

1 New Brunswick Energy and Utilities Board
2 IN THE MATTER OF an application by Corridor Resources Inc. for
3 a Permit to Construct a pipeline to connect a new I-39 Well
4 Pad to the existing McCully Gas Field Gathering System
5
6 held at the Fairway Inn, Sussex, New Brunswick, on March 10th
7 2009.

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1 - Affidavit of Proof of Publication and Affidavit of Posting of the application and that will become - page 5

2 - Letter dated January 20th 2009 from Todd McQuinn who chairs the Pipeline Coordinating Committee, confirming that members of the PCC have agreed to issuance of construction permit subject to conditions outlined in that letter - page 6

3 - Application to Construct and Supporting Evidence dated February 2009 - Volume 1 of 1 provided under cover letter of Doug Bailey dated February 1st 2009 - page 6

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10 BEFORE: Raymond Gorman, Q.C. - Chairman
11 Cyril Johnston - Vice-Chairman
12 Edward McLean - Member
13 Steve Toner - Member

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15 NB Energy and Utilities Board - Counsel - Ms. Ellen Desmond
16 - Staff - Todd McQuinn
17 - David Keenan
18 - David Young

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20 Board Secretary - Ms. Lorraine Légerè

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23 CHAIRMAN: Good morning. This is a pre-hearing conference
24 of the New Brunswick Energy and Utilities Board in
25 connection with an application by Corridor Resources Inc.
26 for a Permit to Construct installation in order to provide
27 production and transportation of natural gas from one new
28 Well Pad designated I-39 McCully Natural Gas Field
29 Gathering System and Gas Plant.

30 The Panel for this pre-hearing conference consists of
31 Edward McLean, Steve Toner, Cyril Johnston, Vice-Chair,
32 and myself Ray Gorman as Chair.

33 I will take the appearances at this time beginning with
34 the Applicant?

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MR. NORMAN: Yes. David Norman appearing as counsel for the Applicant, Mr. Chairman and Members of the Board. And with me are Norman Miller, who is the President and Chief Executive Officer of Corridor Resources. And also Douglas Bailey, who is the Production Operations Manager for Corridor Resources.

CHAIRMAN: Thank you, Mr. Norman. We have two parties that requested Intervenor status. The first is the Department of Energy?

MR. BILODEAU: Mr. Chair, Alain Bilodeau for Department of Energy. Patrick Ervin, Director will not be attending today. I do not intend to participate actively, but reserve the right to ask questions.

CHAIRMAN: Mr. Bilodeau, I just want to point out that under this particular legislation, Department of Energy would automatically be a party in any event. Thank you.

MR. BILODEAU: Thank you.

CHAIRMAN: And Potash Corporation of Saskatchewan?

MR. ZED: Yes, Peter Zed, Mr. Chairman. Mr. Fraccia, unfortunately couldn't be with us today. He is on a flight to Saskatoon.

CHAIRMAN: Thank you, Mr. Zed. Other parties are automatically parties pursuant to Section 6 of the Pipeline Act. And I am going to read the list of those

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parties to see if any of them are present. Minister of Agriculture and Aquaculture? Anybody here representing any of these Ministries? I will go through the list. No. Minister of Energy? Mr. Bilodeau has already indicated he is here representing that Ministry. Minister of the Environment? No one present. Minister of Local Government? No one present. Minister of Natural Resources? No one present. Minister of Public Safety? No one present. Minister of Transportation? No one present.

And in addition, two municipalities also were potentially impacted by this application, Town of Sussex, anybody representing the Town of Sussex? No one. And Village of Sussex Corner, anybody present representing the Village of Sussex Corner? No one.

New Brunswick Energy and Utilities Board?

MS. DESMOND: Ellen Desmond, Mr. Chair. And from Board Staff, Todd McQuinn, David Young, David Keenan.

CHAIRMAN: Thank you, Ms. Desmond. There are some pre-filed documents, which we will mark as exhibits at this point in time. Subject to any objection from any other parties. The first document is an Affidavit of Proof of Publication and Affidavit of Posting of the application and that will become - exhibit 1.

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2 The second document that the Board has pre-filed is a
3 letter dated January 20th 2009 from Todd McQuinn who
4 chairs the Pipeline Coordinating Committee, confirming
5 that members of the PCC have agreed to issuance of
6 construction permit subject to conditions outlined in that
7 letter. That will become exhibit 2.

