



***Financial Information Act Report***  
**For the Year Ended March 31, 2016**

***Financial Information Act Report***  
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**For the Year Ended March 31, 2016**

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Statement of Financial Information Approval

A low-angle photograph of an oil rig structure, showing the derrick and support beams against a dramatic sky at sunset or sunrise. The sun is a bright, glowing orb in the lower right, casting a warm orange and yellow light across the clouds. The rig's metal framework is silhouetted against the bright sky, with some parts catching the low light. The overall mood is industrial and powerful.

**BC Oil and Gas Commission**

**Financial Statements**

**March 31, 2016**



## Statement of Management Responsibility

The financial statements of the BC Oil and Gas Commission (Commission) for the year ended March 31, 2016 have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial statements on a quarterly basis and external audited financial statements annually.

The external auditors, the Auditor General of British Columbia, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to the Audit Committee and management of the Commission and meet when required.

The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the financial statements.

On behalf of the Commission

A handwritten signature in black ink, appearing to read 'Paul Jeakins', written over a horizontal line.

**Paul Jeakins**  
**Commissioner**

A handwritten signature in blue ink, appearing to read 'Gordon Griffiths', written over a horizontal line.

**Gordon Griffiths**  
**A/Executive Vice President, Chief Financial Officer**

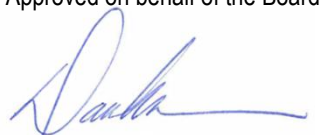
**May 24, 2016**


**BC Oil and Gas Commission**  
**Statement of Financial Position**  
(in \$000s)

|  | Note | March 31<br>2016 | March 31<br>2015 |
|--|------|------------------|------------------|
| <b>Financial assets</b>                |      |                  |                  |
| Cash                                   |      | 6,288            | 5,818            |
| Investments                            | 3,4  | 27,000           | 36,000           |
| Accounts receivable                    | 5    | 11,392           | 12,045           |
| Due from government                    | 7    | 3,916            | 4,674            |
|  |      | <u>48,596</u>    | <u>58,537</u>    |
| <b>Liabilities</b>                     |      |                  |                  |
| Accounts payable & accrued liabilities | 8    | 3,833            | 5,134            |
| Employee future benefits               | 9    | 239              | 285              |
| Due to First Nations                   | 10   | 175              | 1,793            |
| Due to OGRIS                           | 6    | -                | 734              |
| Due to government                      |      | 137              | 300              |
| Deferred revenue                       | 11   | 1,715            | 3,315            |
| Deferred lease inducements             |      | 214              | 297              |
| Liability for orphan sites             | 12   | 6,989            | 7,507            |
| Security deposits                      | 4    | 24,579           | 25,869           |
|  |      | <u>37,881</u>    | <u>45,234</u>    |
| <b>Net financial assets</b>            |      | <u>10,715</u>    | <u>13,303</u>    |
| <b>Non-financial assets</b>            |      |                  |                  |
| Tangible capital assets                | 13   | 20,889           | 15,516           |
| Prepaid expenses                       |      | 676              | 883              |
|  |      | <u>21,565</u>    | <u>16,399</u>    |
| <b>Accumulated surplus</b>             |      | <u>32,280</u>    | <u>29,702</u>    |
| Contractual obligations                | 14   |                  |                  |
| Contingent liabilities                 | 15   |                  |                  |
| Measurement uncertainty                | 17   |                  |                  |

The accompanying notes are an integral part of these statements.

Approved on behalf of the Board

  
Dave Nikolejsin, Board Chair

  
Paul Jeakins, Commissioner

  
Doug Wilkes, Audit Committee Chair

**BC Oil and Gas Commission**  
**Statement of Operations and Accumulated Surplus**  
(in \$000s)

|  | <b>Note</b> | <b>Budget<br/>2016</b> | <b>March 31<br/>2016</b> | <b>March 31<br/>2015</b> |
|--|-------------|------------------------|--------------------------|--------------------------|
|  |             | (Note 19)              |                          |                          |
| <b>Revenues</b>                              |             |                        |                          |                          |
| Production levies                            |             | 29,740                 | 32,726                   | 31,215                   |
| Annual pipeline levies                       |             | 2,421                  | 2,399                    | 2,356                    |
| Fees   |             | 23,443                 | 13,761                   | 22,199                   |
| Interest                                     |             | 500                    | 617                      | 733                      |
| Other revenue                                |             | 65                     | 1,840                    | 1,087                    |
|  |             | 56,169                 | 51,343                   | 57,590                   |
| <b>Expenses</b>                              | 18          |                        |                          |                          |
| Oil and gas activities regulation            |             | 54,675                 | 48,024                   | 52,555                   |
| Orphan site reclamation                      |             | 1,000                  | 741                      | 3,649                    |
|  |             | 55,675                 | 48,765                   | 56,204                   |
| <b>Annual surplus</b>                        |             | 494                    | 2,578                    | 1,386                    |
| <b>Accumulated surplus beginning of year</b> |             | 29,702                 | 29,702                   | 28,316                   |
| <b>Accumulated surplus end of year</b>       |             | 30,196                 | 32,280                   | 29,702                   |

The accompanying notes are an integral part of these statements.

**BC Oil and Gas Commission**  
**Statements of Change in Net Financial Assets**  
(in \$000s)

|   | <b>Budget<br/>2016</b> | <b>March 31<br/>2016</b> | <b>March 31<br/>2015</b> |
|---|------------------------|--------------------------|--------------------------|
|   | (Note 19)              |                          |                          |
| Annual surplus                            | 494                    | 2,578                    | 1,386                    |
| Acquisition of tangible capital assets    | (4,586)                | (9,296)                  | (7,719)                  |
| Disposals of tangible capital assets      | -                      | 201                      | 32                       |
| Amortization of tangible capital assets   | 3,748                  | 3,722                    | 2,914                    |
|   | (838)                  | (5,373)                  | (4,773)                  |
| Use of prepaid expense                    | (100)                  | 207                      | (60)                     |
| Decrease in net financial assets          | (444)                  | (2,588)                  | (3,447)                  |
| Net financial assets at beginning of year | 13,303                 | 13,303                   | 16,750                   |
| Net financial assets at end of year       | <b>12,859</b>          | <b>10,715</b>            | <b>13,303</b>            |

