

2000

2001

ANNUAL

REPORT



OIL AND GAS COMMISSION

## **Canadian Cataloguing in Publication Data**

British Columbia. Oil and Gas Commission.

Annual report. - - 1st (1998/1999) -

Annual.

ISSN 1488-4380 = Annual report - - British Columbia.  
Oil and Gas Commission

1. British Columbia. Oil and Gas Commission -  
Periodicals. 2. Petroleum industry and trade -  
Government policy - British Columbia - Periodicals.  
3. Gas industry - Government policy - British  
Columbia - Periodicals. I. Title.

HD9574.C33B74

354.4'5'0971105

C99-960243-8



## Table of Contents

From the Board of Directors	2
Annual Update from the Advisory Committee	3
Introduction	4
Highlights	5
Performance Plan	7
Statement of Corporate Governance Practices	9
Management Discussion and Analysis	10
Financial Statements of the Oil and Gas Commission	12

## From the Board of Directors

2000-2001 was an important year for the Oil and Gas Commission (Commission) as we continued to build firm relationships with our clients and stakeholders. By being accessible and making our regulatory delivery more transparent, the Commission's objective is to build a credible regulatory system necessary for a safe, environmentally balanced and prosperous oil and gas industry in BC. Strong growth of the oil and gas industry culminated in \$1.8 billion in revenues in 2000/2001, thus making BC the single largest net revenue contributor to the Province. The significantly higher levels of activities associated with this degree of industry growth severely tested the Commission's capabilities. I have been impressed and humbled by the extraordinary response of our staff.

As I complete my tenure with the Commission, I am pleased to share some of the highlights of our continuing journey to become an effective and efficient regulator committed to stakeholder and client involvement.

I respectfully submit our 2000-2001 annual report.



---

Rob McManus  
Commissioner

# Annual Update from the Advisory Committee

The legislative mandate of the Oil and Gas Commission Advisory Committee is to provide advice to the Commission on policy, budgetary issues, business and strategic planning, development of information system capacity and financial statements.

The Committee's highlights and accomplishments for 2000-2001 include:

- ◆ Reviewed the Commission's financial statements for the fiscal year ending March, 2001;
- ◆ Reviewed and commented on updates to the Commission's three year Performance Plan and 2000 / 2001 Business Plans;
- ◆ Recommended the Commission initiate a Request for Proposal to expand research and knowledge of the applicability of helicopter-supported well drilling in BC;
- ◆ Reviewed the proposals submitted for funding to the 2001 Environmental Fund. Twenty-three proposals were received and the Committee recommended that 14 projects be funded for a total cost of \$1,044,000.

The members of the Advisory Committee as of March 31, 2001 were:

BOB FEDDERLY / CHAIR  
JACKIE ALLEN / VICE-CHAIR  
DAVID LUFF  
WAYNE SAWCHUCK  
KATHI DICKIE  
CHRIS BAKKER  
ALLEN WATSON  
JIM REIMER  
CARYLIN GREATBANKS

# Introduction

The Oil and Gas Commission (Commission) was created under the *Oil and Gas Commission Act* in 1998. It is a one-window integrated regulatory agency reporting to the Minister of Energy and Mines, with responsibilities for overseeing oil and gas operations including exploration, development, reclamation and pipeline transportation.

The purposes of the Commission includes the regulation of oil and gas activities and pipelines in BC in a manner that provides for the sound development of the sector by fostering a healthy environment, a sound economy and social well-being.

The Oil and Gas Commission's statutory authorities and responsibilities are set out in the following Acts:

- ◆ *Oil and Gas Commission Act*
- ◆ *Petroleum and Natural Gas Act*
- ◆ *Pipeline Act*
- ◆ *Forest Act*
- ◆ *Forest Practices Code of BC Act*
- ◆ *Heritage Conservation Act*
- ◆ *Land Act*
- ◆ *Waste Management Act*
- ◆ *Water Act*

This annual report highlights the Commission's business planning, performance achievements and fiscal status, and provides an overview of its Corporate Governance structure.

