



***Financial Information Act Report***  
**For the Year Ended March 31, 2017**

***Financial Information Act Report***  
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**For the Year Ended March 31, 2017**

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Management Report

A low-angle photograph of an oil rig structure, showing the derrick and support beams silhouetted against a bright, cloudy sky at sunset or sunrise. The sun is a large, glowing orb on the right side, casting a warm light across the clouds.

**BC Oil and Gas Commission**

**Financial Statements**

**March 31, 2017**



## Statement of Management Responsibility

The financial statements of the BC Oil and Gas Commission (Commission) for the year ended March 31, 2017 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

**May 31, 2017**

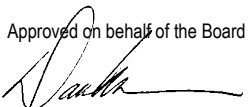
A handwritten signature in black ink, appearing to read 'Len Dawes', written over a horizontal line.

**Len Dawes CPA, CA**  
Executive Vice President, Chief Financial Officer

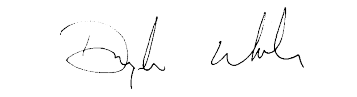
BC Oil and Gas Commission  
Statement of Financial Position  
(in \$000s)

	Note	March 31 2017	March 31 2016 as restated
<b>Financial assets</b>			
Cash		10,760	6,288
Investments	3,4	36,000	27,000
Accounts receivable	5	13,239	11,392
Due from government	6	3,898	3,916
		<b>63,897</b>	<b>48,596</b>
<b>Liabilities</b>			
Accounts payable & accrued liabilities	7	3,559	3,833
Employee future benefits	8	257	239
Due to First Nations	9	338	175
Due to government		219	137
Deferred revenue	10	1,503	1,715
Deferred lease inducements		150	214
Liability for orphan sites	11	21,965	3,489
Security deposits	4	33,387	24,579
		<b>61,378</b>	<b>34,381</b>
<b>Net financial assets</b>		<b>2,519</b>	<b>14,215</b>
<b>Non-financial assets</b>			
Tangible capital assets	12	21,930	20,889
Prepaid expenses		704	676
		<b>22,634</b>	<b>21,565</b>
<b>Accumulated surplus</b>		<b>25,153</b>	<b>35,780</b>
Contractual obligations	13		
Contingent liabilities	14		
Measurement uncertainty	16		

The accompanying notes are an integral part of these statements.

Approved on behalf of the Board  
  
Dave Nikolejsin, Board Chair

  
Paul Jenkins, Commissioner

  
Doug Wilkes, CPA, CA, Audit Committee Chair

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

	Note	Budget 2017	March 31 2017	March 31 2016 as restated
		(Note 18)		
<b>Revenues</b>				
Production levies	16	32,493	34,258	31,304
Orphan site reclamation fund levies		1,378	1,454	1,422
Annual pipeline levies		2,433	3,928	2,399
Fees		10,348	11,024	13,761
Grant from province		-	2,975	1,560
Interest		375	636	617
Remediation recoveries	4	-	952	76
Other revenue		43	112	204
		47,070	55,339	51,343
<b>Expenses</b>	17			
Oil and gas activities regulation		45,749	46,923	48,024
Orphan site remediation		1,000	19,043	841
		46,749	65,966	48,865
<b>Annual (deficit) surplus</b>		321	(10,627)	2,478
<b>Accumulated surplus beginning of year</b>		35,780	35,780	29,702
<b>Effect of prior period adjustment</b>	21	-	-	3,600
<b>Accumulated surplus, beginning of year, as restated</b>		35,780	35,780	33,302
<b>Accumulated surplus end of year</b>		36,101	25,153	35,780

The accompanying notes are an integral part of these statements.