8 The next item is an Application to Construct and
9 Supporting Evidence dated February 2009 - Volume 1 of 1
10 provided under cover letter of Doug Bailey dated February
11 1st 2009. That will become exhibit 3.

12 And we have a Certificate of Determination issued by the
13 Minister of the Environment dated December 8th 2008. Do
14 we have that document? Yes, I did have that. Okay. That
15 will become exhibit 4.

16 And Certificate of Insurance dated March 3rd 2009, that
17 will become exhibit 5.

18 And those are essentially the pre-filed documents that the
19 Board has. Mr. Norman are there any other documents that
20 you may wish to tender in evidence at this time?

21 MR. NORMAN: The only other document that you may wish to
22 mark as an exhibit is the proof of service on the Union of
23 New Brunswick Indians, which is a letter dated August 13th
24 2008 from Dena Murphy of Corridor Resources to Mr. Ronald
25 Perley.

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CHAIRMAN: That proof of service of the August 13th 2008 letter from Dena Murphy to Ronald Perley will be marked as exhibit 6.

MR. NORMAN: Mr. Chairman, I don't believe there are any other documents to be marked as exhibits. However, there is one other document that I will wish to refer to in due course. And that is a letter that I wrote to Lorraine Legere* on March 2nd 2009 requesting that the preliminary hearing be treated as a final hearing for provision -- on the assumption, of course, that there are no issues that require any further consideration. So that letter I -- you probably have it. I have copies and I can introduce at the appropriate time.

CHAIRMAN: I believe that we do have copies of that. Mr. Zed, do you have a copy of that letter?

MR. ZED: I received a copy. Yes, I did.

CHAIRMAN: Mr. Bilodeau, do you have a copy as well?

MR. BILODEAU: Yes.

CHAIRMAN: Well, Mr. Norman, I guess we have received and reviewed that letter where in you requested today's pre-hearing conference to be treated as a final hearing for approval of this application. And as you know the purpose of today's hearing is to allow the Applicant and Intervenors or other interested parties to attend and made

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representations with respect to the type of proceeding required to consider this application, the procedure to be followed in respect of the proceeding and any other matters in respect thereto.

The only Intervenors present today are PCS and the Department of Energy. So I am going to ask those parties and counsel for the Board whether or not they have any objection to treating today's pre-hearing as a final hearing for approval of this application. Mr. Bilodeau, do you have any objection?

MR. BILODEAU: No, Mr. Chairman.

CHAIRMAN: Thank you. Mr. Zed, so you have any objection?

MR. ZED: No, we don't. We support the Applicant's request.

CHAIRMAN: Thank you. Ms. Desmond, any comments or objection on that?

MS. DESMOND: No objection, Mr. Chair. However, just a comment. I believe that exhibit 4, 5 and 6, I am not sure if they have been shared with the Intervenors. Certainly I know item 6 has not been shared with Board Staff. And I believe that I just checked with the Board Secretary, she indicated that the Applicant had copies maybe to circulate. And perhaps the Intervenors should have copies of those exhibits.

CHAIRMAN: Certainly. Do you have extra copies of exhibits

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4, 5 and 6 available to share with the Intervenors. And
if not, we can share copies. The Board can --

MR. NORMAN: How many?

CHAIRMAN: Well only looking for to Mr. Zed and Mr.
Bilodeau. I assume they may not have a copy.

MS. DESMOND: I don't believe Board Staff have 4, 5, the
documents -- or I guess 5, we would have . But 4 and 6 has
not been shared with Board Staff.

CHAIRMAN: Ms. Desmond, perhaps you can have Mr. Toner's
copy and he and I will look on.

MR. NORMAN: I have plenty of extra copies here, Mr.
Chairman. I will just give them now.

CHAIRMAN: Okay. Ms. Desmond, any other comments?

MS. DESMOND: No, questions. Thank you.

CHAIRMAN: Well then, since there is no objection to
treating today's hearing as the final hearing, the Board
will grant your request and ask Mr. Norman to proceed with
his case as a final hearing.

MR. NORMAN: Thank you, Mr. Chairman. I would like to call
Mr. Bailey as the one and only witness. However, I should
say that if there are questions from the Board, for
example, Mr. Miller, he is available to answer questions
as well, but Mr. Bailey will be the primary witness.