For more information, please contact:

Colleen Sweet, Manager of Stakeholder Relations and Communications

Tel: (250) 261-5734 or [colleen.sweet@gems7.gov.bc.ca](mailto:colleen.sweet@gems7.gov.bc.ca)

# Highlights

The growth in BC's oil and gas sector continued this year. The Oil and Gas Commission met the challenges associated with this growth by implementing new initiatives to improve its business processes; expanding stakeholder engagement; facilitating and encouraging research to minimize environmental impacts; and, enhancing industry compliance with provincial regulation. We proudly share some of our performance highlights:

## ORGANIZATIONAL DEVELOPMENT

- Staff developed a three-year Performance Plan to guide and assist the Commission in delivering its mandate with excellence.
- Investments were made in the Commission's information systems to improve service efficiency. Focus areas included development of a geographic information system and enhancements to the Integrated Resource Information System database.

## REGULATING OIL AND GAS ACTIVITY

- Staff managed a 33% increase in the number of applications by streamlining processes and through extraordinary dedication and effort.
- 2000 was also a record year for number of wells drilled in BC – 753 were drilled.
- During the peak drilling period, a record number of drilling rigs – 138 rigs – were active in the Province. This surpasses the previous record of 122 rigs in 1999.

## STATISTICS

### APPLICATIONS:

Number of applications received	3158
Average application processing days	21

### INSPECTIONS (Compliance & Enforcement)

Number of inspections conducted	2998
Number of kilometers traveled	279,054

### CONSULTATIONS

Number of First Nation consultations	4278
--------------------------------------	------

### STAKEHOLDER ENGAGEMENT

The Oil and Gas Commission Environmental Fund committed \$1,044,000 to fund environmental research related to oil and gas exploration and development in BC. Research projects approved include studies on air quality monitoring; coal acid gas absorption; and cumulative impacts of flaring.

The Commission also made progress on key stakeholder initiatives this year, including:

### THE PUBLIC COMMUNICATION GUIDELINE

The Guideline is a defined process and procedure to guide industry in developing their communication processes with the public, prior to making application to the Commission.

### BUICK CREEK RESIDENT/INDUSTRY ADVISORY COMMITTEE

This initiative brings residents and industry representatives together to discuss issues and address concerns. The Commission will expand on this program to other areas of BC in 2001-2002.

# Report on the Performance Plan

The Oil and Gas Commission finalized a three year Performance Plan this year. The Plan was submitted to the Minister of Energy and Mines on April 30, 2001.

The Performance Plan presents the vision, mission, core values and strategies of the Commission. It also defines performance measures and targets for the next three years. The targets are based on the business year of the Commission, which runs from October to September each year. The first measurement will take place in the summer of 2001, and will establish baseline data to track performance annually.

The two main areas of measurement are effectiveness and efficiency. The effectiveness measurement will be based on a satisfaction index of the Commission's employees, clients, and stakeholders. The measurement will be determined by conducting satisfaction surveys, using the results from the summer 2001, as a baseline. The Commission has targeted a 10% increase in satisfaction from each group each year. The efficiency measurement will be made using the data generated from our main operating systems. The measurement will be based on the mean average and standard deviation of application processing timeframes.

The management of the Commission will use the performance measures to adjust its strategy and ensure that it work towards its vision and fulfills its mission. The 2001-2002 annual report will report the values found in the baseline measurements completed in summer 2001, and will also describe how the measurements were taken.

## VISION STATEMENT

The vision statement describes the future state Oil and Gas Commission staff aspire and strive to achieve.

"To be the innovative regulatory leader, respected by stakeholders and clients."

## MISSION STATEMENT

The mission statement outlines the mandate of the Oil and Gas Commission, and the means by which it will achieve its vision.

"Regulating oil and gas activity:

- Through fair, consistent, responsible and transparent stakeholder engagement,
- For the benefit of all British Columbians,
- By balancing environmental, economic, and social outcomes."