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

	Budget 2017 (Note 18)	March 31 2017	March 31 2016 as restated
Annual surplus (deficit)	322	(10,627)	2,478
Acquisition of tangible capital assets	(6,762)	(5,075)	(9,296)
Disposals of tangible capital assets	-	-	201
Amortization of tangible capital assets	4,518	4,033	3,722
	(2,244)	(1,042)	(5,373)
Use of prepaid expense	100	(28)	207
Decrease in net financial assets	(1,822)	(11,697)	(2,688)
Net financial assets at beginning of year	14,215	14,215	16,903
Net financial assets at end of year	<b>12,393</b>	<b>2,518</b>	<b>14,215</b>

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

	March 31 2017	March 31 2016 as restated
<b>Operating transactions</b>		
<b>Cash generated from:</b>		
Production levies	34,982	32,917
Annual pipeline levies	2,387	2,357
Fees	10,894	12,649
Interest	611	705
Grant from province	2,975	1,560
Miscellaneous and recoveries	1,451	88
Security deposits	13,511	4,191
	66,811	54,467
<b>Cash used for:</b>		
Salaries and benefits	(25,098)	(26,820)
Payments to First Nations	(5,640)	(8,597)
Operating expenses	(11,391)	(11,025)
Orphan site reclamation	(1,413)	(2,408)
Security deposits refunded	(4,703)	(5,480)
	(48,245)	(54,330)
<b>Cash from operating activities</b>	18,566	137
<b>Capital transactions</b>		
Cash used to acquire tangible capital assets	(5,094)	(8,667)
<b>Investing transactions</b>		
Change in portfolio investments	(9,000)	9,000
<b>(Decrease) increase in cash</b>	4,472	470
<b>Cash beginning of year</b>	6,288	5,818
<b>Cash end of year</b>	10,760	6,288



## 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%
Vehicles	20%
Application Management System	10%
Business Systems - Other	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.

### Revenues

#### Production levies and Orphan Site Reclamation Fund levies

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. Orphan site reclamation fund levies are internally restricted by legislation for the remediation of orphaned sites.

#### Annual pipeline levies

Annual pipeline levies are billed and recognized based on length and size of pipe owned at March 31 of the applicable fiscal year.

#### Application Fees

General application fees are billed upon submission while amendment application fees are billable upon completion of the review process. Fees for major projects are billable in installments. All application fee revenue is recognized in the period it is earned.

### 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. Remediation costs are estimated and accrued when determinable.

### Prepaid Expenses

Prepaid expenses include 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. 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. An orphan site is designated by the Commissioner when a permit holder is insolvent or cannot be located or identified.

### 3. Investments

	March 31 2017	March 31 2016
Security deposits - Liability Management Rating program (note 4)	33,000	24,000
Orphan site reclamation fund (note 11)	3,000	3,000
	<b>36,000</b>	<b>27,000</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 \$100,166 in security deposits, of which \$33,387 (2016: \$24,579) is held in cash and/or investments and \$66,779 (2016: \$28,967) 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 2017, the Commission recovered \$952 (2016: \$76) from security deposits to satisfy remediation obligations of permit holders for specific sites.

### 5. Accounts Receivable

	March 31 2017	March 31 2016
Production levies receivable	8,709	8,328
Annual pipeline levies receivable	3,917	2,414
Fees	335	385
Other receivables	278	265
	<b>13,239</b>	<b>11,392</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 which is included in Production levies receivable, and a portion is payable by the Province which is included in Levies collected. See note 6.

### 6. Due from Government

	March 31 2017	March 31 2016
Levies collected	3,712	3,363
Recoveries and other	186	553
	<b>3,898</b>	<b>3,916</b>

## 7. Accounts Payable and Accrued Liabilities

	March 31 2017	March 31 2016
Accounts payable and accrued liabilities	1,213	1,594
Salaries and benefits payable	2,346	2,239
	<b>3,559</b>	<b>3,833</b>

### Employee Leave Entitlements

As of March 31, 2017, 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 \$879 (2016: \$741). This amount is included in salaries and benefits payable.

