

SPECIAL POINTS OF INTEREST:

- Corridor began drilling in PEI in August.
- Corridor will mobilize a second triple drilling rig to the McCully field in October.

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Corridor Resources Awards Scholarships to Local Students

As reported in the June issue of the newsletter, Corridor Resources asked local schools to select students from the areas of Penobsquis through to Havelock (that included the areas of the pipeline, well pads and gas plant) for the Corridor Resources Scholarships. The seven students chosen are pursuing post secondary education, either university or college, and have strong academic backgrounds.

Corridor would like to thank the schools for their help in this process and to congratulate and wish the recipients the very best as they continue to pursue their education.



Erin Carson
Graduate of Petitediac Regional School
Attending: Université de Moncton



John Good
Graduate of Petitediac Regional School
Attending: University of New Brunswick



Alison Conley
Graduate of Petitediac Regional School
Attending: Dalhousie University



Daniel Hogan
Graduate of Sussex Regional High School
Attending: University of New Brunswick



Melissa Secord
Graduate of Sussex Regional High School
Attending: Memorial University



Colton Jonah
Graduate of Sussex Regional High School
Attending: University of New Brunswick



Rebekah Rouse
Graduate of Sussex Christian School
Attending: Oulton College

COMMUNITY UPDATE

Community Liaison Committee

The Community Liaison Committee held a meeting on July 9th with three community and two project representatives in attendance. The topics discussed included an update of the McCully project, scholarships and a pending gas plant tour for the Committee members. With the small group in attendance, the Committee agreed to not hold any more meetings until the fall. Unfortunately, the gas plant tour will have to be rescheduled due to other activities taking place at the plant. A new date will be set for a gas plant tour at the next meeting. The next Committee meeting is scheduled for Monday, September 10th at 7:00 PM at the Penobsquis Fire Hall.

If you have any questions or would like to receive a copy of the minutes, please contact Nancy Secord at 506-433-3066.

Corridor Resources Holds Information Sessions in P.E.I.

Corridor held two information sessions in PEI to discuss its summer/fall exploratory drilling plans for the Island. The first Information Session was held in Cavendish at the Marcopolo Land Resort on July 18th and was attended by approximately 22 residents. Corridor representatives included Larry Huskins, Fred Graburn and Dena Murphy. Larry provided a summary of Corridor's drilling plans for the Green Gables area. The residents asked many informed questions and were receptive to the activity in the area.

The second Information Session was held at the Souris Ski Lodge on the Souris Line Road on August 14th and was attended by approximately 60 residents. Corridor representatives included Larry Huskins, Fred Graburn, and Dena Murphy. The residents again asked many informed questions and were receptive to activity in the area. The only issue raised of concern was the practices of a past operator in the area. Corridor clearly stated that it will be the operator of the planned drilling activity and as such, will control all activities on the lease site. Corridor Resources is a responsible corporate citizen that conducts its business according to industry standards and the requirements of being a publicly traded company.

These Information Sessions provided Corridor personnel the opportunity to meet with the local community and exchange information. Corridor would like to thank the people in these areas for making the time to attend the Information Sessions and learn more about our plans.

Department of Natural Resources Summer Students



Over the summer months, several students with the Department of Natural Resources worked with Mike Smith, the on-site geologist in the McCully Field. Mike worked with them as they learned about the geology of the McCully Field, inspected cutting samples and became familiar with what being a wellsite geologist is all about. Corridor is pleased to be able to provide opportunities for students to become familiar with the "oil patch".

Nick Guest—student from St. Francis Xavier University

Note from the Penobsquis Family Fun Day Committee

The Penobsquis Family Fun Day Committee would like to extend a special thank you to all the businesses and people that made contributions for this event. Your kindness helped make the day a success. Also, thank you to all the volunteers that helped. Your time and efforts are greatly appreciated. We applaud the musical community for making their song and music a part of the day. Next year's event is scheduled for Saturday, June 21st. We hope to see you there.

