

THE NEED TO SETTLE THE OTTAWA/QUEBEC OFFSHORE DISPUTE IN THE GULF OF ST. LAWRENCE

Deer Lake holds a 25% WI in EL1102 in Bay St. George some 50 miles NE of Old Harry .

Mississippian aged salt and salt movement is ubiquitous throughout EL1102 and seems to have formed major anticlinal, stratigraphic and fault related traps.

Some of these salt related traps are analogous to the famous multi – billion barrel potential of the Old Harry structure that lies on the Quebec/Newfoundland offshore boundary 50 miles to the SW.

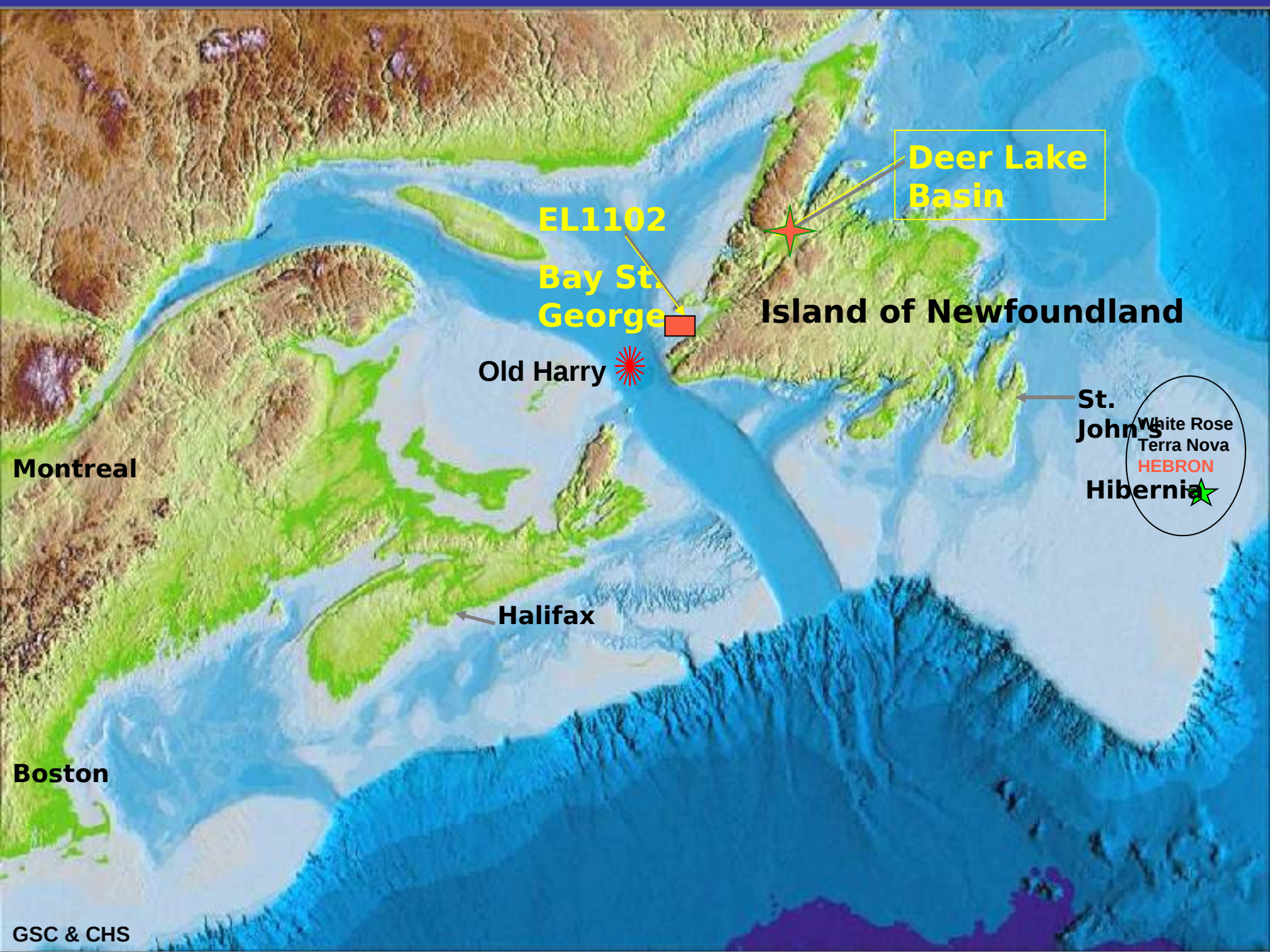
The significant missed opportunity represented by Old Harry stands as a mute testament to an unfortunate political impasse between Ottawa and Quebec City.

Even though all federal/provincial ownership questions in the Newfoundland sector (eg. EL1102) were settled by the 1985 Atlantic Accord, this impasse has had the effect of dampening industry's interest, not only in the significant resource opportunity that Old Harry represents, but understandably also in the whole of the Anticosti Basin and a large part of the Carboniferous aged Maritimes Basin and which cover, and are prospective over, the whole central and northern part of the Gulf of St. Lawrence.

