

- The McCully Gas Plant delivered first gas to M&NP on Friday, June 29<sup>th</sup> at 5:00 AM.
- Corridor News and the Community Liaison Committee minutes are now available online at [www.corridor.ca](http://www.corridor.ca).

**INSIDE THIS  
ISSUE:**

|                                |   |
|--------------------------------|---|
| McCully Gas Flows to Market    | 1 |
| Community Update               | 2 |
| “Name the Bridge” Winner       | 2 |
| McCully Expansion Project      | 3 |
| Drilling and Completions       | 3 |
| Schedule of Planned Activities | 3 |
| Safety & Environment           | 4 |
| Upcoming Activities            | 4 |

## McCully Gas Flows to Market

Corridor Resources received its Approval to Operate the gas plant on June 15<sup>th</sup> from the NB Department of Environment and its License to Operate a Pipeline from the NB Energy and Utilities Board on June 20<sup>th</sup>.

Corridor Resources celebrated its McCully first gas to Maritimes and Northeast Pipeline (M&NP) in Penobsquis on Wednesday, June 27<sup>th</sup>. Corridor Resources marked the event with a ceremony at the gas plant, followed by a reception at the Timberland Motel. Approximately 200 people were in attendance for this historic event, including representatives from government, industry and the local community. Corridor Resources would like to thank all of those who attended the event and everyone who has helped make Corridor Resources’ activities in Penobsquis a success. Corridor would like to extend a special thank you to the organizers of the First Gas Celebration—Sarah Moses, MT&L Public Relations Ltd., Fiona McAllister, Corridor Resources and Nancy Secord, Corridor Resources (see photo below)

Corridor Resources’ McCully gas plant and pipeline facilities started delivering gas to Maritimes and Northeast Pipeline (M&NP) at 5:00 AM on Friday, June 29<sup>th</sup> after a continuous effort by the Corridor Resources operations staff and the M&NP technical group, which started at 7:00 AM on June 28<sup>th</sup> to purge the pipeline and get the plant operating and producing specification gas. This was the culmination of more than six weeks of intense effort by the operations and commissioning teams to finalize the systems required to bring the plant and field on stream safely and reliably.

The plant came on stream using flow from the M-66 (Wallace) well pad and since then, 4 other wells have been put into production, bringing the total flow through the plant up to approximately 720 e<sup>3</sup>m<sup>3</sup> (thousand cubic meters) per day. During this start up phase, the plant has been manned 24 hours a day by our operations staff who are using this time to optimize the operation and ensure all safety and control systems are functioning correctly.



First Gas Celebration Organizers (From left Sarah Moses, Nancy Secord and Fiona McAllister)



Corridor Resources Inc. celebrates First Gas from McCully Gas Plant. June 27, 2007. (From left: Paul Hopkins, VP; Norm Miller, President; Shawn Graham, Premier; Doug Foster, Chairman, Board of Directors)

## Community Update

The Community Liaison Committee held a meeting on June 11<sup>th</sup> with six community, three project representatives and one guest in attendance.

Topics discussed included an update of the McCully Project, scholarships, plant tour for Committee members and Corridor website.

An update was provided on the Corridor Resources scholarships. The scholarship information/criteria was given to the local high schools in Sussex and Petitcodiac. The schools were requested to choose students from the areas of Penobsquis through to Havelock that included areas of the pipeline, well pad, and gas plant. Candidates pursuing post secondary education, either university or college, in the sciences or engineering related fields with strong aca-

ademic backgrounds were considered. Details of scholarship winners will be available in the July issue of the newsletter. Donations were also made to the Middle and Elementary schools for achievement awards.

Corridor Resources has made contributions to the NB Provincial Under 13 Boys Soccer Team upcoming trip to Newfoundland, and to the Womens Institute in Penobsquis for their community projects.

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

## Congratulations to the “Name the Bridge” Contest Winner

The winner of the Name the Bridge contest is Devin Keith, Grade 5, Sussex Corner Elementary School. He came up with an original name and quote to go along with it. All of the entries received were creative and interesting, but after careful review, Corridor Resources' senior management team liked this entry the best. This name will be placed on a marker alongside the bridge.



### HORIZON BRIDGE

**“The new bridge truly will span the horizon to a new way of life and bright and prosperous future for all.”**

**By Devin Keith**

We thank everyone who participated in this contest and would like to acknowledge the following Honourable Mentions, whose suggested names for the bridge made the decision very difficult!

- Beacon Bridge—group effort from all three Grade 5 classes at the Sussex Corner Elementary School
- Kencor Bridge—by Ashlyn Mercer, Grade 2, Mrs. Murray's class, Sussex Corner Elementary School
- Pine Ridge Bridge—by Sam Corbett, Grade 2, Mrs. Murray's class, Sussex Corner Elementary School

The winner and two of the honourable mentions received gift certificates for Chapters. The Grade 5 classes received a cash prize that was divided among the three classes. All students who participated received certificates of appreciation for their hard work and imagination that went into their stories and bridge names.

