

**SPECIAL POINTS OF INTEREST:**

*Corridor Resources extends sincere thanks to all of our Contractors and Suppliers for their contributions and hard work throughout 2007.*

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*The staff of Corridor Resources wishes you and your loved ones a joyous holiday season and a happy New Year.*

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## Community Liaison Committee

A Community Liaison Committee meeting was held on Saturday, November 17<sup>th</sup>, 2007. This meeting allowed the Committee members to participate in a tour of the gas plant and Nabors Rig #86. After the tours, the Committee enjoyed a Christmas luncheon at the Timberland Motel and Restaurant, followed by a Committee meeting.

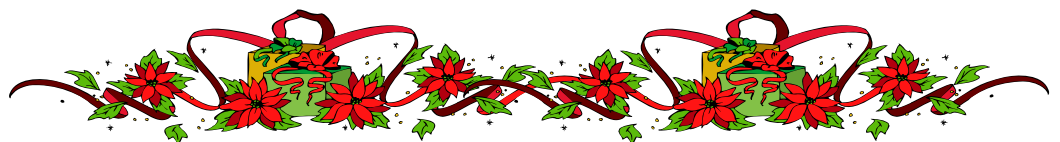
Doug Bailey gave special thanks to all the Committee members for their time and input contributed this year. Everyone's participation is greatly appreciated.

The minutes from the last meeting were reviewed.

Issues discussed during the meeting included: the importance of having a flag person on the roadways during construction; availability of a summary of the water test results for the Committee; and the importance of reminding workers in the hunting areas to wear hunters orange during hunting season.

The next Committee meeting will take place on Monday, February 11<sup>th</sup>, 2008 at 7:00 pm at the Penobscus Fire Hall.

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



## Seismic Activity Update

- The acquisition of seismic data on three 2-D seismic lines in the Portage Vale area was completed in late November. The seismic program was very successful, and could not have been completed without the cooperation of local landowners. Corridor extends a sincere thanks to those who consented to allow seismic operations on their land.
- The final two phases of the seismic work were completed since the last issue of the newsletter. Permitting, line construction, and surveying were completed by mid-October, whereas shot hole drilling and recording of the seismic data were completed subsequently.
- Three seismic drills supplied by Great Plains Drilling from Cudworth, Saskatchewan were used to drill the shot points in the Portage Vale area. The drills are rubber tracked buggies with drills mounted on the back. Between October 22<sup>nd</sup> and 28<sup>th</sup>, there were nearly 600 shot holes drilled and each shot hole was drilled to a depth of 9 m. If all of the drill holes were stacked end-to-end, the total drilled length for the program would be over 5.3 km. The three drill crews averaged about 300 m per day per drill crew.
- Recording of the seismic data was completed between November 21<sup>st</sup> and 27<sup>th</sup>. The operation began with a safety and orientation meeting at the Timberland Motel. As in previous years, a helicopter was used to transport the seismic equipment to the seismic lines. Once the equipment was placed on the line by the helicopter, a crew of 5 to 6 people placed the geophones in the ground and connected the cables. The recording operation was greatly affected by weather. Rain and wind were intermittent during this phase of the work and occasionally lead to shut-downs of operations.

## Drilling and Completions Update

### Drilling

- Drilling operations with Nabors Rig #86 has been completed on the O-76 (Tait) well pad with the drilling of the final well D-67. Nabors Rig #86 will be moving to a new G-48 (Moffett) well pad location behind the poultry barns off the Canada Packers Road once regulatory approval is obtained. The rig will drill 4 to 8 additional delineation wells, and will likely remain on this pad until the summer of 2008.
  - Nabors Rig #58 has drilled the initial portion of a deep exploration well, E-67, from the expansion on the F-67 (Vanderlaan) well pad. This E-67 well will take approximately 45 to 90 days and will be drilled underbalance (flow the well while drilling proceeds) to test the Frederick Brook shale and Dawson Settlement below the main Hiram Brook producing reservoir. Drilling underbalance will result in increased flaring during the later portion of the drilling activity. This well was started in mid-November and is expected to be completed by late January 2008. Corridor will attempt to keep the noise and light emissions to a minimum where possible. The F-67 well pad and expansion will be reduced in size after the drilling has been completed in early spring.
- (Correction Note: In the last issue of the newsletter, it was incorrectly stated that the rig will drill several wells from this location. Only the E-67 well was contemplated for this expansion).*
- Once the well is completed, the rig will be moving to a well pad expansion on the N-57 (McQuinn) well pad located off the Back Road. There are 4 additional wells planned for this expansion and the drilling will likely run from February to the summer of 2008.
  - An additional well pad is planned to be constructed at the top of Dunsinane Hill over the coming months for future drilling operations. This pad will be located near the top of the hill in the area of the radio antennae tower. Also, an expansion of the D-48 (Moffett) well pad is planned for early in the new year.
  - Meanwhile, Nabors Rig #4 is currently drilling in Quebec but Corridor is planning to return the rig to the Elgin area to drill an exploration well during the first quarter of 2008.

### Completions

Completion operations are still ongoing with minor pad activities on O-76 (Tait), L-38 (McPhee), and F-58 (Waddy) well pads. The frac equipment is expected to rotate between Prince Edward Island and the Penobscis area until early January 2008. The coil tubing unit and snubbing operations will continue until approximately mid-January 2008 and the testing of the wells will take place during the remainder of the month. All completion operations should be completed by late January or early February 2008.