**BC Oil and Gas Commission**  
**Statement of Cash Flows**  
(in \$000s)

|  | <b>March 31<br/>2016</b> | <b>March 31<br/>2015</b> |
|--|--------------------------|--------------------------|
| <b>Operating transactions</b>                |                          |                          |
| <b>Cash generated from:</b>                  |                          |                          |
| Production levies                            | 32,917                   | 29,824                   |
| Annual pipeline levies                       | 2,357                    | 2,284                    |
| Fees   | 12,649                   | 23,545                   |
| Interest                                     | 705                      | 705                      |
| Miscellaneous and recoveries                 | 1,648                    | 1,168                    |
| Security deposits                            | 4,191                    | 11,158                   |
|  | <b>54,467</b>            | <b>68,684</b>            |
| <b>Cash used for:</b>                        |                          |                          |
| Salaries and benefits                        | (26,820)                 | (25,119)                 |
| Payments to First Nations                    | (8,597)                  | (8,135)                  |
| Operating expenses                           | (11,025)                 | (14,772)                 |
| Orphan site reclamation                      | (2,408)                  | (207)                    |
| Security deposits refunded                   | (5,480)                  | (4,001)                  |
|  | <b>(54,330)</b>          | <b>(52,234)</b>          |
| <b>Cash from operating activities</b>        | <b>137</b>               | <b>16,450</b>            |
| <b>Capital transactions</b>                  |                          |                          |
| Cash used to acquire tangible capital assets | (8,667)                  | (8,891)                  |
| <b>Investing transactions</b>                |                          |                          |
| Investments in portfolio investments         | 9,000                    | (6,000)                  |
| <b>(Decrease) increase in cash</b>           | <b>470</b>               | <b>1,559</b>             |
| <b>Cash beginning of year</b>                | <b>5,818</b>             | <b>4,259</b>             |
| <b>Cash end of year</b>                      | <b>6,288</b>             | <b>5,818</b>             |



## **1. The Oil and Gas Commission**

The Commission was established under the *Oil and Gas Commission Act* on July 30, 1998 to regulate oil and gas activities, having regard to environmental, economic and social values, encourage participation of First Nations, and advance safe and efficient practices in the industry. The Commission is accountable for delivering initiatives and programs that serve to minimize the environmental impact of oil and gas activities in British Columbia. The Commission and its purposes were continued in the *Oil and Gas Activities Act* which came into force October 4, 2010.

The Commission is funded through:

- Fees charged in respect of permit applications, transfers and amendments and
- Levies on oil and gas production and
- Annual pipeline levies

The Commission is exempt from federal and provincial income taxes.

## **2. Significant Accounting Policies**

### **Basis of accounting**

These financial statements are prepared by management in accordance with Canadian public sector accounting standards.

### **Financial Instruments**

The Commission reports its Financial Instruments as follows: Cash is measured at fair value, all other financial assets and financial liabilities are measured at cost or amortized cost.

### **Tangible Capital Assets**

Capital assets are recorded at cost. The costs, less estimated residual value, of the tangible assets, are amortized on a straight-line basis over the estimated useful life of the assets at the following annual rates:

| Capital assets               | Rate                |
|------------------------------|---------------------|
| Tenant improvement           | over the lease term |
| Furniture                    | 10%                 |
| Computer hardware            | 33%                 |
| Operating equipment          | 10% - 20%           |
| Automotive equipment         | 20%                 |
| Business systems development | 10% - 33%           |
| Computer software            | 20% - 33%           |

Computer software includes satellite imagery which is being amortized on a straight-line basis at an annual rate of 20%.

## **2. Significant Accounting Policies (continued)**

### **Revenue Recognition**

Revenues are recognized in the period in which the transaction or events occurred that give rise to the revenues. All revenues are recorded on an accrual basis. Revenue related to fees or services received in advance of the fee being earned or the service being performed is deferred and recognized when the fee is earned or service performed.

### **Levy Revenue**

All production levy revenue authorized and collected under the *Oil and Gas Activities Act* is first paid to the Minister of Finance. The Province is required to transfer this amount of revenue to the Commission in full. Levy revenue is calculated based on production of oil and gas, and is also recognized as revenue at point of production. Annual pipeline levies are billed and recognized based on length and size of pipe owned at March 31 of the applicable fiscal year.

### **Expenses**

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed. Grants are recorded as expenses when the payment is authorized and eligibility criteria have been met by the recipient. Reclamation costs are estimated and accrued when determinable.

### **Prepaid Expenses**

Prepaid expenses include flight passes, subscriptions, insurance, property taxes and other general prepaid expenses and are charged to expense when used or over the periods expected to benefit from the expenditures.

### **Employee Future Retirement Allowance**

The Commission and its employees contribute to the Public Service Pension Plan in accordance with the Public Service Pension Plans Act. Defined contribution plan accounting is applied because sufficient information is not available to apply defined benefit accounting. Contributions are expensed as they become payable.

### **Liability for Contaminated Sites**

Contaminated sites result from contamination by a chemical, organic or radioactive material or live organism that exceeds an environmental standard, being introduced into air, soil, water or sediment. The Commission has a liability for contaminated sites that have been designated as orphan sites. An orphan site is defined as a well, facility, pipeline, area, or oil and gas road where the permit holder is insolvent or cannot be located or identified. A liability for remediation of contaminated sites is recognized when the Commission accepts responsibility for the remediation of an orphan site, contamination at the orphan site exceeds the environmental standard and a reasonable estimate of the amount can be made.

### 3. Investments

Investments consist of term deposits which are liquid short term investments with maturity dates of one year or less from the date of acquisition and are carried on the Statement of Financial Position at the lower of cost or market value.

Investment funds are pooled from the following sources:

|  | <b>March 31<br/>2016</b> | <b>March 31<br/>2015</b> |
|--|--------------------------|--------------------------|
| Security deposits - Liability Management Rating program (note 4) | 24,000                   | 25,869                   |
| Orphan site reclamation fund (note 12)                           | 3,000                    | 3,000                    |
| Operating fund   | -                        | 7,131                    |
|  | <b>27,000</b>            | <b>36,000</b>            |

### 4. Security Deposits

On October 28, 2010, the Commission established a Liability Management Rating (LMR) program. The objective of the LMR program is to ensure that permit holders carry the financial risk of their oil and gas operations through to regulatory closure. The Commission, through the LMR program, undertook the responsibility to regularly assess security deposits and provide refunds. The Commission holds \$53,546 in security deposits, of which \$24,579 (2015: \$25,869) is held in cash and/or investments and \$28,967 (2015: \$16,333) in the form of irrevocable letters of credit which are not recorded in these financial statements. Security deposits are restricted for use in settling potential permit holder remediation obligations. In fiscal 2016, the Commission recovered \$76 (2015: \$346) from security deposits to satisfy remediation obligations of permit holders for specific sites. This is reported within Other revenue on the Statement of Operations.

