

OLD HARRY

Frequently Asked Questions

December 2011

Q. What is Old Harry and why is it seen to be such a highly-promising offshore oil and gas area?

A. Located in the Gulf of St. Lawrence, the Old Harry geological structure is approximately 30 kilometres long and 12 kilometres wide. Old Harry has the potential to contain significant volumes of hydrocarbon resources. It is one of the largest undrilled geological structures in Eastern Canada.

Q. How did Corridor Resources become involved at Old Harry?

A. Corridor Resources Inc. has been interested in Old Harry since the 1990s. In 1996, our company first acquired licences to explore for oil and gas at Old Harry (Quebec Permits PG963 and PG964). In 2008, we acquired a five-year exploration licence for the Old Harry area (EL 1105) from the Canada-Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB).

Q. What has Corridor done so far at the Old Harry site?

A. Corridor has experience at the Old Harry site, and in the Gulf of St. Lawrence. In 2010, we completed a geohazard survey at Old Harry. Before that, we completed three seismic surveys in the Gulf of St. Lawrence, two of those at Old Harry. Our goals are to understand the area better, to search for a suitable well location, and to proceed with any exploration program in a safe and environmentally responsible manner.

Q. What is a geohazard survey and why did you conduct it?

A. Prior to conducting any drilling activity, companies are required to complete a geohazard survey to determine whether there are any hazards on or just below the seabed. Our survey was conducted in October 2010 - safely and on time. It included 63 hours of geophysical surveying and low-intensity seismic testing. In addition, seabed photography was completed at five sites and sediment samples were collected at three sites. Ultimately, the goal of the geohazard survey was to ensure that any future exploration would be conducted in a safe and responsible manner. The results showed that a suitable drilling location can be selected.

Q. Has a significant discovery been made at Old Harry?

A. No discovery has been made at Old Harry. It is important to stress that we are still at the exploration stage. We do believe that Old Harry has the potential to contain significant volumes of hydrocarbon resources. It is one of the largest undrilled geological structures in Eastern Canada. Our next step, if we receive regulatory approval, would be drilling a single well.

Q. What exactly are Corridor's plans for Old Harry?

A. We are asking the regulator, the C-NLOPB, for approval to drill a single exploratory well on the Old Harry structure by the end of 2014. This would be a single exploratory well that would take up to 50 days to drill. After the well is drilled, the well would be plugged and the rig would move to another site to work for its next client.

Q. How do you know you can explore safely?

A. Our top priorities for this work are environmental protection and worker safety. We have submitted to the C-NLOPB for review and comment an Environmental Assessment (EA), under Canada's rigorous offshore regulations, for the drilling of a single well at Old Harry. Topics addressed in the EA include potential

impacts on commercial fisheries, species at risk, the marine ecosystem, sensitive areas, marine and migratory birds, the physical environment, accidental events and cumulative effects. Environmental protection and mitigation measures are described and science-based oil spill and drill mud and cuttings dispersion modeling are also included.

Q. You say that regulations are rigorous, but what exactly does that mean? How comprehensive is the regulatory process?

A. There are dozens of detailed Acts, Regulations and Guidelines to meet for a single exploration well at Old Harry. Requirements include, but are not limited to: comprehensive spill modeling; the design and implementation of an Environmental Protection Plan, a Waste Management Plan, a Safety Plan and an Emergency Response Plan; and communication with the fishing industry and other mariners.

Q. Will people have a chance to provide feedback on your proposed plans for Old Harry?

A. Corridor wants to design the safest and most environmentally responsible exploration project possible. We welcome feedback either directly, or through the regulator, the C-NLOPB. Corridor has placed Old Harry information on our website that will be updated regularly. You can contact Corridor directly by email at info@corridor.ca with any inquiries or comments. In addition, the public has an opportunity to provide feedback through the Independent Review Process. Under the Independent Review's Terms of Reference, additional public commentary will be invited with regards to Corridor's Environmental Assessment. Bernard Richard, the Chair of the Independent Reviews, is scheduled to file a report with the CNLOPB later in 2012.

Q. Is Corridor looking for oil or natural gas at Old Harry? If oil is discovered, what type of oil would it be?

A. Our analysis shows that, if hydrocarbons are trapped at Old Harry, we would most likely find either natural gas or light, non-persistent oil in the range of 45-56 API°. A well must be drilled at Old Harry to confirm the hydrocarbon potential.

Q. What would the benefits be from the Old Harry exploration well within EL 1105?

A. In the East Coast offshore sector, a single offshore well normally generates tens of millions of dollars in economic activity, and employs dozens of people on the rig, plus support and administrative staff onshore. The specific benefits related to this proposed well would depend on its design and the length of the drilling program. A detailed benefits plan would have to be approved by the C-NLOPB before the exploration program could proceed.

Q. What would happen after the drilling of the exploration well is completed?

A. Corridor would review the results from the exploratory well and decide on next steps. We hope to find natural gas or a very light oil at Old Harry, but we need to drill the well to confirm the potential. We plan to drill a single exploratory well by 2014. It is also important to stress that we will require regulatory approval for this program every step of the way. Stakeholders will have a chance to provide input through the regulatory system as this project moves forward.

Q. How soon might the Old Harry field be brought into production?

A. We would first have to decide whether there might be enough potential resource to continue toward a development. As of yet, there is no significant discovery at Old Harry. It is an undrilled geological structure. Historically, in the Eastern Canadian offshore sector, it takes several years to bring a field into production after a discovery is made. The company is now proceeding with a step-by-step exploration program at Old Harry, to determine the possible extent of oil and gas resources and – ultimately – to decide whether the field warrants bringing it into production.