## CORE VALUES

Core values are the fundamental and enduring values and beliefs, which determine the Commission's organizational culture.

"We commit to integrating the following in everything we do:

- We continually strive to strengthen relationships with our stakeholders, clients, and co-workers by being open and demonstrating integrity.
- We are flexible, innovative, and proactive.
- We are socially and environmentally responsible.
- We will measure our performance and strive for excellence.
- We are open to change that enables personal and organizational growth.
- We foster a positive attitude and fun in the workplace."

# Statement of Corporate Governance Practices

The Board of Directors of the Oil and Gas Commission consists of the Commissioner and Deputy Commissioner, appointed by the Lieutenant Governor in Council for terms not exceeding 5 years. The Commissioner is the chair of the Board. The Board is charged with managing the affairs of the Commission or supervising the management of those affairs and is empowered to exercise the powers of the Commission. The Board fulfills the purposes of the Commission through a staff of 83 members organized into 7 branches.

An Oil and Gas Commission Advisory Committee advises and makes recommendations to the Commission regarding the fulfillment of the Commission's purposes, the environmental, economic and social issues arising out of the Commission's operations, and the Commission's short and long term operating plans. The Advisory Committee is appointed by the Minister and includes representatives from local governments, the general public, First Nations, industry and environmental organizations.

# Management Discussion and Analysis

Our third operating year was highlighted by the completion of the Commission's Performance Plan and Branch Business Plans. The Performance Plan was delivered to the Minister on April 30, 2001.

<b>Revenue</b>	<b>Actual</b>	<b>Budget</b>	<b>Difference</b>
Fee Revenue	11,463	8,050	42%
Levy Revenue	5,579	5,400	3%
Other Revenue	1,212	1,353	10%
	<u>18,254</u>	<u>14,803</u>	
<b>Expense</b>			
First Nation	4,945	6,190	20%
Salary Expense	4,361	5,641	(23%)
Other Expense	2,330	2,358	1%
	<u>11,636</u>	<u>14,189</u>	
<b>Surplus (Deficit)</b>	<u>6,618</u>	<u>(614)</u>	

The table below shows key operating statistics for the first three years of the Commission's existence. 1999, our first year, was a partial year of operation.

	<b>2001</b>	<b>2000</b>	<b>1999</b>
Fee Revenue	11,463	7,732	2,967
Levy Revenue	5,579	5,365	2,843
Other Revenue	1,212	102	-
First Nation	4,945	6,236	4,385
Salary Expense	4,361	5,324	2,228
Other Expense	2,330	2,716	2,119
Net Revenue (Loss)	5,732	(1,077)	(2,922)
Cash Balance	5,612	5,312	-
Net owing to Province	(1,124)	5,222	2,455
Owing to First Nations	5,627	5,657	2,658
<b>Surplus (Deficit)</b>	<u>3,353</u>	<u>(3,999)</u>	<u>(2,922)</u>

There are a number of reasons for the Commission's improved financial performance in 2000-2001, including higher revenues from applications fees generated by increased industry activity. The First Nations expense is derived from the Memorandums of Understanding negotiated between Treaty 8 First Nations, the Oil and Gas Commission and the Province of BC, and is outside of the operational control of management.

Another reason for the budgetary improvement resulted from lower costs, due to unanticipated staff vacancies, and the introduction of pipeline billing this fiscal.

The major challenge for the Commission in the coming year is to adjust its business processes to accommodate the anticipated increases in industry activity levels. To respond to increasing activity demands, while maintaining a low operating budget, the Commission will invest in new technologies, human resources and organizational development.

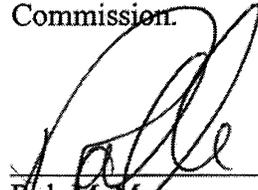
FINANCIAL STATEMENTS  
of the Oil and Gas Commission  
for the year ended March 31, 2001

# Statement of Management Responsibility

The financial statements of the Oil and Gas Commission for the year ended March 31, 2001 have been prepared by management in accordance with Canadian generally accepted accounting principles. These financial statements present fairly the financial position of the Commission as at March 31, 2001, and the results of its operations and changes in its financial position for the year then ended.