### 5. Accounts Receivable

|                                   | <b>March 31<br/>2016</b> | <b>March 31<br/>2015</b> |
|-----------------------------------|--------------------------|--------------------------|
| Production levies receivable      | 8,328                    | 8,245                    |
| Annual pipeline levies receivable | 2,414                    | 2,358                    |
| Fees                              | 385                      | 1,069                    |
| Other receivables                 | 265                      | 373                      |
|                                   | <b>11,392</b>            | <b>12,045</b>            |

Production levies are collected and processed by the provincial government. At any point in time, a portion of levies receivable by the Commission is payable by industry, and a portion is payable by the Province. See note 7.

## **6. BC Oil and Gas Research and Innovation Society (OGRIS)**

The Commission provides administrative services for the OGRIS fund (formally Science Community Environmental Knowledge Fund) on behalf of the OGRIS Steering Committee. The activities and balances of the OGRIS fund are not included in these financial statements. The Commission charges an annual fee to OGRIS to administer the fund.

## **7. Due from Government**

|                      | <b>March 31<br/>2016</b> | <b>March 31<br/>2015</b> |
|----------------------|--------------------------|--------------------------|
| Levies collected     | 3,363                    | 4,328                    |
| Recoveries and other | 553                      | 346                      |
|                      | <b>3,916</b>             | <b>4,674</b>             |

## **8. Accounts Payable and Accrued Liabilities**

|  | <b>March 31<br/>2016</b> | <b>March 31<br/>2015</b> |
|--|--------------------------|--------------------------|
| Accounts payable and accrued liabilities | 1,594                    | 3,089                    |
| Salaries and benefits payable            | 2,239                    | 2,045                    |
|  | <b>3,833</b>             | <b>5,134</b>             |

## **Employee Leave Entitlements**

As of March 31, 2016, the value of employee entitlements to vacation, other leave and compensatory time off, plus related benefits, in accordance with collective agreements and terms of employment was \$741 (2015: \$760). This amount is included in salaries and benefits payable.

## **9. Employee Future Benefits**

### **Employee Benefit Plan**

The Commission and its employees contribute to the Public Service Pension Plan, a jointly trustee pension plan. The Public Service Pension Plan Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the plan, including investment of the assets and administration benefits. The plan has approximately 115,000 active and retired members.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of the funding. The latest actuarial valuation as at March 31, 2014, indicated a funding surplus of \$194 million for basic pension benefits. The next valuation will be March 31, 2017.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year. This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, and therefore there is no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

The total amount paid into this pension plan by The Commission for the year ended March 31, 2016 for employer contributions was \$2,110 (2015: \$1,922).

## 9. Employee Future Benefits (continued)

### Future Retirement Allowance Liability

The Commission accrues for future retirement allowances as provided under the collective agreements and terms of employment. The accrual as at March 31, 2016 is actuarially determined based on service and best estimates of retirement ages, expected future salary and wage increases, long term inflation rates and discount rates. The estimates are also based on assumptions about future events.

The liability as reported on the statement of financial position is as follows:

|  | March 31<br>2016 | March 31<br>2015 |
|--|------------------|------------------|
| <b>Accrued retirement obligation</b>   |                  |                  |
| Balance at beginning of year           | 285              | 258              |
| Current benefit cost                   | 38               | 33               |
| Interest                               | 13               | 15               |
| Amortization of actuarial loss         | 9                | 8                |
| Benefits paid                          | (106)            | (29)             |
| <b>Balance at end of year</b>          | <b>239</b>       | <b>285</b>       |
| <b>Actuarial retirement obligation</b> |                  |                  |
| Accrued retirement obligation          | 239              | 285              |
| Unamortized actuarial loss             | 305              | 132              |
| <b>Balance at end of year</b>          | <b>544</b>       | <b>417</b>       |

The significant actuarial assumptions adopted in measuring the Commission's accrued retirement obligations are as follows:

|                             | 2016  | 2015  |
|-----------------------------|-------|-------|
| Discount rate               | 3.50% | 3.30% |
| Wages and salary escalation | 2.00% | 2.00% |

Over time, changes in assumptions and actual experience compared to expected results will cause actuarial gains and losses in future valuations. The unamortized actuarial loss on future payments is amortized over the estimated average remaining years of service of the employee group which has been determined to be approximately 15 years at March 31, 2016.

## 10. Due to First Nations

Due to First Nations includes management's best estimate of expected liability to a number of First Nations. The Commission works closely with First Nations and negotiates consultation agreements and Memoranda of Understanding to establish formal consultation processes for oil and gas activities. These agreements provide resources for First Nations' capacity to participate in the consultation processes as well as set out responsibilities of the parties involved. The Commission is currently participating in negotiations with several First Nations.

## 11. Deferred Revenue

Deferred revenue consists of unearned application fees and major application revenue. The change in the deferred revenue balance is as follows;

|      | Balance at<br>beginning of<br>year | Receipts during<br>year | Transferred to<br>revenue | Balance at end<br>of year |
|------|------------------------------------|-------------------------|---------------------------|---------------------------|
| Fees | 3,315                              | 12,154                  | (13,754)                  | 1,715                     |

## 12. Liability for Orphan Sites

The Commission administers the Orphan Site Reclamation Fund (OSRF). The OSRF was created on April 1, 2006 as a means for industry to pay for restoration of orphaned oil and gas sites and for related costs. Revenue for the OSRF is derived from levies. The Commission has \$1,420 cash and \$3,000 investments in the OSRF to pay for costs associated with orphan sites. Currently there are 34 (2015: 37) sites designated as orphan sites, 8 of which have been substantially restored, with the remainder undergoing restoration at various stages of completion.

The Commission recognizes and estimates a liability of \$6,989 (2015: \$7,507) for remediation of the sites designated as orphan sites. The liability estimate includes costs that are directly attributable to the remediation activities, and reflects the costs required to bring the site up to the current environmental standard for its use prior to contamination. Liability for known orphan sites is estimated using expected abandonment and restoration costs for these specific sites, under expected conditions based on known characteristics of each site. The estimation of the liability does not include contingencies for delays due to weather, problematic plugging activities, or unforeseen sources of contamination. Additional potential liability for the designated sites resulting from these contingencies are estimated based on site characteristics and are disclosed in the measurement uncertainty note. Estimated costs have not been net present valued as the remediation work is not expected to occur over an extended long term period.