CHAIRMAN: Ms. Desmond, would you like to come forward and

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swear the witness.

DOUGLAS BAILEY, having been duly sworn, testified as

follows:

DIRECT EXAMINATION BY MR. NORMAN:

Q.1 - Your name, please?

A. Doug Bailey.

Q.2 - What is your position?

A. I am the Production Operations Manager for Corridor
Resources Inc.

Q.3 - What are generally your responsibilities with Corridor?

A. I am responsible for the construction and operation of the
gas plant, pipeline facilities.

Q.4 - Are you familiar with the application that is being
considered by the Board today and perhaps get out the
application we have marked as exhibit 2? Sorry, as
exhibit 3?

A. Yes. Yes, I am.

Q.5 - You are familiar with that?

A. Yes.

Q.6 - And also there is filed as exhibit 2, a letter dated
January 20th 2009 from Mr. Todd McQuinn. Are you familiar
with that?

A. Yes, I am.

Q.7 - And also there is a document filed as exhibit number 4

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called the Certificate of Determination. Are you familiar with that document?

A. Yes, I am.

Q.8 - Mr. Bailey, I would like to direct your attention if I may to exhibit number 2, which is the letter of January 20th 2009 from Mr. McQuinn. Attached to that letter are a number of what are described as Determinations of Committee.

First of all, dealing with paragraph number 5, which requires Corridor Resources to designate one of its employees as project manager responsible for fulfilment of undertakings, has someone been designated for that purpose?

A. Yes. That is Craig Arbeau our facilities engineer.

Q.9 - Yes. And does he work under you?

A. Yes, he does.

Q.10 - And I gather that you, as part of your responsibility would exercise surveillance over the entire process?

A. Yes.

Q.11 - And then going over to paragraph 19, this requires that Corridor shall obtain and maintain liability insurance in a form acceptable to the Board. Has Corridor done that?

A. Yes, we have.

Q.12 - And is that the document that is the Certificate of

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Insurance that is part of exhibit number 5?

A. Yes.

Q.13 - Now does exhibit number 5, and specifically the Certificate of Insurance, contain a provision with respect to giving 60 days written notice as required by the conditions of obtaining a permit?

A. Yes, it does.

Q.14 - And where does that appear?

A. It appears on the last page of the insurance certificate. At the top of the page.

Q.15 - Towards the top of the certificate?

A. Top of the last page.

Q.16 - Now going to paragraph number 20, which says that Corridor shall comply with all requirements stated in the Certificate of Determination. Is Corridor in a position to make certain that compliance occurs?

A. Yes, they are. Conditions on that certificate are basically the same as the previous certificates and we fully complied with those.

Q.17 - And with respect to the conditions that are contained in the letter of January 20th 2009 from Mr. McQuinn, is Corridor also in a position to see that those requirements are carried out?

A. Yes, we are.

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2 Q.18 - Moving onto the issue of financial responsibility, Mr.

3 Bailey, how does Corridor propose to finance the work that

4 is the subject of this application?

5 A. This work will be financed internally through Corridor's

6 normal cash flow and financing.

7 Q.19 - And has that same methodology of financing been used in

8 the past?

9 A. Yes, it has.

10 Q.20 - Successfully?

11 A. Yes.

12 Q.21 - Now you recall that there was an application similar to

13 the one that we are dealing with today that was heard last

14 August-- August 2008, with respect to G-48?

15 A. Yes.

16 Q.22 - And you were present and --

17 A. Yes, I was.

18 Q.23 - -- part of that application?

19 A. Yes, I was.

20 Q.24 - Now does the application here today differ in any

21 fundamental way from the application with respect to G-48?

22 I am getting at here the nature of the project, the

23 nature of the work that has to be carried out?

24 A. No, the work is basically similar. The only difference

25 here is the pipeline is slightly longer. It is

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3.4 kilometers versus --

Q.25 - Other than that it is essentially the same?

A. Yes.

Q.26 - The same work?

A. The same work, yes.

Q.27 - And was the work with respect to G-48 successfully carried out?

A. Yes, it was. Under the management of Craig Arbeau, our facilities engineer, it was done successfully, on time.

Q.28 - Now finally with respect to land acquisition for the right of way, first of all, what again is the length of the right of way that we are dealing with in this application?