## McCully Expansion Project

Options for Right-of-Way agreements have been signed with all of the landowners along the pipeline routes for the gathering system expansion required to tie in Well Pads L-38(McPhee) and F-58(Waddy) to Corridor Resources' existing gathering system and gas plant.

The planned expansion continues to work its way through the regulatory approval process with the Environmental Impact Assessment report under review by the NB Department of Environment's Technical Review Committee and the draft NB EUB "Permit to Construct" application under review by the NB EUB's Pipeline Coordination Committee.

AMEC Earth and Environmental completed the required field work in early June resulting in the submission of both "Field Assessment" and "Wetlands Delineation" reports to the Department of Environment .

## Drilling and Completions Operations

Both drilling rigs are continuing to drill in the McCully field. Nabors Rig #86 continues to drill a second well on the O-76(Tait) well pad and Nabors Rig #4 has started a second well on the L-38 (McPhee) well pad. Once this well is completed (approximately 55 days), Rig #4 will be moved to Prince Edward Island to drill two exploration wells on the Island—one near Cavendish and one near Souris.

Corridor Resources still plans to have another larger triple drilling rig mobilized to the Penobsquis area for future drilling opportunities. Currently it is anticipated that the rig will be operational by October 2007. In order to accommodate the two rigs drilling in the McCully field, additional well pads will have to be constructed. The applications for these well pads will be submitted shortly to the regulatory authorities after discussions with the relevant landowners.

The schedule for the completion program was included in the May issue of this newsletter. Planning for the fracking and testing operations this summer is in full swing. Equipment similar to the equipment

used last year is scheduled to arrive in Penobsquis by the third week of July and will remain in the area until mid to late September. This equipment will be moving among the various well pads throughout this time period. Corridor Resources appreciates everyone's patience during the moving of the various pieces of equipment. Safe driving practices will be stressed with all service providers, including the speed restrictions on all roads in the area.

If you have any questions regarding the Drilling & Completion activities, please contact Larry Huskins at 1-888-429-4511 for more information.

## Schedule of Planned Activities

**Gas Plant**—The gas plant has been operating since June 28<sup>th</sup>. The plant is substantially complete, but work is continuing on completing some small construction items at the plant.

**Well Pads**—5 well pads are producing. Temporary start-up facilities were placed on the M-66 (Wallace), F-67(Vanderlaan) and B-67(McLeod) well pads to handle high volumes of frac fluids expected during initial production. Over a period of a few weeks, as the fluid production subsides, the start-up facilities will be moved to other wells. Landscaping and minor construction activities required to complete the well pads continues. The O-76 well pad will be expanded to a size closer to the original design and the D-48 pad will also be expanded likely starting before the end July.

**Rig #86**—At the O-76(Tait) well pad, Rig #86 is currently drilling well D-66. The Drilling group anticipates completion of the well by mid-July. Then the rig will be skidded to the third well on the pad, H-76. Two or three more wells are planned for the O-76 well pad.

**Rig #4**— At the L-38(McPhee) well pad, Rig #4 is currently drilling well J-38. The Drilling group anticipates another 30+ days to drill. After this well is finished, rig will move to PEI for 60+ days.

**Testing & Completion**— A service rig will be moving onto the F-58(Waddy) well pad by the end of the month. Frac and testing operations are expected to start in the field early in August.

## Safety and Environment

Construction of the McCully Stage 2 Development Project is now complete and the gas plant is operational and delivering gas to M&NP. In June, there were no incidents reported by AMEC or any of its subcontractors who remained on site. On June 26<sup>th</sup>, a mechanical contractor at the gas plant twisted his knee, resulting in a lost time injury. On June 28<sup>th</sup>, there was also a near miss reported at the gas plant which was investigated and causes and corrective actions identified. In June for drilling, there was one incident reported that resulted in restricted work. A safety meeting was held at the L-38 well pad, as part of the pre-spud meeting for the second well on this well pad. Kirk Fraser, Corridor Resources' safety consultant, participated in this safety meeting and also followed up on findings from the May audit of Nabors Rig #4. No accidental releases occurred in June at the gas plant or any of the well pads. Work on the formalization of Corridor Resources' corporate HSE program will begin in July. Interviews for the HSE Technician position will also take place in July.

## Upcoming Activities

- The next meeting of the Community Liaison Committee will take place on Monday, July 9<sup>th</sup>, 7:00 PM at the Penobsquis Fire Hall.

## NOTE

In future, this newsletter will now be published bi-monthly. The next issue of Corridor News will be August 30, 2007.