The Commission continues to monitor other sites that could potentially be designated as orphan sites.

### 13. Tangible Capital Assets

#### March 31, 2016

|                                 | Tenant<br>Improvements | Furniture    | Computer<br>Hardware | Operating<br>Equipment | Automotive<br>Equipment | Business<br>Systems<br>Development | Computer<br>Software | Total<br>2016 |
|---------------------------------|------------------------|--------------|----------------------|------------------------|-------------------------|------------------------------------|----------------------|---------------|
| <b>Cost</b>                     |                        |              |                      |                        |                         |                                    |                      |               |
| Opening balance                 | 6,683                  | 3,511        | 3,078                | 1,264                  | 1,321                   | 9,926                              | 793                  | 26,576        |
| Additions                       | 330                    | 80           | 679                  | 225                    | 580                     | 7,221                              | 181                  | 9,296         |
| Disposals                       | (12)                   | -            | (464)                | -                      | (401)                   | (2,811)                            | (89)                 | (3,777)       |
| <b>Closing balance</b>          | <b>7,001</b>           | <b>3,591</b> | <b>3,293</b>         | <b>1,489</b>           | <b>1,500</b>            | <b>14,336</b>                      | <b>885</b>           | <b>32,095</b> |
| <b>Accumulated Amortization</b> |                        |              |                      |                        |                         |                                    |                      |               |
| Opening balance                 | 3,543                  | 1,150        | 1,843                | 418                    | 351                     | 3,276                              | 479                  | 11,060        |
| Amortization                    | 601                    | 316          | 812                  | 136                    | 126                     | 1,584                              | 147                  | 3,722         |
| Disposals                       | (12)                   | -            | (464)                | -                      | (200)                   | (2,811)                            | (89)                 | (3,576)       |
| <b>Closing balance</b>          | <b>4,132</b>           | <b>1,466</b> | <b>2,191</b>         | <b>554</b>             | <b>277</b>              | <b>2,049</b>                       | <b>537</b>           | <b>11,206</b> |
| <b>Net book value</b>           | <b>2,869</b>           | <b>2,125</b> | <b>1,102</b>         | <b>935</b>             | <b>1,223</b>            | <b>12,287</b>                      | <b>348</b>           | <b>20,889</b> |

#### March 31, 2015

|                                 | Tenant<br>Improvements | Furniture    | Computer<br>Hardware | Operating<br>Equipment | Automotive<br>Equipment | Business<br>Systems<br>Development | Computer<br>Software | Total<br>2015 |
|---------------------------------|------------------------|--------------|----------------------|------------------------|-------------------------|------------------------------------|----------------------|---------------|
| <b>Cost</b>                     |                        |              |                      |                        |                         |                                    |                      |               |
| Opening balance                 | 5,881                  | 2,957        | 2,165                | 921                    | 986                     | 5,315                              | 664                  | 18,889        |
| Additions                       | 802                    | 554          | 913                  | 343                    | 335                     | 4,643                              | 129                  | 7,719         |
| Disposals                       | -                      | -            | -                    | -                      | -                       | (32)                               | -                    | (32)          |
| <b>Closing balance</b>          | <b>6,683</b>           | <b>3,511</b> | <b>3,078</b>         | <b>1,264</b>           | <b>1,321</b>            | <b>9,926</b>                       | <b>793</b>           | <b>26,576</b> |
| <b>Accumulated Amortization</b> |                        |              |                      |                        |                         |                                    |                      |               |
| Opening balance                 | 3,174                  | 859          | 1,236                | 282                    | 242                     | 2,025                              | 328                  | 8,146         |
| Amortization                    | 369                    | 291          | 607                  | 136                    | 109                     | 1,251                              | 151                  | 2,914         |
| Disposals                       | -                      | -            | -                    | -                      | -                       | -                                  | -                    | -             |
| <b>Closing balance</b>          | <b>3,543</b>           | <b>1,150</b> | <b>1,843</b>         | <b>418</b>             | <b>351</b>              | <b>3,276</b>                       | <b>479</b>           | <b>11,060</b> |
| <b>Net book value</b>           | <b>3,140</b>           | <b>2,361</b> | <b>1,235</b>         | <b>846</b>             | <b>970</b>              | <b>6,650</b>                       | <b>314</b>           | <b>15,516</b> |

Included in the net book value of business systems development are assets not being amortized of \$9,760 (2015: \$4,339) as they have not yet been completed and put into use.

### 14. Contractual Obligations

The Commission has entered into a number of multiple-year contracts for the delivery of services, the construction of assets, and operating leases. These contractual obligations will become liabilities in the future when the terms of the contract are met. Disclosure relates to the unperformed portion of the contracts.

| 2017  | 2018  | 2019  | 2020  | 2021  | Thereafter |
|-------|-------|-------|-------|-------|------------|
| 4,149 | 4,071 | 3,984 | 2,781 | 2,334 | 19,934     |

The Commission is committed under First Nations agreements to make certain payments in the coming year's that are based on well applications received.

## 15. Contingent Liabilities

The Commission may become contingently liable with respect to pending litigation and claims in the normal course of operations. In the opinion of management, any liability that may arise from pending litigation would not have a material effect on the Commission's financial position or results of operations.

See also Note 12 regarding potential reclamation costs related to the Orphan Site Reclamation Fund.

## 16. Related party transactions

The Commission is related through common ownership to all Province of British Columbia ministries, agencies and Crown corporations, school districts, health authorities, hospital societies, universities and colleges that are included in the provincial government reporting entity. Transactions with these entities, unless disclosed otherwise, are recorded on an accrual basis, are considered to be in the normal course of operations, and are recorded at the exchange amount which is the amount of consideration established and agreed to by the related parties.