A. It's roughly 3.4 kilometers.

Q.29 - And what is the status of the acquisition with respect to that right of way?

A. There are -- we are in the process of negotiating final agreements with the landowners. There is a total of six landowners. Two have -- we have signed agreements with two and we are in the process of negotiating with the other four.

Q.30 - And when do you expect that to be concluded?

A. We expect that to be concluded in the next couple of

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weeks.

Q.31 - I mean that is actively taking place at this point in time?

A. Yes.

MR. NORMAN: I have no further questions. Thank you.

CHAIRMAN: Thank, Mr. Norman. Mr. Bilodeau, any questions?

MR. BILODEAU: I have no questions.

CHAIRMAN: Mr. Zed?

MR. ZED: I do not have any questions for the witness.

CHAIRMAN: Thank you, Mr. Zed. Ms. Desmond?

MS. DESMOND: We have a few questions, Mr. Chair.

CHAIRMAN: Proceed.

CROSS EXAMINATION BY MS. DESMOND:

Q.32 - Mr. Bailey, the first question I have is with respect to the public information program. And just by way of clarification it appears as if the public information program and the open houses were conducted in August of 2008, but the application itself was filed in February. And that appears to be a little longer time frame than would normally be the case. Is there a reason why that window of time exists between when the community would have been notified and the application was filed with the Board?

A. Part of the open house was as a result of the

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2 Environment requirements. And that's -- I think at that
3 time we anticipated maybe going through a process with the
4 Board where we would submit -- get environmental approval
5 through the EUB rather than a separate EIA process and the
6 subsequent application to the EUB. So that's kind of the
7 reason for the extended time frame.

8 I might add in addition to the public information session
9 in August, we review the status of our projects at the
10 community liaison committee meetings, which occurred every
11 month during last year and have kept the community sort of
12 up to speed on where we are at with the project.

13 Q.33 - Are you satisfied then that all members of the
14 community would be familiar with this project, at least
15 those who are -- have at least expressed interest in this?

16 A. That's correct, yes. Those that are interested certainly
17 will understand where the project is at.

18 Q.34 - That leads to my next question, which is with respect
19 to aboriginal consultation. And exhibit 6 identifies that
20 a registered letter was sent to Mr. Perley?

21 A. Yes.

22 Q.35 - Has there been any response from Mr. Perley, or has any
23 additional consultation taken place?

24 A. I don't believe we have had a response from them, no. We
25 do meet with the Union of New Brunswick Indians. I

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don't have the exact dates, but Mr. Miller and Ms. Murphy meet with them on occasion to discuss our projects.

Q.36 - In the letter to Mr. Perley dated August 13th, and it was marked as exhibit 6, the letter indicates that a copy of the environmental impact assessment would be sent to UNBI once it was completed. Did that in fact take place?

A. Yes, it did.

Q.37 - Now you indicated to your counsel that the negotiations with landowners are substantially complete. Did I hear you indicate there were six landowners?

A. There are six landowners. And the negotiations are in progress. We have talked to all six of them. We have signed agreements with two out of the six. One landowner represents about 80 percent of the right of way and we anticipate concluding that one shortly. They were just having a final legal review of the documents with their lawyer.

Q.38 - Okay. If I can just refer you I believe to page 61 of your application --

MR. NORMAN: What page was that?

MS. DESMOND: 61.

Q.39 - No, I am sorry. 67.

A. Yes.

Q.40 - Just at the bottom, there is an item number 2, and it

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2 talks about the -- sorry, at the top of that page, the
3 response. There is no crossings of roads, highways or
4 railways. Is that in fact the case that with this
5 pipeline there would be no crossings of roads?

6 A. There is one crossing of a road. That's -- other than
7 that there are no other crossings. It's a crossing --

8 Q.41 - And how do you anticipate dealing with that road
9 crossing?

10 A. There is an application before New Brunswick
11 Transportation for that crossing right now.

12 Q.42 - And would that construction be in compliance with your
13 existing manuals?

14 A. Yes, it would.

15 Q.43 - And procedures?

16 A. Yes, it would.

17 Q.44 - And just finally, Mr. Bailey, is Corridor satisfied
18 that the operations will not interfere with the mining
19 operations of PCS?