## 8. 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 of benefits. Basic pension benefits are based on a formula. The Plan has about 57,700 active plan members, 44,800 retired plan members and 16,400 inactive 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. Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). 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, 2017 for employer contributions was \$2,042 (2016: \$2,110).

### 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, 2017 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 2017	March 31 2016
<b>Accrued retirement obligation</b>		
Balance at beginning of year	239	285
Current benefit cost	46	38
Interest	19	13
Amortization of actuarial loss	21	9
Benefits paid	(68)	(106)
<b>Balance at end of year</b>	<b>257</b>	<b>239</b>
<b>Actuarial retirement obligation</b>		
Accrued benefit obligation	257	239
Unamortized actuarial loss	284	305
<b>Balance at end of year</b>	<b>541</b>	<b>544</b>

## 8. Employee Future Benefits (continued)

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

	2017	2016
Discount rate	3.50%	3.50%
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, 2017.

## 9. 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.

## 10. 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 beginning of year	Receipts during the year	Transferred to revenue	Balance end of year
Application Fees	1,715	10,812	(11,024)	1,503

## 11. 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 remediation and restoration of orphaned oil and gas sites and for related costs. Revenue for the OSRF is derived from production levy as established by the Act. The OSRF has assets of \$5,329 to pay for costs associated with orphan sites. During the 2016/17 fiscal year, the number of designated orphan sites increased from 45 to 220 largely as a result of the insolvency of one company. 135 of these sites were designated April 6th, 2017 and are disclosed and included with the fiscal year 2016/17 designations as the event that gave rise to these designations existed at March 31st 2017. Of the designated sites, 17 have been fully restored, with the remainder to undergo remediation as resources permit. During the fiscal year, the Commission determined the liability for orphan sites based on the Commission's obligation to ensure public and environmental safety. The current year liability of \$21,965 reflects the costs required to bring the site up to a standard where the environment and the public are protected. Liability for known orphan sites is estimated using expected abandonment and remediation costs for these specific sites, under expected conditions based on known characteristics of each site. The estimation of the current year liability does not include discretionary reclamation costs, contingencies for delays due to weather, problematic plugging activities, or unforeseen sources of contamination. Full reclamation costs for designated orphan sites is estimated to be in the range of \$40,000 to \$60,000. Additional potential liability for orphan sites resulting from these factors are estimated based on site characteristics and are disclosed in the measurement uncertainty note. The Commission continues to monitor other potential orphan sites. Estimated costs have not been net present valued as the related costs are not expected to occur over an extended long term period.

## 12. Tangible Capital Assets

### March 31, 2017

	Tenant Improvements	Furniture	Computer Hardware	Operating Equipment	Vehicles	Other Business Systems	Application Management System	Computer Software	Total 2017
<b>Cost</b>									
<b>Opening</b>	7,001	3,591	3,293	1,489	1,500	3,028	11,308	885	32,095
Additions	7	15	442	-	167	1,137	3,307	-	5,075
Disposals	(819)	(438)	(1,700)	(343)	-	(1,516)	-	(195)	(5,011)
<b>Closing</b>	<b>6,189</b>	<b>3,168</b>	<b>2,035</b>	<b>1,146</b>	<b>1,667</b>	<b>2,649</b>	<b>14,615</b>	<b>690</b>	<b>32,159</b>
<b>Accumulated Amortization</b>									
<b>Opening</b>	4,132	1,466	2,191	554	277	1,836	213	537	11,206
Amortization	587	317	703	123	138	980	1,038	147	4,033
Disposals	(819)	(438)	(1,700)	(343)	-	(1,516)	-	(195)	(5,011)
<b>Closing</b>	<b>3,900</b>	<b>1,345</b>	<b>1,194</b>	<b>334</b>	<b>415</b>	<b>1,300</b>	<b>1,251</b>	<b>489</b>	<b>10,228</b>
<b>Net book value</b>	<b>2,289</b>	<b>1,823</b>	<b>841</b>	<b>812</b>	<b>1,252</b>	<b>1,349</b>	<b>13,364</b>	<b>201</b>	<b>21,930</b>