The financial statements include the following related party transactions:

|  | March 31<br>2016 | March 31<br>2015 |
|--|------------------|------------------|
| <b>Revenues:</b>                           |                  |                  |
| Recoveries                                 | 1,560            | 612              |
| Miscellaneous                              | 180              | 107              |
|  | <b>1,740</b>     | <b>719</b>       |
| <b>Expenses:</b>                           |                  |                  |
| Salaries and benefits                      | 977              | 964              |
| Building occupancy                         | 229              | 181              |
| Professional services and training         | 309              | 772              |
| Grants                                     | 33               | 47               |
| Telecommunications and information systems | 120              | 118              |
| Travel and vehicle costs                   | (83)             | 154              |
| Office supplies and equipment              | 54               | 46               |
|  | <b>1,639</b>     | <b>2,282</b>     |



## 17. Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Significant areas requiring the use of management estimates relate to levy production volumes, revenue deferrals, rates for amortization, estimated orphan remediation and estimated employee future benefits. Actual results could differ from these estimates.

|                          | <u>Reported</u> | <u>Low</u> | <u>High</u> |
|--------------------------|-----------------|------------|-------------|
| <b>Production Levies</b> | 32,726          | 32,071     | 33,381      |

Production levies are revenues derived from oil and gas production in the province of British Columbia. As of the date of these statements, production for the last month of the fiscal year is estimated. This estimate is based on analysis that takes into account both historical and current year trends in production. Actual production revenue for the year has consistently been within 2% of estimated production revenue. A difference in this estimate would also affect production levies receivable and annual and accumulated surpluses.

|                                   | <u>Reported</u> | <u>Low</u> | <u>High</u> |
|-----------------------------------|-----------------|------------|-------------|
| <b>Liability for orphan sites</b> | 6,989           | 5,637      | 9,548       |

Liability for known orphan sites is estimated using expected abandonment and restoration costs for these specific sites, under expected conditions based on known characteristics of each site. The estimation of the liability does not include contingencies for delays due to weather, problematic plugging activities, or unforeseen sources of contamination. Additional potential liability for the designated sites resulting from these contingencies is also estimated based on site characteristics. Changes in this estimate would also affect orphan reclamation expenses and annual and accumulated surpluses.

## 18. Expense by Object

|                                    | <b>Oil and Gas<br/>Activities<br/>Regulation</b> | <b>Orphan Site<br/>Reclamation</b> | <b>March 31<br/>2016</b> | <b>March 31<br/>2015</b> |
|------------------------------------|--|------------------------------------|--------------------------|--------------------------|
| Salaries and benefits              | 26,928   | -                                  | 26,928                   | 25,815                   |
| First Nations                      | 7,165  | -                                  | 7,165                    | 7,547                    |
| Building occupancy                 | 4,374  | -                                  | 4,374                    | 4,339                    |
| Professional services and training | 1,701  | -                                  | 1,701                    | 3,443                    |
| Amortization                       | 3,723  | -                                  | 3,723                    | 2,914                    |
| Travel and vehicle costs           | 1,360  | -                                  | 1,360                    | 2,043                    |
| Telecommunications and information | 1,871  | -                                  | 1,871                    | 2,132                    |
| Grants                             | 243  | -                                  | 243                      | 3,704                    |
| Orphan site reclamation            | 76   | 665                                | 741                      | 3,649                    |
| Office supplies and equipment      | 570  | -                                  | 570                      | 582                      |
| Miscellaneous                      | 89   | -                                  | 89                       | 36                       |
|                                    | <b>48,100</b>                                    | <b>665</b>                         | <b>48,765</b>            | <b>56,204</b>            |

## **19. Budgeted figures**

Budgeted figures have been provided for comparison purposes and have been derived from the budget approved by the Board of Directors on January 19, 2015.

## **20. Financial risk management**

It is management's opinion that the Commission is not exposed to significant credit, liquidity or interest rate risks arising from its financial instruments.

**Credit Risk** - Credit risk is the risk of financial loss to the Oil and Gas Commission if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Oil and Gas Commission's exposure to credit risk related to the value of accounts receivable in its normal course of business is managed by minimizing the amount of transactions which require recovery. The Commission continually monitors and manages the collection of receivables.

The Commission's cash and investments are held at Canadian chartered banks, and credit unions. The Commission is not exposed to significant credit risk.

**Liquidity Risk** - Liquidity risk is the risk that the Oil and Gas Commission will have difficulty in meeting its financial obligations when they come due. The Oil and Gas Commission manages liquidity risk by continually monitoring cash flows.

**Interest rate risk** - Interest rate risk is the risk that the Commission's investments will change in fair value due to future fluctuations in market interest rates. The Commission's investments are measured at cost. Income they generate varies as market interest rates vary. All other financial instruments are non-interest bearing. The Commission mitigates this risk by monitoring interest rates.

## **21. Comparative note**

Certain comparative figures have been restated to conform to the current year's presentation.

***Financial Information Act Report***  
**Schedule A -Reconciliation to the Financial Statements**  
**For the Year Ended March 31, 2016**

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|   |                             |            |
|---|-----------------------------|------------|
| Employee Remuneration and Expenses                        | \$ 26,928,518               | Schedule B |
| Appointments Remuneration and Expenses                    | 6,000                       | Schedule C |
| Grants  | 242,633                     | Schedule D |
| Purchases from Suppliers                                  | 20,436,920                  | Schedule E |
| Allocation of Contributions to First Nations              | <u>7,164,892</u>            |            |
|   | 54,778,963                  |            |
| Amortization  | 3,723,303                   |            |
| Capital Spending  | (9,295,072)                 |            |
| Orphan Sites Liability Accrual                            | 740,762                     |            |
| Orphan Sites Remediation                                  | <u>(1,182,531)</u>          |            |
| <b>Total Expenses - Consolidated Financial Statements</b> | <b><u>\$ 48,765,425</u></b> |            |

***Financial Information Act Report***  
**Schedule B – Salaries Exceeding \$75,000 and Related Expenses**  
**For the Year Ended March 31, 2016**