The fact is that the greater part of the promising Anticosti Basin lies in waters claimed by Quebec.

And while one can argue, with good geological foundation, that the Newfoundland portion of the Anticosti Basin (onshore and offshore) is the more prospective part as compared with the larger part within Quebec's area of claim, as long as the greater part of the Anticosti Basin is in a jurisdictional and exploration rights no man's land, then all parts of those Basins are negatively affected.

Simply put Western Newfoundland, Eastern Canada and indeed eastern North America needs to see this issue resolved, and soon.



Deer Lake Basin

EL1102

Bay St. George

Island of Newfoundland

Old Harry

St. John's

White Rose
Terra Nova

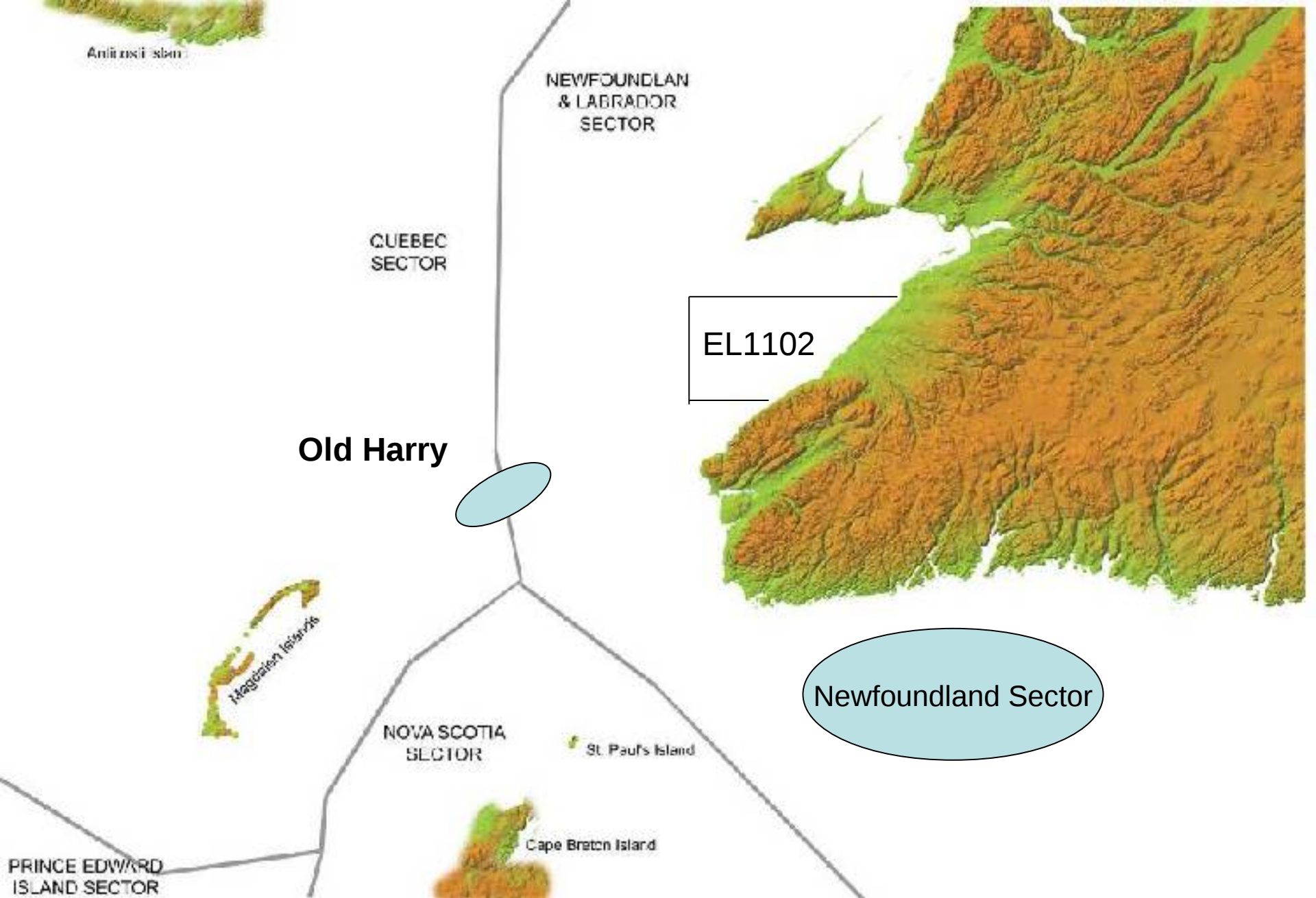
HEBRON

Hibernia

Montreal

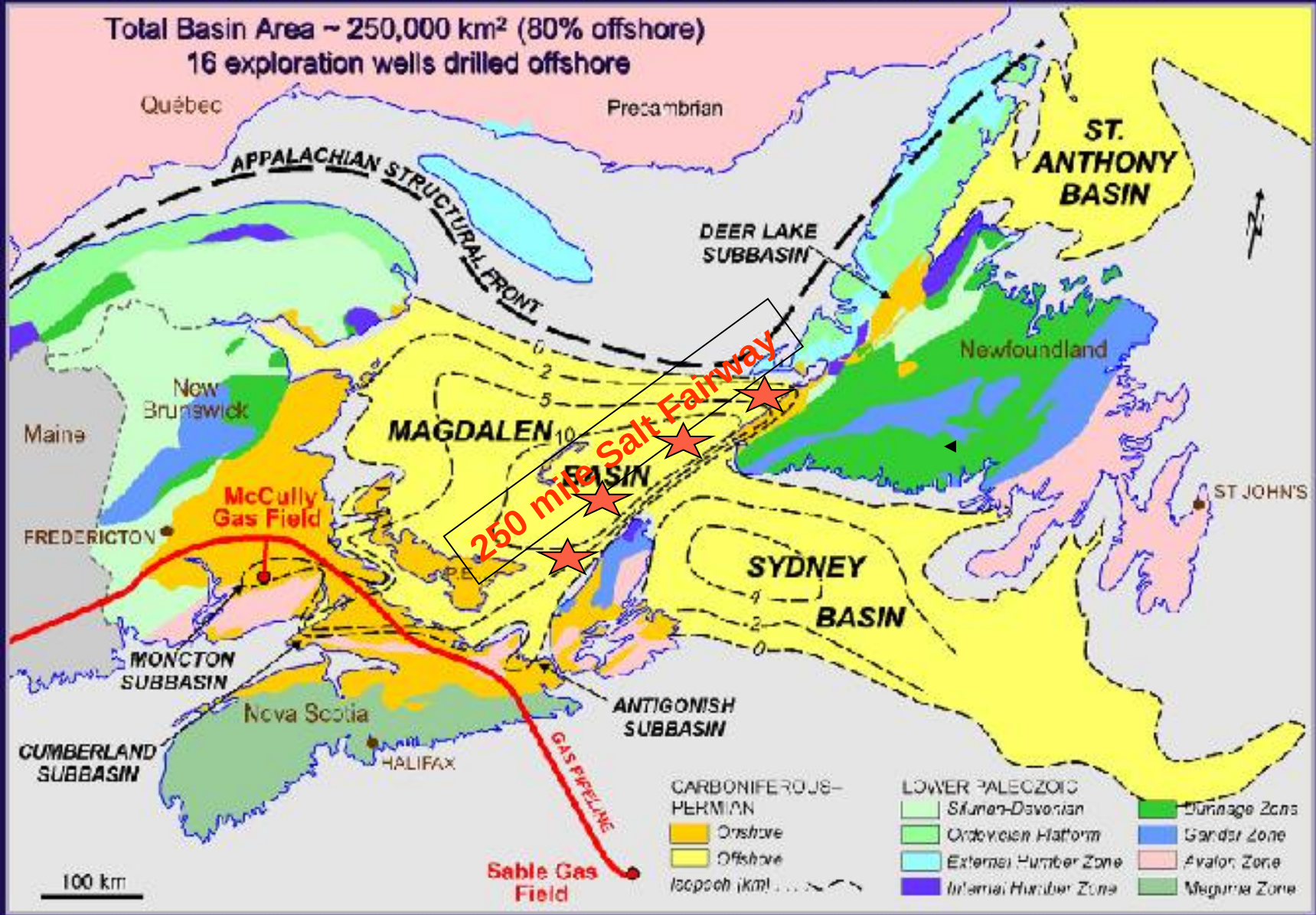
Halifax

Boston



Carboniferous Basins in Eastern Canada

Total Basin Area ~ 250,000 km² (80% offshore)
 16 exploration wells drilled offshore



Corridor holds only provincial (Quebec) rights on the Quebec end of Old Harry