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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 completed the construction of a field gathering system, a gas plant, and a pipeline lateral to connect the McCully Field to markets through the M&NP pipeline.

Corridor also has a number of potentially high impact exploration projects planned in New Brunswick and elsewhere in eastern Canada with a total of 1.7 million net acres under license.



# PIPELINE DAMAGE PREVENTION PROGRAM

## Introduction

Corridor Resources is committed to operating its McCully Natural Gas System in a manner that is safe, that complies with the applicable legislative requirements, guidelines, rules and pertinent industry standards, and will serve the needs of the company in the long term in an efficient manner. As part of this commitment, Corridor Resources has established a "Pipeline Damage Prevention Program" which includes numerous protective measures that are built into the natural gas system design, operation and maintenance procedures.

## Design Parameters

The McCully Natural Gas System as described in Corridor Resources' and NB Department of Environment Approval to Operate I-5968, NB EUB Licence to Operate 2007-01 and Permit to Construct 2006-01, consists of a total of 13 natural gas production wells drilled from a total of 7 well pads that are located in the McCully Natural Gas Field in Penobscis. Also included are 4" steel flowlines from each well, and a gathering system consisting of 8" and 10" steel pipelines, to collect and deliver natural gas to a gas conditioning plant where water and heavier hydrocarbons are removed from the gas to meet transmission pipeline specifications. The dry gas is compressed up to a maximum pressure of 2,160 psig, using a gas compressor and delivered via a 50 kilometer, 8" steel gas transmission pipeline to the Maritimes & Northeast Pipeline near New Canaan.

The natural gas compressor can deliver varying volumes of gas depending on the suction and discharge pressures. Up to 45 million standard cubic feet per day (mmscf) may be delivered during the early stages of gas production when the gathering system is operating at its maximum design conditions. This flow will tend to drop as the gathering system operating pressure reduces and the McCully reservoir depletes. The 8" transmission pipeline is capable of handling almost double the flow of the compressor, should additional gas discoveries in the area ever support this flow requirement.

## System Shutdown Protection

The natural gas system is designed with an integrated emergency shutdown system that will activate automatically if certain operating parameters fall outside of preset ranges. It can also be activated manually should Corridor Resources' operating personnel observe operating conditions that might lead to an unsafe situation. The McCully Natural Gas System will be monitored continuously by an automated control system and will be manned 10 hours per day, 7 days a week. During non-manned operations, there will be an operator on-call who will be notified by the control system whenever certain parameters are moving toward unacceptable limits.

## Right-of-Way Protection

The Right-of-Ways for both the gathering pipelines and the gas transmission pipeline have been established by easement agreements with various landowners. The easement agreements include landowner commitments to protect the pipelines by limiting the use of the Right-of-Way. On its easements, Corridor Resources will not permit ground disturbances unless they are conducted in accordance with the New Brunswick Pipeline Act and Regulations and will not permit vehicular traffic except for low ground pressure agricultural equipment. Corridor Resources will not permit any construction of structures or roads and no paving on the Right-of-Way with the exception of specific instances where Corridor may allow crossings of the Right-of-Way by pipelines, power lines, telephone lines, or fences provided that these crossings meet all requirements of the CSA Z662 and the Pipeline Act and Regulations.

On July 6, 2006, landowners were also given a Landowner Notice, "Call Before You Dig/Call Before You Cross". As outlined in the Updated Notice (see attached), as a precautionary measure third parties must give Corridor Resources notice of any excavation activities that are planned within 30 meters of a Corridor Resources easement, "the safety zone". The activities are outlined in the Notice. The updated Notice will also be distributed broadly throughout the local community and "Call Before You Dig/Call Before You Cross" Information will be available online at [www.corridor.ca](http://www.corridor.ca). The NB Energy and Utilities Board published in January 2007 the "Guidelines for Excavations in the Vicinity of Pipelines" which is a good reference document.

## Right-of-Way Monitoring

Corridor Resources will be monitoring activity near its Right-of-Ways on a routine basis with aerial inspections every two months and Ground Based Leak Detection and RoW Condition Survey undertaken annually. In addition, Corridor Resources' operating personnel will be monitoring the gathering system pipelines on a frequent, almost daily, basis as part of routine operations and maintenance requirements at each well pad.

Corridor Resources is posting "no trespassing" signs at potential RoW access locations to discourage ATV use of the RoWs. Corridor Resources personnel are also recording unauthorized ATV use along the RoW and notifying authorities accordingly. Corridor Resources has also asked members of the Community Liaison Committee, which meets regularly and includes representatives from the Penobsquis, Havelock and surrounding areas, and Corridor personnel, to report inappropriate ATV usage and efforts undertaken to prevent ATV users from accessing their properties and/or Corridor's RoWs. Corridor Resources is also encouraging members of the community to contact the Penobsquis office at (506) 433-3066 with any concerns in this or other regards.