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| <b>Employee</b>     | <b>Salary (\$)</b> | <b>Expenses (\$)</b> |
|---------------------|--------------------|----------------------|
| ANDERSON JUSTIN     | 75,861             | -                    |
| AUSTIN FRANK        | 138,494            | 19,598               |
| BARKER JUNE         | 127,270            | 903                  |
| BARKER JULIE        | 79,957             | 5,472                |
| BERRANGER DALE      | 89,871             | 125                  |
| BHUYAN GOURI        | 124,919            | 11,682               |
| BORISSOV THEODORA   | 78,471             | 5,151                |
| BOZARTH DONNA       | 89,834             | 7,117                |
| BRANDZIN VERA       | 83,191             | 2,686                |
| BUCKLAND DON        | 78,679             | -                    |
| BUTLER RACHEL       | 91,195             | 337                  |
| CALDER SHELLEY      | 83,422             | -                    |
| CARIGNAN RYAN       | 78,950             | 10,206               |
| CHAPMAN ALLAN       | 136,508            | 12,321               |
| CHAWRUN MARC        | 78,305             | 5,227                |
| CHU YINGLI          | 120,692            | 1,390                |
| CLAY ALAN           | 83,755             | 17,073               |
| CLEMEN PAMELA       | 77,080             | 4,793                |
| COCHRANE KATHERINE  | 77,626             | 608                  |
| CORSTANJE JACQUES   | 95,583             | 42,886               |
| COWARD DONNA        | 75,591             | -                    |
| COWARD LAURA        | 96,266             | 891                  |
| CURNOW NICOLE       | 86,501             | 6,077                |
| CURRIE GRAHAM       | 155,049            | 12,687               |
| CURRY ROBERT        | 108,284            | 14,884               |
| DALTON PETER        | 111,280            | 30,438               |
| DAMERY KYLE         | 78,851             | 2,710                |
| DAVIES JANET        | 126,669            | 2,180                |
| DAVIS HARRY         | 84,989             | 1,211                |
| DONNELL REBECCA     | 109,269            | 4,179                |
| DOSIL ABELARDO      | 121,810            | 7,501                |
| DUNN ROBERT         | 83,261             | 2,425                |
| ELIAS-BERTRIM HEIDI | 81,004             | 3,832                |
| ELLIS CASSIDY       | 117,439            | 1,367                |
| FARAH MOHAMMAD      | 90,355             | 3,739                |

***Financial Information Act Report***  
**Schedule B – Salaries Exceeding \$75,000 and Related Expenses**  
**For the Year Ended March 31, 2016**

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|                          |         |        |
|--------------------------|---------|--------|
| FRANCE SCOTT             | 94,316  | 8,770  |
| FRASER AMANDA            | 77,219  | 1,518  |
| FUKUMOTO DAVID           | 80,590  | 1,930  |
| GAUCHER, MICHELLE        | 100,286 | 9,345  |
| GLADYSZ JAMES            | 97,706  | 3,145  |
| GOERTZEN CARLING         | 76,398  | 2,217  |
| GREGORY SARA             | 132,699 | 9,,408 |
| GRIEVE CHRIS             | 76,167  | 2,147  |
| GRIFFITHS GORDON         | 130,333 | 14,575 |
| HANNA KEVIN              | 75,455  | 979    |
| HANSON DANIEL            | 91,356  | 522    |
| HAYES MARK               | 152,796 | 3,703  |
| HELMER LISA              | 86,147  | 9,515  |
| HOWARD JACQUELINE        | 75,690  | 2,676  |
| HUGHSON DEREK            | 100,417 | 5,487  |
| JANZEN MICHAEL           | 112,147 | 6,083  |
| JARMAN ANDREA            | 88,559  | 6,811  |
| JEAKINS PAUL             | 202,851 | 72,472 |
| JOHNSON JEFFREY          | 151,810 | 2,643  |
| JONSSON COREY            | 90,667  | 2,488  |
| KENNEDY MAYKA            | 159,430 | 25,987 |
| KHAN AKBAR               | 117,692 | 1,346  |
| KITCHEN JUSTIN           | 108,265 | 8,596  |
| KRIESCHER-TRUDGEON PETRA | 108,776 | 380    |
| LOE ANNETTE              | 82,868  | 7,798  |
| MALCOLM TIM              | 83,262  | 1,809  |
| MANSON DONALD            | 80,123  | 4,060  |
| MARQUARDT REGINALD       | 105,452 | 3,521  |
| MATHEWS DEREK            | 78,954  | 4,139  |
| MATHEWS SUZANNE          | 99,165  | 6,301  |
| MATHUR ANITA             | 100,303 | 2,437  |
| MCLEAN DOUGLAS           | 127,270 | 1,920  |
| MORGAN ANDREW            | 108,284 | 1,718  |
| MORSI TAHER              | 117,835 | 1,363  |
| NAPOLEON NORMAN          | 99,021  | 12,854 |
| NAZARETH JAMES           | 146,429 | 3,158  |
| NELSON GARY              | 97,029  | 26     |

***Financial Information Act Report***  
**Schedule B – Salaries Exceeding \$75,000 and Related Expenses**  
**For the Year Ended March 31, 2016**

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|                     |         |        |
|---------------------|---------|--------|
| NORRISH JOHN        | 80,467  | 542    |
| NURKOWSKI JOHN      | 150,912 | 1,418  |
| O'FLAHERTY SANDY    | 83,494  | 14,214 |
| O'HANLEY JAMES      | 164,039 | 75,745 |
| OLLENBERGER LANCE   | 156,604 | 24,995 |
| O'NEILL SEAN        | 83,340  | 1,920  |
| OUELLETTE THOMAS    | 90,326  | 700    |
| PARSONAGE KEVIN     | 184,513 | 14,052 |
| PAULL TIM           | 76,206  | 460    |
| PAULSON KENNETH     | 165,634 | 58,279 |
| PAYNTON SEAN        | 83,553  | -      |
| PERRINS GREGORY     | 92,430  | 24,608 |
| PHILLIPS LORI       | 91,867  | 3,439  |
| PILON RAYMOND       | 85,121  | 2,474  |
| PITTAM KENNETH      | 78,230  | 2,714  |
| PLOTNIKOW DALE LYNN | 94,752  | 6,658  |
| POKORNY PETER       | 130,512 | 41,891 |
| PORTER CHARLES      | 139,924 | 12,948 |
| PORTER JOSHUA       | 126,231 | 1,377  |
| RAI ABHINAV         | 85,008  | 4,190  |
| RAMSEY KRISTIN      | 83,147  | 1,485  |
| RICHARDS CHRISTINE  | 96,656  | 3,779  |
| SAGERT PATRICIA     | 91,356  | 3,187  |
| SAUVE VALERIE       | 94,230  | 7,550  |
| SCHECK DEVIN        | 166,088 | 16,212 |
| SCHNEIDER FRANK     | 104,538 | -      |
| SEDUN LARRY         | 99,819  | 380    |
| SKERIK DAVID        | 78,054  | 3,172  |
| SLOCOMB RICHARD     | 148,611 | 16,468 |
| SMITH PETER         | 92,227  | 6,319  |
| SMITH RANDALL       | 214,459 | 5,049  |
| SMITH ROBIN         | 113,756 | 2,934  |
| SMOOK PATRICK       | 91,253  | 1,503  |
| SPENCE ANDREW       | 114,395 | 5,518  |
| SPENCE KAREN        | 98,980  | 2,847  |
| STARK RYAN          | 86,226  | 5,333  |
| STEFIK RONALD       | 156,274 | 3,244  |