Corridor holds full federal and provincial rights on the Newfoundland end of Old Harry from the CNLOPB

Approx Location of Quebec/Newfoundland Boundary

OLD HARRY is ~18 Miles Long

Proposed Well Location

Water Depth – 1500 feet
Reservoir – Carboniferous sands
Area of 4 way Closure – 50,000 acres
6 sea surface oil seeps from flanks
Potential Recoverable Reserves
- 1.5 to 2.0 billion bbls if oil
- 4 - 5 trillion cubic feet if gas

Source: www.corridor.ca

Old Harry
Top Green Gables
Time Structure Map



**OLD HARRY DISPUTE PART OF STRUGGLE OVER WHOLE OF QUEBEC SECTOR IN THE GULF OF ST LAWRENCE AND THIS IMPACTS ATTRACTIVENESS OF ADJOINING PROVINCIAL SECTORS;
Eg . The 15 MILE LONG SALT CORED “YOUNG HARRY” STRUCTURE ON EL1102 IN BAY ST GEORGE -50 miles to the NE of OLD HARRY**

900 ms

15 miles

500 ms

900 ms

Contour Interval – 100 ms

YOUNG HARRY – Time Structure (near top of Windsor salt)

Length at 900ms contour – 15 miles (24 km)

Average Width – 2.5 miles

Approx area of salt core at 900 ms – 37.5 sq miles (24,000 acres)

Vertical rise of salt core ~ 400 ms twt (~ 2000 feet)