20 A. Yes, we are.

21 MS. DESMOND: Those are all of our questions.

22 CHAIRMAN: Thank you, Ms. Desmond. Any questions from the
23 Board? Any redirect, Mr. Norman?

24 MR. NORMAN: No, thank you, Mr. Chairman.

25 CHAIRMAN: Thank you, Mr. Bailey.

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WITNESS: Thank you.

CHAIRMAN: And do I understand that that's the only witness you intend to call, Mr. Norman?

MR. NORMAN: That is correct.

CHAIRMAN: So does that conclude your case subject to any comments you may have in summing up?

MR. NORMAN: Yes, it does.

CHAIRMAN: Thank you. Mr. Bilodeau, I take it, you have no evidence to bring forward? I think that is what you indicated at the commencement of today's hearing?

MR. BILODEAU: Yes, I have no evidence.

CHAIRMAN: Mr. Zed?

MR. ZED: Likewise, Mr. Chairman. We are not going to present any evidence.

CHAIRMAN: And Ms. Desmond?

MS. DESMOND: No, nothing further.

CHAIRMAN: Mr. Norman, any comments you would like to make then in summation?

MR. NORMAN: It seems to me, Mr. Chairman and Members of the Board that anything I would have to say at this point is probably a bit redundant. I think it is fair to conclude that the necessary requirements that are important to the Board for the granting of an application have been met and there is really not much else to be done.

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Obviously there are no interventions that have had any impact on this matter. And in fact the Intervenors appear to be supporting the application. So I guess that speaks for itself. Thank you.

CHAIRMAN: Thank you, Mr. Norman. Mr. Bilodeau, anything you wish to add?

MR. BILODEAU: No, I do not wish to add anything.

CHAIRMAN: Thank you. Mr. Zed?

MR. ZED: Well I will follow Mr. Norman's lead. I think, you know, he is quite correct that we are here in support of the application, and that does speak for itself. Potash -- PCS is of the opinion that the application in no way affects their mining interests negatively. And on the other side, we are partners with Corridor in a number of these gas-related operations and it is important to us that, you know, the economic viability of Corridor's exploration continue and we see this as just another step in the normal progression of their development. As far as we are concerned, it is very positive and impacts favourably on our operation.

CHAIRMAN: Thank you, Mr. Zed. Ms. Desmond, anything else that the Board needs to consider before we retire to deliberate on this matter?

MS. DESMOND: Nothing further. Thank you.

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CHAIRMAN: Thank you. Then we will take a short adjournment. We will be back I think within 10 or 15 minutes.

MR. NORMAN: Thank you.

(Recess - 10:30 a.m. to 10:46 a.m.)

CHAIRMAN: I will give a decision of the Board at this time.

Today's hearing of the Energy and Utilities Board scheduled as a pre-hearing conference in connection with an application by Corridor Resources Inc. for a Permit to Construct an installation in order to provide for the production and transportation of natural gas from one new well pad designated I-39 in McCully Natural Gas Field to its gathering system and gas plant.

The Board received a letter from Mr. Norman, the solicitor for the Applicant, requesting that today's pre-hearing conference be treated as a final hearing for approval of the application.

The purpose of today's hearing was to allow the Applicant and Intervenors or other interest parties to attend and make representations with respect to the type of proceeding required to consider this application, the procedure to be followed in respect of the proceeding and any other matters in respect thereto.

The only Intervenors present today are PCS and the

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2 Department of Energy. Neither of the Intervenor nor
3 counsel for the EUB had any objection to the Board
4 treating today's pre-hearing as the final hearing for the
5 approval of the application. As there was no objection to
6 treating this as the final hearing, the Board granted the
7 request.

8 The Board has considered the evidence and will grant a
9 Permit to Construct as applied for subject to the
10 conditions of approval contained in the Certificate of
11 Determination issued by the Minister of Environment and
12 subject to the conditions found in the letter from the
13 Pipeline Coordinating Committee. A written decision will
14 be issued.

15 MR. NORMAN: Thank you, Mr. Chairman.

16 CHAIRMAN: Anything else in connection with this matter?

17 Ms. Desmond, anything else we need to deal with?

18 MS. DESMOND: Nothing further.

19 CHAIRMAN: Thank you. We are now adjourned then. Thank
20 you.

21 (Adjourned)

22 Certified to be a true transcript of the
23 proceedings of this hearing as recorded by me, to the
24 best of my ability.

25

Reporter