***Financial Information Act Report***  
**Schedule B – Salaries Exceeding \$75,000 and Related Expenses**  
**For the Year Ended March 31, 2016**

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|   |                      |        |
|---|----------------------|--------|
| STEYNEN MARC  | 83,446               | 5,235  |
| SUMMERS BRIAN   | 114,538              | 1,675  |
| SWAN TREVOR   | 171,958              | 25,505 |
| TOSHNIWAL MADHU   | 89,305               | 1,392  |
| VALLIERE NOELLA   | 79,570               | 1,715  |
| VENABLES STUART   | 127,265              | 3,196  |
| WAHEED BUSHRA   | 106,321              | 5,936  |
| WAKELIN TONY  | 123,483              | 3,648  |
| WALDON HACK   | 76,671               | 5,437  |
| WALKER DANIEL   | 127,267              | 6,874  |
| WEATHERILL SHANNON                                      | 82,405               | 50     |
| WELCH LAURIE  | 122,294              | 12,680 |
| WIJTKAMP PETER  | 88,822               | 7,015  |
| WILLIAMSON ALEXIS                                       | 120,091              | 24,090 |
| WILSON JASON  | 89,702               | 6,941  |
| WINTEMUTE KELLY   | 94,189               | 3,309  |
| WOLF VIVA   | 113,971              | 5,634  |
| WORKMAN ROBERT  | 82,209               | 370    |
| ZENS KRISTA   | 84,512               | -      |
| ZHANG LINAN   | 110,231              | 669    |
| ZIMMER DEAN   | 107,744              | 24,310 |
|   | <hr/>                |        |
| Total for Over \$75,000                                 | 13,699,274           |        |
| Total for Under \$75,000                                | 8,552,588            |        |
| C.P.P Employer Portion                                  | 654,359              |        |
| E.I Employer Portion                                    | 299,949              |        |
| Secondments and other Benefits                          | 3,094,459            |        |
|   | <hr/>                |        |
| Total Remuneration - Employees                          | 26,300,629           |        |
| Accruals, Leave liability and Severance                 | 627,889              |        |
|   | <hr/>                |        |
| Salary and Benefits per Audited<br>Financial Statements | <u>\$ 26,928,518</u> |        |

The statement of remuneration and expenses paid to employees during the year ended March 31, 2016 lists gross remuneration, which includes, regular salaries and wages, payment for overtime, vacation, shift premiums, parking benefits and other allowances and payout of earned entitlements.

***Financial Information Act Report***  
**Schedule C - Appointments Remuneration and Expenses**  
**For the Year Ended March 31, 2016**

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| Name             | Position            | Retainers      |                       |                    |                       | Current Meeting Rates | Number of Meeting Days Attended (indicate if half day meeting) | Total Meeting Fees | Per Diem Fees                                  | Total Remuneration |
|------------------|---------------------|----------------|-----------------------|--------------------|-----------------------|-----------------------|--|--------------------|--|--------------------|
|                  |                     | Board Services | Audit Committee Chair | HR Committee Chair | Other Committee Chair |                       |  |                    | (Chair Level 1 and Chair and Director Level 2) |                    |
| Steve Carr*      | Chair               | \$ -           |                       |                    |                       | \$ -                  | 3.5  | \$ -               | \$ -   | \$ -               |
| Dave Nikolejsin* | Chair               | \$ -           |                       |                    |                       | \$ -                  | 1  | \$ -               | \$ -   | \$ -               |
| Paul Jeakins     | Vice-Chair/Director | \$ -           |                       |                    |                       | \$ -                  | 10   | \$ -               | \$ -   | \$ -               |
| Graeme McLaren   | Director            | \$ 3,000       |                       |                    |                       | \$ 300                | 10   | \$ 3,000           | \$ -   | \$ 6,000           |

**Comments:**

S. Carr - Apr 1/15 to Sept 15/15

D. Nikolejsin - Sept 16/15 to Mar 31/16



***Financial Information Act Report***  
**Schedule D – Grants exceeding \$25,000**  
**For the Year Ended March 31, 2016**

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| <b>Name</b>   | <b>Description</b>  | <b>Amount (\$)</b>       |
|---|---|--------------------------|
| Oil and Gas Research and Innovation Society (OGRIS) | To support ongoing management of Boreal Caribou in BC and to support additional projects/activities that are respecting engagement and consultation with stakeholders and communities who may be impacted by oil and gas activities in BC | <u>200,000</u>           |
|   | Consolidated total of grants exceeding \$25,000   | 200,000                  |
|   | Consolidated total of grants of \$25,000 or less  | <u>42,633</u>            |
|   | Consolidated total of all grants  | <u><u>\$ 242,633</u></u> |

## ***Financial Information Act Report***

### **Schedule E - Purchases from Suppliers who received aggregate payments exceeding \$25,000 For the Year Ended March 31, 2016**

---

| <b>Name</b>  | <b>Amount</b> |
|--|---------------|
| 1317684 Alberta Ltd                                  | \$ 559,168    |
| 1481554 Alberta Ltd                                  | 332,287       |
| 1622764 Alberta Ltd                                  | 216,245       |
| ABSG Consulting Inc                                  | 79,382        |
| Air Canada   | 373,607       |
| Altec Products Inc                                   | 126,506       |
| ARI Financial  | 230,136       |
| Athlone Travel                                       | 34,755        |
| Autographics Trim & Signs                            | 59,139        |
| BC Hydro   | 95,410        |
| Bearbrook Properties Ltd                             | 131,433       |
| BGR Properties Inc                                   | 2,037,922     |
| Canadian Pipeline Technology Collaborative           | 50,000        |
| Canem Systems Ltd                                    | 53,464        |
| CDW Canada   | 89,853        |
| CGI Information Systems & Management Consultants Inc | 219,180       |
| Computronix (Canada) Ltd                             | 1,673,537     |
| Corelogic Facility Services                          | 135,098       |
| Crayon Box Design & Promotions                       | 49,533        |
| Cushman & Wakefield                                  | 213,000       |
| Delta Hotels   | 25,220        |
| Det Norske Veritas (Canada) Ltd                      | 265,060       |
| Doug Wilkes  | 29,448        |
| Driving Force  | 60,336        |
| EcoTerra Solutions                                   | 32,993        |
| Exova  | 97,168        |
| Foundry Spatial Ltd                                  | 26,000        |
| Fujitsu Consulting (Canada) Inc                      | 48,919        |
| Garfield Chiropractic Corporation                    | 118,060       |
| GeoLOGIC Systems Ltd                                 | 40,450        |
| Grand & Toy Ltd                                      | 50,487        |
| Graphic Office Interiors Ltd                         | 59,186        |
| Great Northern Bridgeworks Ltd                       | 82,990        |
| Harris & Company LLP                                 | 27,420        |