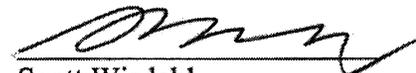
Management is responsible for the preparation of the financial statements and has established a system of internal control to provide reasonable assurance that assets are safeguarded, that transactions are properly authorized, and that financial records provide reliable information for the preparation of financial statements.

The Auditor General of British Columbia has performed an independent audit of the financial statements of the Oil and Gas Commission. The Auditor's report outlines the scope of his examination and expresses an opinion on the statements of the Oil and Gas Commission.



---

Rob McManus  
Commissioner



---

Scott Wisdahl  
Director, Corporate Services

May 10, 2001



Report of the Auditor General  
of British Columbia

*To the Commissioner  
of the Oil and Gas Commission, and*

*To the Minister of Energy and Mines,  
Province of British Columbia:*

I have audited the statement of financial position of the *Oil and Gas Commission* as at March 31, 2001 and the statements of surplus, operations and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the *Oil and Gas Commission* as at March 31, 2001 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

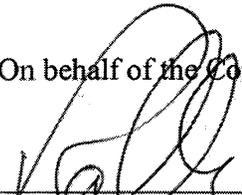
*Victoria, British Columbia  
May 10, 2001*

Wayne Strelhoff, CA  
Auditor General

Statement of Financial Position  
March 31, 2001, with comparative figures for 2000 (in \$000s)

	<u>2001</u>	<u>2000</u>		<u>2001</u>	<u>2000</u>
<b>Assets</b>			<b>Liabilities and surplus</b>		
<b>Current assets</b>			<b>Current liabilities</b>		
Cash	5,612	5,132	Accounts Payable	457	626
Accounts receivable	3,077	1,513	Due to First Nations (Note 8)	3,843	3,262
Due from Province of British Columbia (Note 4)	1,133	994	Due to the Province of British Columbia (Note 4)	9	6,216
Prepaid expenses	84	14			
	<u>9,906</u>	<u>7,653</u>		<u>4,309</u>	<u>10,104</u>
<b>Capital assets (Note 3)</b>	948	1,129	<b>Long-term liabilities</b>		
			Due to First Nations (Note 8)	1,784	2,395
			<b>Environmental Fund (Note 5)</b>	1,408	282
			<b>Surplus</b>		
			Surplus	2,619	(3,999)
			Contributed surplus	734	-
				<u>3,353</u>	<u>(3,999)</u>
Commitments (Note 7)				<u>10,854</u>	<u>8,782</u>
	<u>10,854</u>	<u>8,782</u>			

On behalf of the Commission

  
\_\_\_\_\_  
Rob McManus  
Commissioner

*The accompanying notes are an integral part of these statements.*

Oil and Gas Commission / Statement of Surplus  
Year ended March 31, 2001, with comparative figures for 2000 (in \$000s)

	2001	2000
<b>(Deficit) beginning of year</b>	<b>(3,999)</b>	<b>(832)</b>
Restatement of prior years		
Accounting change	-	(2,624)
Removal of internally imposed restrictions	-	534
	<b>(3,999)</b>	<b>(2,922)</b>
<b>(Deficit) beginning of year, as restated</b>	<b>(3,999)</b>	<b>(2,922)</b>
Net revenue (loss) from operations	<b>6,618</b>	<b>(1,077)</b>
<b>Surplus (deficit) end of year</b>	<b>2,619</b>	<b>(3,999)</b>

*The accompanying notes are an integral part of these statements.*

Oil and Gas Commission / Statement of Operations  
Year ended March 31, 2001, with comparative figures for 2000 (in \$000s)