## Signage

Corridor Resources is posting signs at locations within its Natural Gas System including:

- "No Trespassing" signs at potential ATV access points to the RoWs
- "No Trespassing" signs at each well pad and the gas conditioning plant
- "Warning-Natural Gas Pipeline" at numerous locations along the pipeline

These signs include the emergency phone number 1-800-880-5705 which can be used to notify Corridor Resources of suspected gas leaks, emergency situations, unauthorized use of the RoW, or to gain further information regarding the Call Before You Dig/Call Before You Cross requirements and procedures. Corridor Resources will also be distributing pocket cards with the Call Before You Dig number to residents along the pipeline route and other third parties that may be working in the area.

## Emergency Response

Corridor Resources has developed an "Emergency Procedures Manual and Emergency Response Plan" for McCully operations. The emergency number, 1-800-880-5705, should be called if a natural gas leak and/or fire is noticed and/or suspected, or if suspicious activity is noted on or along the RoWs.

This document has broad distribution including the NB EUB and emergency responders from the Penobsquis, Havelock, Petticodiac, Millstream and Sussex fire departments, the Sussex RCMP and the Sussex Health Care facility. The Havelock and Cardwell Local Service Districts also have copies.

## Communications

Corridor Resources has developed a Continuing Education Program to document how it is engaging in ongoing communications with the various stakeholders that are impacted by the presence and operation of the McCully Natural Gas System. Some of the means of communication have been noted above, including:

- Distribution of Notices
- Signage
- Advertising in newspapers
- Distribution of documents
- Community Liaison Committee
- Encouraging stakeholders to call the Penobsquis office at (506) 433-3066
- Easement agreements

Other means include:

- Open Houses of which several have been held and more are planned
- Newsletters which Corridor started publishing on a monthly basis in October 2006
- Emergency Response exercises with appropriate stakeholders
- Distribution of brochures, flyers, fact sheets, etc.



## CALL BEFORE YOU DIG/CALL BEFORE YOU CROSS Corridor First Call Line: 1-800-880-5705

July 1, 2007

McCully Natural Gas Field

### Gathering System Pipelines and Main Natural Gas Transmission Pipeline

Under the New Brunswick Pipeline Act, 2005, anyone proposing to undertake ground disturbance near a pipeline is responsible for determining the location of the buried pipeline and for advising the pipeline operator before any ground disturbance.

To facilitate compliance with this requirement, Corridor Resources has established a "Call-Before-You-Dig" program to provide guidance to landowners and other third parties ("proponent") on the actions to be taken before undertaking any ground disturbances within 30 metres of the transmission pipeline Right of Way (RoW) and the gathering system pipeline RoW.

Proponents must notify Corridor Resources of the nature and schedule of the proposed ground disturbance by calling the "Call-Before-You-Dig" line (1-800-880-5705) two business days in advance of the proposed ground disturbance. Proponents will be asked to provide a detailed description of the location and nature of the proposed ground disturbance, including equipment to be used, duration of activity, etc.

These ground disturbances include:

- Working within 30 metres of Corridor Resources' easements for the main transmission pipeline and the gathering system pipelines
- Forestry cutting and removal
- Excavating or blasting (Even if the blasting is contemplated outside of 30 m on either side of an easement, it could create shock waves with the potential to damage the pipeline so a call must be made to Corridor in advance of any blasting planned in the general vicinity of the easement)
- Construction involving heavy machinery near the easements
- Development proposal
- Crossing the easements with heavy equipment
- Road, rail and service crossings of the easements
- Paving or changing existing grades
- Highway and road reconstruction
- Fence installation
- Field tile installations
- Any other similar activities

The "Call-Before-You-Dig-Line", 1-800-880-5705, is operated on a 24 hour/7 days a week basis and calls to the number are answered by one of the answering service personnel. This person will provide information about the location of Corridor Resources pipelines to the caller. The information and excavation request will be forwarded to a Corridor Resources representative for follow-up. The Corridor Resources representative will follow up on the call to discuss the ground disturbance and inspect the location of the proposed ground disturbance. Corridor Resources will notify the landowner of any special requirements for working in the area near the pipeline.

Written permission from Corridor Resources is required prior to any ground disturbance.

Corridor Resources has posted signs along the pipeline route with the Call-Before-You-Dig information and phone number. The New Brunswick Energy and Utilities Board has available a publication titled "Guidelines for Excavations in the Vicinity of Pipelines, January 2007" that is a useful reference for anyone contemplating a ground disturbance near a pipeline.

If you have any comments or questions or if you require additional information, please contact the Corridor Resources HSE Manager, Dena Murphy 902-429-4511, ext. 2237 email: [murphyde@corridor.ca](mailto:murphyde@corridor.ca).