## ***Financial Information Act Report***

### **Schedule E - Purchases from Suppliers who received aggregate payments exceeding \$25,000 For the Year Ended March 31, 2016**

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|  |           |
|--|-----------|
| Heritage Technical Services Ltd                          | 101,700   |
| IHS Global   | 64,478    |
| Intact Insurance Company                                 | 37,150    |
| Kinetic Systems Inc                                      | 1,421,478 |
| Long View Systems Corporation                            | 281,089   |
| Matrix Solutions Inc                                     | 115,380   |
| Microsoft Corporation                                    | 187,400   |
| Minister of Finance – Auditor General of BC              | 74,142    |
| Minister of Finance – BC Mail Plus                       | 32,948    |
| Minister of Finance – BC Stats                           | 25,268    |
| Minister of Finance – Emergency Management of BC         | 25,000    |
| Minister of Finance – Legal Services Branch              | 145,117   |
| Minister of Finance – Risk Management Branch             | 89,612    |
| Minister of Finance – Storage                            | 28,946    |
| Ministry of Citizens' Services                           | 656,807   |
| Ministry of Environment                                  | 84,050    |
| Ministry of Forest, Lands & Natural Resources Operations | 83,511    |
| Moffatt & Nichol   | 101,429   |
| Ocean Edge Sustainable Development Services              | 30,632    |
| Odgers Berndtson   | 30,000    |
| Pacific Geotech  | 2,898,185 |
| Peace Moving & Storage Ltd                               | 83,556    |
| RFS Canada   | 129,522   |
| RICOH Canada Inc   | 90,110    |
| Robert Ambis   | 25,567    |
| Sandra Runge   | 167,750   |
| SDM Realty Advisors                                      | 361,604   |
| Sierra Systems Group Inc                                 | 1,033,253 |
| SNC Lavalin Inc  | 234,612   |
| Synergy Aspen Environmental                              | 183,537   |
| TecKnowledge E-Learning Inc                              | 45,176    |
| Tek Systems Canada Inc                                   | 223,500   |
| Telus Communications Company                             | 752,394   |
| Telus Mobility   | 132,945   |
| Tervita Corporation                                      | 59,089    |

***Financial Information Act Report***

**Schedule E - Purchases from Suppliers who received aggregate payments exceeding \$25,000  
For the Year Ended March 31, 2016**

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|   |                             |
|---|-----------------------------|
| Think Communication   | 255,164                     |
| Westjet   | 53,653                      |
| Windward Resources Ltd  | 402,678                     |
| WLConstruction Inc  | 155,961                     |
| Workplace Technology Services                                     | 129,029                     |
| Zoho Corporation  | <u>29,908</u>               |
|   |                             |
| Total of aggregate payments exceeding \$25,000 paid to suppliers  | 18,786,722                  |
|   |                             |
| Total of aggregate payments of \$25,000 or less paid to suppliers | <u>1,650,198</u>            |
|   |                             |
|   | <u><b>\$ 20,436,920</b></u> |

***Financial Information Act Report***  
**Schedule F - Statement of Severance Agreements**  
**For the Year Ended March 31, 2016**

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There was no severance agreement under which payment commenced between the Oil and Gas Commission and its non-unionized employees during fiscal year 2015/2016.

***Financial Information Act Report***  
**Schedule G -Guarantee and Indemnity Agreements**  
**For the Year Ended March 31, 2015**

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| <b>Subject</b>   | <b>Indemnity</b>                              |
|--|---|
| Consent Resolution of the Directors, ensuring that all Oil and Gas Commission officers and employees have full backing of the Oil and Gas Commission for legal costs associated with the normal performance of their duties. | Oil and Gas Commission officers and employees |
| Lease Agreement 6534 Airport Road, Fort St, John, BC   | BGR Properties Inc.                           |
| Lease Agreement 3-1445 102nd Avenue Dawson Creek, BC   | Garfield Chiropractic Corporation             |
| Lease Agreement 304-1500 Hardy Street, Kelowna, BC   | BK Prime Kelowna Property Holdings            |
| Lease Agreement 101-4701 55th Street ,Fort Nelson, BC  | Bearbrook Properties                          |
| Lease Agreement 200& 300-388 Harbour Road, Victoria, BC  | 1481554 Alberta Ltd.                          |
| Lease Agreement 300-398 Harbour Road. Victoria, BC   | 1317684 Alberta Ltd.                          |
| Lease Agreement 1399- 6th Ave., Prince George, BC  | The Canadian Red Cross Society                |
| Lease Agreement 100-388 Harbour Road, Victoria, BC   | 1622764 Alberta Ltd.                          |
| Service Agreement between Oil and Gas Commission and BC One Call Limited for providing Call Centre Services  | BC One Call Limited                           |

***Financial Information Act Report***  
**Statement of Financial Information Approval**  
**For the Year Ended March 31, 2016**

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The undersigned represents the Board of Directors of the Oil and Gas Commission and approves all the statements and schedules included in the Statement of Financial Information, produced under the Financial Information Act.



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Dave Nikolejsin  
Board Chair

September 30, 2016

***Financial Information Act Report***  
**Management Report**  
**For the Year Ended March 31, 2016**

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The Financial Statements contained in this Statement of Financial Information under the *Financial Information Act* have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all the statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises this responsibility through the Audit Committee of the Board. The Audit Committee meets with management and the external auditors four times a year.

The external auditors, the Office of the Auditor General, conduct an independent examination, in accordance with generally accepted auditing standards, and express their opinion on the financial statements. Their examination does not relate to the other schedules and statements required by the Act. Their examination includes a review and evaluation of the corporation's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly. The external auditors have full and free access to the Audit Committee of the Board and meet with it on a regular basis.

On behalf of the Oil and Gas Commission



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Len Dawes  
Executive Vice President, Chief Financial Officer  
September 30, 2016