### March 31, 2016

	Tenant Improvements	Furniture	Computer Hardware	Operating Equipment	Vehicles	Other Business Systems	Application Management System	Computer Software	Total 2016
<b>Cost</b>									
<b>Opening</b>	6,683	3,511	3,078	1,264	1,321	5,780	4,146	793	26,576
Additions	330	80	679	225	580	59	7,162	181	9,296
Disposals	(12)	-	(464)	-	(401)	(2,811)	-	(89)	(3,777)
<b>Closing</b>	<b>7,001</b>	<b>3,591</b>	<b>3,293</b>	<b>1,489</b>	<b>1,500</b>	<b>3,028</b>	<b>11,308</b>	<b>885</b>	<b>32,095</b>
<b>Accumulated Amortization</b>									
<b>Opening</b>	3,543	1,150	1,843	418	351	3,244	32	479	11,060
Amortization	601	316	812	136	126	1,403	181	147	3,722
Disposals	(12)	-	(464)	-	(200)	(2,811)	-	(89)	(3,576)
<b>Closing</b>	<b>4,132</b>	<b>1,466</b>	<b>2,191</b>	<b>554</b>	<b>277</b>	<b>1,836</b>	<b>213</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>1,192</b>	<b>11,095</b>	<b>348</b>	<b>20,889</b>

Included in the net book value of other systems development are assets not being amortized of \$101 as they have not yet been completed or put into use.

## 13. 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.

2018	2019	2020	2021	2022	Thereafter
4,277	5,051	4,135	3,617	3,629	24,013

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

#### 14. 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 11 regarding potential remediation costs related to the Orphan Site Reclamation Fund.

#### 15. 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 2017	March 31 2016
<b>Revenues:</b>		
Recoveries	2,988	1,560
Miscellaneous	143	180
	<b>3,131</b>	<b>1,740</b>
<b>Expenses:</b>		
Salaries and benefits	805	977
Building occupancy	173	229
Professional services and training	486	309
Grants	24	33
Telecommunications and information systems	232	120
Travel and vehicle costs	22	(83)
Office supplies and equipment	34	54
	<b>1,776</b>	<b>1,639</b>

#### 16. 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.

	Reported	Low	High
Production Levies	34,258	33,573	34,943

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.

	Reported	Low	High
Liability for orphan sites	21,965	17,636	28,491

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. The cost estimates for orphan sites designated in previous years are more certain because Environmental Standard Assessments have been completed. For these sites, the current liability is \$3.3 million with a low estimate of \$2.7 million and high estimate of \$4.2 million.

#### 17. Expense by Object

	Oil and Gas Activities Regulation	Orphan Site Reclamation Fund	March 31 2017	March 31 2016 as restated
Salaries and benefits	25,271	-	25,271	26,928
First Nations	5,688	-	5,688	7,165
Building occupancy	4,476	-	4,476	4,374
Professional services and training	1,171	-	1,171	1,701
Amortization	4,033	-	4,033	3,723
Travel and vehicle costs	1,244	-	1,244	1,360
Telecommunications and information systems	2,157	-	2,157	1,871
Grants	1,593	-	1,593	243
Orphan site reclamation	839	19,043	19,882	841
Office supplies and equipment	393	-	393	570
Miscellaneous	58	-	58	89
	<b>46,923</b>	<b>19,043</b>	<b>65,966</b>	<b>48,865</b>

#### 18. 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 13, 2016.



## 19. 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. Should the Commission require funding, the Commission has access to Provincial Government and/or Bank LOC/Loans.