	2001	2000
<b>Revenues</b>		
Fees	11,463	7,732
Levies	5,579	5,365
Miscellaneous	326	102
	17,368	13,199
<b>Expenses</b>		
Payments to First Nations <i>(Note 8)</i>	4,945	6,236
Salaries and benefits	4,361	5,324
Building occupancy	500	854
Telecommunications and information systems	450	368
Travel and vehicle costs	483	477
Professional services and training	353	436
Amortization	289	290
Office supplies and equipment	235	208
Miscellaneous	20	83
	11,636	14,276
<b>Revenue (loss) from operations</b>	5,732	(1,077)
<b>Transfer of contributed surplus <i>(Note 6)</i></b>	886	-
<b>Net revenue (loss) from operations</b>	6,618	(1,077)

*The accompanying notes are an integral part of these statements.*

Oil and Gas Commission / Statement of Cash Flows  
Year ended March 31, 2001, with comparative figures for 2000 (in \$000s)

	2001	2000
<b>Cash provided from operating activities</b>		
Cash generated from:		
Fees	10,624	7,465
Levies	6,049	4,969
Miscellaneous	257	93
	16,930	12,527
Cash used for:		
Payments to First Nations	4,975	3,236
Salaries	4,415	5,224
Operating costs	2,366	2,389
	11,756	10,849
	5,174	1,678
<b>Cash provided by (used in) financing activities</b>		
Payments from Ministry for previous year's activities	-	4,426
Payments to Ministry	(4,587)	(784)
	(4,587)	3,642
<b>Cash used in investing activities</b>		
Purchase of capital assets	(107)	(188)
<b>Increase in cash during the year</b>	480	5,132
<b>Cash beginning of year</b>	5,132	-
<b>Cash end of year</b>	5,612	5,132

*The accompanying notes are an integral part of these statements*

# Oil and Gas Commission / Notes to the Financial Statements

## March 31, 2001 (in \$000s)

### 1 The Oil and Gas Commission

The Oil and Gas Commission (the "Commission") was established under the *Oil and Gas Commission Act* on July 30, 1998, to administer industry activity on oil and gas lands and to resolve industry land use and economic issues related to Aboriginal Lands on behalf of the Province of British Columbia.

The scope of administration and control over oil and gas industry activity includes services formerly provided by the:

- Ministry of Energy and Mines under the *Petroleum and Natural Gas Act* and the *Pipelines Act*,
- Ministry of Environment, Lands and Parks (latterly by the British Columbia Assets and Land Corporation) under the *Lands Act*, and
- Ministry of Forests for administration of the Forests Practices Code.

Management and staff from these ministries joined to form the Oil and Gas Commission.

The Commission is funded through revenue from the consolidated revenue fund of the Province of British Columbia derived from:

- levies from oil and gas production,
- fees in relation to applications for and issuance of approvals, licenses, permits and other authorizations issued by the Commission under the *Petroleum and Natural Gas Act* and the *Pipeline Act*, and

- annual fees prescribed under the *Petroleum and Natural Gas Act* and the *Pipeline Act*.

The Commission is exempt from federal and provincial income taxes.

### 2. Significant accounting policies

The financial statements of the Commission are prepared in accordance with Canadian generally accepted accounting principles. Significant accounting policies are as follows:

#### Capital Assets

Capital assets are recorded at cost and are amortized on a straight-line basis over the estimated useful life of the assets at the following annual rates:

- |   |              |
|---|--------------|
| • Furniture, equipment and<br>tenant improvements | 10 per cent  |
| • Computer hardware                               | 33 per cent  |
| • Computer software                               | 100 per cent |

Amortization associated with assets paid for by the Province of British Columbia is transferred from contributed surplus to revenue each year. See *Note 6*.

#### Revenue recognition

All fee and levy revenue authorized and collected under Section 23 of the *Oil and Gas Commission Act* is first paid to the Minister of Finance and Corporate Relations. The Province then transfers this amount of revenue to the Commission.