Production Operations Update

Corridor continues to ramp up gas production at McCully following initial deliveries to Maritimes & Northeast Pipeline (M&NP) on June 28th, 2007, with July production averaging over 25 million cubic feet per day. Corridor expects production to M&NP to reach rates of 35 million cubic feet per day later in the summer once all 13 initial wells are on stream. Some other highlights for the period are as follows:

- The sales gas compressor has been commissioned and will go into operation in November 2007.
- Temporary methanol injection and separation equipment were required on some well pads to deal with the initial higher frac water rates as the wells are being cleaned. The equipment is removed as the wells clean up. The last piece of equipment should be removed in September.
- Gas was produced for 730.5 hours in July, which translates into a facility uptime of 98.2%.
- The maximum hourly rate recorded through the M&NP meter was 31.0 mmscf/d on July 25th.
- A planned Gas Plant shutdown is being scheduled for October 22nd, for 2-4 days of modifications to improve processing capacity.



*Doug Bailey, Production Operations Manager
at the Gas Plant Control Room*

McCully Expansion Project

Corridor received a "Certificate of Determination to Proceed" with its gathering system expansion from the New Brunswick Department of Environment ("NBENV") on July 26th, 2007. September 20th has been set for a pre-hearing conference regarding Corridor's application to the New Brunswick Energy and Utilities Board ("NBEUB") for a Permit to Construct the additional gathering system pipelines and related facilities. Notice of this pre-hearing conference, as per the NBEUB guidelines, was published in the Telegraph Journal, The Times and Transcript and Kings County Record on August 30th.

In the meantime, AMEC is continuing with the engineering required for these facilities and preparing bid packages for the various construction requirements with construction expected to be initiated in September and completion in late November. Seven new production wells will be added to the gathering system, bringing total wells available to feed the gas plant up to 20 wells.

The AMEC environmental team are in the field collecting data for future wellpad locations and pipeline routes as part of a larger "area-wide" EIA application to be made to the NBENV later this fall.

Drilling and Completions

The last couple of months have been very busy for the Drilling and Completions Team. The Nabors #4 rig finished the J-38 well on the Dunsinane Road well pad and has left the McCully field for the first time in over two years. The rig has been moved to PEI to drill two wells—Green Gables #3 in Cavendish and New Harmony #1 in eastern PEI near Souris. These two exploration wells in PEI will provide Corridor with some greatly anticipated drilling data from these new and exciting exploration areas in the Maritimes. The last of these two wells should be completed by mid-October. Corridor is still formulating plans for Nabors Rig #4 after the work on PEI has been completed.

The larger rig, Nabors Rig #86, continues to drill on the O-76 well pad (Tait's property). The rig has completed 3 wells on this pad and will be moving to the western portion of the pad to drill an additional 2 to 4 wells in the coming months.

In addition, a new triple drilling rig will be coming to the McCully area to continue drilling operations to explore new targets and to ensure that the pipeline and gas plant remain at capacity. Nabors Rig #58, which is a twin rig to Nabors #86, will be mobilized out of Alberta later this fall to arrive in the Penobsquis area by mid-October. The plan for this new rig will be to initially drill a deep exploration well into the Dawson Settlement formation. A new well pad will be constructed for this rig and it is anticipated that this new pad will be located in the vicinity of the existing F-67 well pad (Vanderlaan's property). Additional well pads will also be constructed for future drilling operations (both rigs) once all approvals have been obtained. This will ensure that operations are not interrupted during the winter/spring months. The applications for these well pads will be submitted shortly to the regulatory authorities once locations are finalized. Expansion to the D-48 well pad is planned (near the gas plant) as well as an additional pad to the east of Dunsinane Road.