**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.

## 20. Comparative note

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

## 21. Restatement of prior year

Due to a change in circumstances this fiscal, management changed its policy when estimating the orphan liability to reflect remediation costs per Handbook 3260. This resulted in the need to adjust the liability of orphan sites from previous years which included full reclamation costs. The following table sets out the previously reported figures, the adjustments made and the restated amounts.

	As previously reported	Adjustment	As restated
Liability for orphan sites	(6,989)	3,500	(3,489)
Orphan site remediation	741	100	841
Annual (deficit) surplus	2,578	(100)	2,478
Opening accumulated surplus beginning of year	29,702	3,600	33,302

***Financial Information Act Report***  
**Schedule A - Reconciliation to the Financial Statements**  
**For the Year Ended March 31, 2017**

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Employee Remuneration and Expenses	\$ 22,784,367	Schedule B
Appointments Remuneration and Expenses	6,450	Schedule C
Grants	1,592,530	Schedule D
Purchases from Suppliers	18,460,823	Schedule E
Allocation of Contributions to First Nations	<u>5,688,078</u>	
	48,532,248	
Amortization	4,033,205	
Capital Spending	(5,074,861)	
Orphan Sites Liability Accrual	19,043,000	
Orphan Sites Remediation	<u>(567,186)</u>	
<b>Total Expenses - Consolidated Financial Statements</b>	<b><u>\$ 65,966,406</u></b>	

***Financial Information Act Report***  
**Schedule B – Salaries Exceeding \$75,000 and Related Expenses**  
**For the Year Ended March 31, 2017**

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<b>Employee</b>	<b>Salary (\$)</b>	<b>Expenses (\$)</b>
Anderson, Justin	\$ 82,465	\$ 3,291
Austin, Frank	\$ 147,046	\$ 22,071
Bahramian, Feresh	\$ 90,220	\$ 2,992
Barker, Julie	\$ 79,327	\$ 3,167
Barker, June	\$ 127,310	\$ 485
Bergen, Amber	\$ 82,119	\$ 1,222
Berranger, Dale	\$ 91,404	\$ 1,014
Bhuyan, Gouri	\$ 132,149	\$ 12,245
Borissov, Theodora	\$ 88,777	\$ 270
Bourke, Dax	\$ 82,819	\$ -
Bozarth, Donna	\$ 95,508	\$ 6,358
Brandzin, Vera	\$ 85,061	\$ 1,045
Butler, Rachel	\$ 94,505	\$ 6,281
Calder, Shelley	\$ 85,345	\$ 1,438
Carignan, Ryan	\$ 91,129	\$ -
Carpenter, Katherine	\$ 80,532	\$ -
Chapman, Allan	\$ 129,351	\$ 6,435
Chawrun, Marc	\$ 92,524	\$ 5,579
Christie, Alicia	\$ 83,264	\$ 2,980
Chu, Yingli	\$ 123,735	\$ 3,967
Clemen, Pam	\$ 89,622	\$ 1,631
Corstanje, Jacques	\$ 103,439	\$ 7,519
Coward, Laura	\$ 101,775	\$ 500
Curnow, Nikki	\$ 94,984	\$ 4,819
Currie, Graham	\$ 147,182	\$ 8,223
Curry, Sean	\$ 112,702	\$ 12,338
Dalton, Peter	\$ 113,259	\$ 10,639
Davies, Janet	\$ 125,390	\$ 3,330
Davis, Harry	\$ 88,576	\$ 1,099
Dawes, Len	\$ 129,068	\$ 8,026
Dickinson, Sara	\$ 119,041	\$ 5,279
Donnell, Rebecca	\$ 112,155	\$ 2,385
Dosil, Ab	\$ 129,315	\$ 14,484
Dunn, Robert	\$ 86,023	\$ 705
Elias-Bertrim, Heidi	\$ 82,164	\$ 496
France, Scott	\$ 90,936	\$ 2,280
Fraser, Amanda	\$ 87,426	\$ 310
Friedrich, Hardy	\$ 77,074	\$ 2,329
Fukumoto, David	\$ 85,861	\$ 2,931