## Oil and Gas Commission / Notes to the Financial Statements

### March 31, 2001 (in \$000s)

#### 2. Significant accounting policies (cont'd)

Revenue is recognized when it is earned. The Oil and Gas Levy is assessed in the second month following production; therefore, revenue for February and March is estimated based on average prior months' assessments. Fees under the *Pipeline Act* for pipelines and gas and compressor stations are recognized when earned, that is, when "leave to open" has been granted.

Fees and levies collected that have been directed to pay for research under the Environmental Fund are recognized when the research costs have been incurred. Prior to costs being incurred the amounts are included as deferred contributions, in the Environmental Fund.

#### Employee benefit plan

The Commission has a defined benefit plan and a defined retirement plan for substantially all of its employees. In addition, the Commission has defined health care plans for substantially all employees and retirees.

The Commission and its employees contribute to the Public Service Pension Plan in accordance with *the Public Sector Pension Plans Act*. The British Columbia Pension Corporation administers the Plan, including the payment of pension benefits on behalf of employers and employees to whom the Act applies. The Plan is a multi-employer defined benefit plan. The most recent actuarial valuation (March 31, 1999) has determined the Plan is in a surplus position.

Employees are also entitled to specific health care and termination benefits as provided for under collective agreements and terms of employment.

Defined contribution plan accounting is applied to these benefit plans as the Commission has insufficient information to apply defined benefit plan accounting. As such, the cost of employee future benefits for the plans is recognized as an expense in the year the contributions are paid.

#### Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

#### 3. Capital assets

	2001		2000	
	Cost	Accumulated Amortization	Net book value	Net book value
Furniture, equipment, and tenant improvements	1,081	252	829	887
Computer equipment	528	409	119	242
	1,609	661	948	1,129

## Oil and Gas Commission / Notes to the Financial Statements

### March 31, 2001 (in \$000s)

#### 4. Due from / to the Province of British Columbia

	2001	2000
Due from:		
Accrued leave liability	120	120
Fee and levies	1,013	874
	1,133	994
Due to:		
Start up costs <i>(Note 6)</i>	-	1,620
Operating expenses	9	4,596
	9	6,216

#### 5. Environmental Fund

The Commission signed an agreement with the Canadian Association of Petroleum Producers and the Small Explorers and Producers Association of Canada that will see the Commission spend \$5 million over 5 years on research on the effects of the oil and gas industry on BC. The funds required for this research are raised through a levy on oil and gas production and a portion of the application fee for wells. This money is restricted for use for research and administration of the Fund.

At March 31, 2001 the Commission had committed to research projects totaling \$1,310 (2000: - nil).

	2001	2000
Balance beginning of year	282	-
Add: Fees and levies collected	1,202	253
Contributions of research funds	-	31
Interest earned	43	1
	1,527	285
Deduct: Research project costs	80	-
Steering committee costs	10	-
Commission administration	29	3
	119	3
Balance end of year	1,408	282

#### 6. Contributed surplus and provincial forgiveness of start-up costs

During its first year of operation (1998/1999) the Commission borrowed funds from the Province to finance its purchase of start-up capital and pay for other start-up costs like professional contracts. The total of all of these amounts was \$1,620 and was shown as a payable to the Province for that year as well as last year (1999/2000).

During the current year the Province forgave this amount. This reduces the Commission's payable to the Province.

## Oil and Gas Commission / Notes to the Financial Statements

### March 31, 2001 (in \$000s)

#### 6. Contributed surplus and provincial forgiveness of start-up costs (cont'd)

To record the amount forgiven the Commission recognized those amounts relating to non-capital items as revenue in the current year. It also recognized as revenue in this year the amount of amortization on the financed assets that occurred during the first two fiscal years. This revenue is shown as "Contributions from the Province" on the Statement of Operations. The remaining balance was set up as Contributed surplus at the beginning of this year and represents the unamortized balance of assets financed by the Province as of April 1, 2000.

During this year an amount was transferred from Contributed surplus to Contribution from the Province (revenue) equal to the amortization of the original assets.

Contributed surplus will continue to be reduced each year and an amount transferred to revenue equal to the yearly amortization of the underlying assets. The portion of the assets related to computer hardware will be fully amortized next year.