Fracking and testing operations in the valley are in full swing. Equipment similar to that of previous years' began to arrive in early August and will remain in the area until well into October. This equipment will be moving between well pads throughout this time period and Corridor appreciates everyone's patience during the moving of the various pieces of equipment. Safe driving practices will again be stressed with all service providers, including the speed restrictions on all roads in the area. The plan for operations is to start on the F-58 well pad (Waddy's property), move to the L-38 well pad (McPhee's property) followed by a move to the O-76 well pad (Tait's property). Depending upon the timing of operations, the equipment may also be mobilized back to F-58 for a second set of operations as well as the N-57 well pad (McQuinn's property).

Finally, we would like to welcome Kevin Spidle to our team as the new staff Drilling Engineer and we would also like to pass along our thanks to Jason Abraham who returns to school for his final year in Mining Engineering. It was a fun filled summer and we wish him luck with this studies over the next two terms.



Nabors Rig #4 drilling Green Gables #3 well in PEI in August 2007

Schedule of Planned Activities

Production Operations:

- September-Steady production.
- October-Planned shutdown on October 22nd to undertake de-bottlenecking to increase flow rates and to perform maintenance on process equipment.

Drilling:

- Rig #4-Drilling Green Gables #3 and New Harmony #1 in PEI in Summer/Fall of 2007. This drilling is expected to be completed by mid-October.
- Rig #86-Drilling continues at O-76. An additional 2-4 wells will be drilled in the coming months.
- Rig #58-A second Nabors triple rig is being mobilized to the McCully field in October.

Well Pads:

- New well pad to be constructed for Rig #58 in the vicinity of the existing F-67 well pad.
- Expansion of D-48 well pad.
- Additional pad to the east of Dunsinane Road planned.
- Applications for these well pads will be made to regulatory agencies once locations are finalized.

Testing & Completions:

- Fraccing and testing program at F-58, L-38 and O-76 well pads.
- Activity expected to continue from August-October.

Safety and Environment

For the McCully Stage 2 Development Project, the RoW clean up and restoration has been underway since the beginning of July, progressing from South to North of the Project area. This work involves the removal of all construction debris, returning the RoW to pre-existing grades, re-vegetating the RoW, installing and maintaining environmental protection measures to prevent sediment run-off into nearby watercourses, grading and repairing the Project's access roads and installing temporary bridges across select watercourses to access isolated sections of the RoW. The clean up in the Southern half of the pipeline area is near completion and work in the Northern half is ongoing. The clean up work is being undertaken on a priority basis to ensure that all environmentally sensitive locations, typically locations prone to sediment run-off, are stabilized prior to the rainy season in the fall. The work is monitored on a daily basis to ensure the quality of the tasks undertaken, as well as to ensure that the potential environmental impacts of the Project are minimized.

No personnel injuries or spills occurred in July and August. Two near misses occurred since the June edition of the newsletter. On July 5th, a near miss occurred during production operations at one of the well pads, involving damage to a valve and methanol tubing. On August 5th, a near miss occurred during drilling operations, involving a lifting device and a dropped object. Both incidents were investigated, discussed with crews and corrective actions implemented. Kirk Fraser, Corridor Resources' field HSE consultant, continues to perform regular field inspections of the drilling and production operations.

Corridor is undertaking a final review of the Sound Monitoring Study for the drilling-related activity on the L-38 (McPhee) well pad that was prepared by Fundy Engineering. Corridor expects the report to be finalized in September.

Corridor Resources has hired a full time HSE person, Scott Sangster, to support the HSE Manager. Scott will be based out of the Halifax office but will also provide support to field operations. He will start with Corridor Resources in September. Corridor is working with ACCENT, a local consulting group, to formalize its Corporate HSE Program. The goal is to have the Program finalized by the end of 2007 with the longer term implementation process starting in 2008.

Upcoming Activities

- The next newsletter will be published October 31, 2007.
- Corridor has received many requests for financial support. Senior management will be seeking its Board of Directors' guidance on a more structured donations program for 2008. Until that time, Corridor has put all current requests for funding on hold.

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We want to hear from you!
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E-mail: murphyde@corridor.ca

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.