***Financial Information Act Report***  
**Schedule B – Salaries Exceeding \$75,000 and Related Expenses**  
**For the Year Ended March 31, 2017**

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Gaucher, Michelle	\$	98,989	\$	3,427
Gibbons, Shauneen	\$	81,957	\$	1,365
Gladysz, James	\$	103,163	\$	4,533
Goertzen, Carling	\$	78,341	\$	-
Gregory, Sara	\$	139,136	\$	5,671
Grieve, Chris	\$	77,371	\$	-
Griffiths, Gordon	\$	84,571	\$	1,006
Hanna, Kevin	\$	83,852	\$	260
Hanson, Dan	\$	104,122	\$	821
Hartnell, Bruce	\$	80,004	\$	990
Hayes, Mark	\$	151,279	\$	3,125
Howard, Jacqueline	\$	79,399	\$	-
Hughson, Derek	\$	103,196	\$	3,988
Janzen, Mike	\$	117,689	\$	674
Jarman, Andrea	\$	92,265	\$	7,855
Jeakins, Paul	\$	205,429	\$	50,451
Johnson, Jeff	\$	151,453	\$	5,145
Jonsson, Corey	\$	95,969	\$	13,553
Kamp, Adam	\$	78,789	\$	-
Karjala, Melanie	\$	78,727	\$	3,466
Kennedy, Mayka	\$	173,514	\$	32,875
Keough, Dana	\$	78,844	\$	3,117
Khadka, Mahesh	\$	83,981	\$	-
Khan, Akbar	\$	121,028	\$	1,928
Kitchen, Justin	\$	106,044	\$	5,320
Kriescher-Trudgeon, Petra	\$	122,694	\$	2,806
Lang, Randy	\$	80,003	\$	50
Li, Sara	\$	76,462	\$	1,853
Loe, Annette	\$	81,612	\$	5,876
Malcolm, Tim	\$	86,903	\$	1,883
Mana, Kate	\$	76,062	\$	247
Mann, Jaswinder	\$	78,573	\$	3,845
Manson, Don	\$	84,665	\$	7,493
Marquardt, Reg	\$	114,098	\$	-
Mathews, Derek	\$	75,197	\$	-
Mathews, Suzanne	\$	96,832	\$	1,351
Mathur, Anita	\$	101,509	\$	2,506
McCoubrey, Ayrilee	\$	95,507	\$	488
McKenzie, Craig	\$	75,049	\$	953
McLean, Ken	\$	81,498	\$	730
Mitchell, Rob	\$	75,636	\$	188
Morgan, Andrew	\$	112,402	\$	4,558

***Financial Information Act Report***  
**Schedule B – Salaries Exceeding \$75,000 and Related Expenses**  
**For the Year Ended March 31, 2017**