	<b>2001</b>
Contributed surplus beginning of year	-
Contribution from the Province of BC	<b>1,620</b>
Transferred to operations during the year	<b>(886)</b>
Contributed surplus end of year	<b>734</b>

#### 7. Commitments

The Commission occupies leased office buildings in Fort St. John and Victoria for which the Commission pays building occupancy fees to the British Columbia Building Corporation. The lease for the Fort St. John office space runs for one more year until March 31, 2002 with no early release option.

The office space in Victoria is managed through the Ministry of Employment and Investment with no fixed end date, and requires six months notice to vacate.

The Commission also leases office space from the Town of Fort Nelson, which expires in 2003.

The Commission has entered into a number of short-term leases. These leases are for vehicles, computers, office equipment and support services.

The current Contribution Agreements and Memorandums of Understanding with First Nations end between September and December of 2003. These agreements are currently being renegotiated (*Note 8*) and are likely to be replaced before September 2001. Under the current Agreements the Commission is obligated to make quarterly payments of contributions in respect of providing funding for capacity for First Nations. The amount paid per First Nation who have signed the Agreements is \$236 per year. As of the date of these Financial Statements only four First Nations have signed

## Oil and Gas Commission / Notes to the Financial Statements March 31, 2001 (in \$000s)

### 7. Commitments (cont'd)

and therefore \$944 per year will be added to the Commission's commitments. The current Agreements effectively run to September 2003.

The Commission has entered into several environmental funding agreements in support of research on the effects of the oil and gas industry on BC (*Note 5*).

The Commissions total annual commitments are:

<u>Year</u>	<u>Contracts</u>	<u>Environment Fund</u>	<u>First Nations</u>
2002	664	884	944
2003	135	282	944
2004	120	144	708
2005	120		
2006	120		

### 8. Due to the First Nations

In 1999, seven of the Treaty 8 First Nations signed Memorandums of Understanding (MOU) with the Province of British Columbia and the Commission that encourages a favorable business climate for resource development, and to develop a framework to consult about the impacts of oil and gas sector activities on treaty rights.

Under the terms of the MOUs, the Commission will pay the First Nations a fixed annual contribution as well as an amount based on fee-generating activities. This amount is calculated to the end of the MOU September 2003.

On September 25, 2000 three of the First Nations formerly left the MOUs. They were: Fort Nelson First Nation, Doig River First Nation, and Saulteau First Nation and no further payments have been made to or liabilities recognized for these First Nations.

On March 30, 2001 the four First Nations currently in the MOU, the Province and OGC came to an interim agreement to implement a new MOU. The new MOU will rescind the current MOU, change the consultation process and change the method used to calculate payments made under the contribution agreement.

The liability to the four First Nations at March 31, 2001 was:

	<u>2001</u>	<u>2000</u>
Development payments for 4 <sup>th</sup> quarter	1,457	2,064
Current portion of long-term liability	<u>2,386</u>	1,198
	<b>3,843</b>	<u>3,262</u>
Long-term liability	<u>1,784</u>	2,395
	<b>5,627</b>	<u>5,657</u>

## Oil and Gas Commission / Notes to the Financial Statements March 31, 2001 (in \$000s)

### **9. Related party transactions**

The Commission is related to all Province of British Columbia ministries, agencies and Crown corporations.

The Commission leases office from the British Columbia Buildings Corporation. The Ministry of Employment and Investment provided payroll and human resource services and certain capital assets during the year at no cost to the Commission. The Ministry of Attorney General acted as the Commissions primary legal advisor during the year on a cost recovery basis.

### **10. Comparatives figures**

Certain comparative figures have been restated to conform to the presentation used in the current year.

---

## OIL AND GAS COMMISSION

200 - 10003 Street  
Fort St. John, BC  
V1J 6M7

Tel: [250] 261-5700  
Fax: [250] 261-5744  
[www.ogc.bc.ca](http://www.ogc.bc.ca)