

## Seismic Activity Update

Residents in the Penobscis area will see a helicopter carrying microseismic gear in July. This work is not associated with a typical seismic program. Corridor will be using geophones, the passive listening equipment used to listen to and record the tiny sounds created during Corridor's summer 2009 fracking program.

The geophones will be laid out on receiver lines in a radial pattern, like the spokes of a wheel. The center of the radial pattern will be the G-48 (Moffett) well pad, located off the Canada Packers Road. Geophones will be placed on the ground every 2m along the receiver lines, and about 16,500 geophones will be used to listen to the fracs.

The large number of geophones is required to allow "stacking" or adding the geophone signals to detect the sounds from the fracs. The sound that comes from the fracs is so small that they are undetectable with one geophone. A large number of geophones allow specialists to add the signals from all the geophones to detect the sound from a frac. Keep in mind, that one geophone can easily detect a person walking.

The geophones will be placed on the ground for about one week to 10 days, beginning around July 11<sup>th</sup>.

## Production Update

### Plant Operations

- The gas plant and production wells have been operating normally.

### McCully Expansion

The construction of the expansion to the G48 (Moffett) well pad is almost complete with commissioning to take place over the next couple of weeks. Final cleanup and fencing will be done this fall after the frac program is complete.

## Safety and Environment

The QHSE Department is continuing with the implementation of its Corporate QHSE Management System. Training is being conducted with Corridor staff and field supervisors and is expected to continue throughout 2009. Since the last issue of the newsletter, there have been no accidental releases but one Lost Time Incident (a broken ankle) was incurred on April 13<sup>th</sup> by a contractor on the G-48 (Moffett) well pad when the contractor fell while pulling on a sliding tarp cover on his dump trailer. This incident was reported by the contractor as appropriate to WorkSafeNB and Corridor and the con-

tractor conducted an investigation to determine root cause and corrective actions.

The QHSE Department is preparing for the upcoming Completions program by working with the Drilling and Completions group on conducting Risk Assessments and liaising with the contractors, who will be conducting the Program, on HSE issues. Note that during the Completions Program, Corridor's Field HSE Coordinator (Kirk Fraser) will be in the field approximately 4 days a week to provide on-site HSE support.

## Upcoming Activities

- The next newsletter will be published on August 31<sup>st</sup>, 2009.
- The next meeting of the Community Liaison Committee is scheduled for September 8<sup>th</sup>, 2009 from 7:00-8:00 PM at the Penobscquis WI Hall.
- The next McCully Joint Health and Safety Committee meeting is scheduled from 11:00 AM to 1:00 PM on July 14<sup>th</sup> 2009, at the Timberland Motel.

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We want to hear from you!

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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 28<sup>th</sup>, 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.*