## Production Operations Update

- The sales gas compressor was put into operation on November 8<sup>th</sup>, 2007.
- Engineering work for improvements to the water handling system at the gas plant is progressing and construction should be complete by February 2008.

## McCully Expansion Project Update

- O-76 (Tait) well pad: The prefabricated production manifold module and the electrical building were installed on the pile foundations on November 26<sup>th</sup>. The prefabricated pipe spools are nearing completion and the on-site installations of piping and electrical connections commenced the week of December 10<sup>th</sup>. The 8" gathering pipeline from K-66 (Wallace) well pad to the O-76 (Tait) well pad has been installed and hydro tested satisfactorily. ROW clean-up is mostly completed with topsoil restoration to be completed in the spring of 2008 when the soil thaws. The prefabricated pig trap for this O-76 pad was installed the week of December 3<sup>rd</sup>.
- F-58 (Waddy) well pad: The 8" gathering line linking the F-58 (Waddy) well pad to the B-58 (Waddy) well pad has been installed and is scheduled for final hydro testing before December 21<sup>st</sup>. Production manifold and electrical modules are being prefabricated and scheduled for installation in January, together with interconnecting piping. Pig traps for both the F-58 and B-58 locations will be installed shortly.
- L-38 (McPhee) well pad: The 10" gathering pipeline from this pad to the Gas Plant has been installed and tested. The production and electrical modules were installed on the pile foundations on December 7<sup>th</sup>. Site work for the installation of interconnecting piping will take place in January. Nova Communications installed a new tower at this pad for the wireless transmission of well pad production data to the Gas Plant control room. Pig traps for the L-38 well pad and the Gas Plant will be installed before the end of December 2007.
- McCully 2008 Gathering System Expansion EIA Application: Corridor has identified several new areas for 2008 well drilling locations. AMEC Earth Sciences technical personnel completed site specific field work during the summer of 2007, defining the potential environmental impacts that may be associated with production in these areas. The Environmental Impact Assessment Report was submitted to the NB Department of Environment on December 18<sup>th</sup>. This approach will allow a timely review by the NB Department of Environment Technical Review Committee and for Corridor to host public and aboriginal presentations in the first quarter of 2008.

## Safety and Environment

In November and December, the QHSE Department was busy with both continued support for field operations and the development of the corporate QHSE management system. In November, start-up safety meetings were held with the crew of Nabors Rig #58, the Expansion Project construction crew, and the seismic recording-data acquisition crew. Inspections were performed on the Expansion Project work, the New Brunswick office and warehouse and the two Nabors rigs. The inspections of the Nabors rigs were performed as part of the Nabors 100 day inspection program and they were carried out by Corridor and Nabors representatives with NB WHSCC representatives in attendance. In December, orientations continued with the Expansion Project contractors and meetings were held to discuss the safety and haz-

ards associated with the underbalanced drilling operation. Since the last issue of the newsletter, four incidents occurred as part of Corridor's drilling and completions operations. These included a near miss involving the bending of heavy drill pipe, a small fire in an accommodations trailer, a Lost Time Incident involving a contractor foot injury and an accidental release of frac fluid at the Green Gables #3 well in Prince Edward Island. All of these incidents were reported as required to regulatory agencies and Corridor investigated and identified root causes and corrective actions for each. On the corporate QHSE management system development, first drafts of all the corporate plans are expected from ACCENT Engineering Consultants Inc. by the end of the year.



# Schedule of Planned Activities

## Drilling

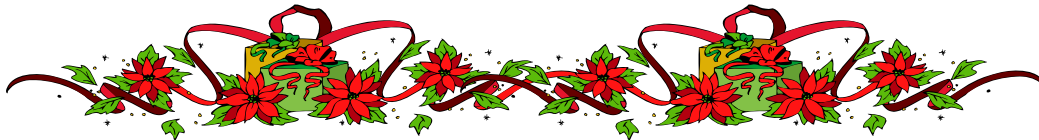
- Nabors Rig #58 – Drilling of the E-67 well from the F-67 (Vanderlaan) well pad will take place until late January 2008. This well will be underbalance drilled so additional flaring (more than normal) will take place.
- Nabors Rig #86 – The rig will move from the O-76 (Tait) well pad to the new well pad behind the poultry barns. The rig will drill several wells on this well pad and will remain there until at least the summer months of 2008.
- New Well Pads – 1) expansion of the N-57 (McQuinn) well pad; 2) expansion on the D-48 (Moffett) well pad; and 3) new well pad at the top of Dunsinane hill. Most of these will be constructed in the upcoming months.

## Completions

- Frac equipment will be finishing on the O-76 (Tait) well pad and F-58 (Waddy) well pad by early January 2008. The frac equipment will be returning to Alberta until late spring 2008. Similarly, the frac equipment will be finishing the PEI operations in early January 2008 before returning to Alberta.
- The remaining completion operations (snubbing of tubing strings and coiled tubing work) should be completed by the end of January 2008.
- Testing and clean-up (including flaring) of the McCully and PEI wells will be ongoing throughout December and January and likely into February 2008.

# Upcoming Activities

- The next newsletter will be published February 29<sup>th</sup>, 2008.
- The next meeting of the Community Liaison Committee will take place on February 11<sup>th</sup>, 2008 at 7:00 PM at the Penobsquis Fire Hall.



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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 1.7 million net acres under license.