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Morsi, Taher	\$	121,316	\$	2,329
Napoleon, Norman	\$	105,001	\$	16,690
Nazareth, James	\$	151,378	\$	3,587
Nelson, Gary	\$	104,776	\$	2,359
Norrish, John	\$	87,640	\$	-
Nurkowski, John	\$	153,707	\$	9,477
O'Flaherty, Sandy	\$	81,509	\$	6,072
O'Hanley, James	\$	160,361	\$	19,705
O'Neill, Sean	\$	88,479	\$	1,118
Ollenberger, Lance	\$	161,040	\$	26,988
Osmond, Andrew	\$	75,654	\$	1,361
Parsonage, Kevin	\$	179,703	\$	17,312
Paull, Tim	\$	79,529	\$	3,014
Paulson, Ken	\$	179,824	\$	28,714
Paynton, Sean	\$	86,102	\$	345
Person, Darryl	\$	77,163	\$	16,573
Phillips, Lori	\$	98,365	\$	2,154
Pilon, Ray	\$	93,525	\$	1,528
Pittam, Ken	\$	86,415	\$	1,229
Pokorny, Peter	\$	140,933	\$	33,037
Porter, Charles	\$	150,308	\$	5,045
Porter, Joshua	\$	104,795	\$	380
Rai, Abhinav	\$	89,687	\$	-
Ramsey, Kristen	\$	82,718	\$	400
Rauscher, Tarilee	\$	75,740	\$	3,991
Reschke, Maria	\$	78,867	\$	-
Sagert, Patricia	\$	97,143	\$	1,928
Sauve, Valerie	\$	107,999	\$	6,237
Scarr, Matt	\$	84,160	\$	2,167
Scheck, Devin	\$	168,089	\$	11,259
Scofield, Corey	\$	76,753	\$	3,890
Sedun, Thom	\$	100,582	\$	391
Slocomb, Richard	\$	153,221	\$	14,956
Smith, Peter	\$	94,370	\$	3,684
Smith, Rob	\$	107,429	\$	3,503
Smook, Patrick	\$	94,083	\$	1,737
Spence, Andrew	\$	123,494	\$	7,274
Stark, Ryan	\$	93,228	\$	8,208
Stefik, Ron	\$	154,117	\$	2,982
Steynen, Marc	\$	86,970	\$	2,919
Summers, Brian	\$	109,053	\$	238
Swan, Trevor	\$	175,556	\$	29,592

***Financial Information Act Report***  
**Schedule B – Salaries Exceeding \$75,000 and Related Expenses**  
**For the Year Ended March 31, 2017**

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Valliere, Noella	\$	85,721	\$	305
Venables, Stu	\$	127,438	\$	8,293
Waheed, Bushra	\$	107,876	\$	10,749
Wakelin, Tony	\$	126,675	\$	14,927
Waldon, Hack	\$	84,482	\$	2,332
Warner, Sarah	\$	76,752	\$	-
Waterman, James	\$	79,619	\$	502
Weatherill, Shannon	\$	83,558	\$	1,210
Welch, Laurie	\$	124,522	\$	8,836
Wesenberg, Katie	\$	76,619	\$	2,899
Wijtkamp, Peter	\$	76,101	\$	7,104
Wilson, Jason	\$	89,455	\$	3,802
Wintemute, Kelly	\$	104,235	\$	4,727
Wolf, Viva	\$	123,866	\$	6,966
Workman, Bob	\$	85,756	\$	-
Zens, Krista	\$	91,780	\$	11,356
Zhang, Linan	\$	107,315	\$	3,773
Zimmer, Dean	\$	111,231	\$	48,542
<hr/>				
Total for over \$75,000	\$	14,588,180		
Total for under \$75,000	\$	6,317,034		
C.P.P employer portion	\$	628,167		
E.I. employer portion	\$	270,317		
Secondments and other benefits	\$	334,144		
<hr/>				
Total remuneration - employees	\$	22,137,842		
Accruals, leave liability and severance	\$	646,525		
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<b>Total Salary and benefits</b>	<b>\$</b>	<b>22,784,367</b>		

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The statement of remuneration and expenses paid to employees during the year ended March 31, 2017 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, 2017**

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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)	
Dave Nikolejsin	Chair	\$ -				\$ -	1	\$ -	\$ -	\$ -
Paul Jeakins	Vice-Chair	\$ -				\$ -	11.5	\$ -	\$ -	\$ -
Graeme McLaren	Director	\$ 3,000				\$ 300	11.5	\$ 3,450	\$ -	\$ 6,450

***Financial Information Act Report***  
**Schedule D – Grants exceeding \$25,000**  
**For the Year Ended March 31, 2017**

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<b>Name</b>	<b>Description</b>	<b>Amount (\$)</b>
Oil and Gas Research and Innovation Society (OGRIS)	To fund initiatives in several research areas, and to support activities respecting engagement and consultation with stakeholders and communities who may be impacted by oil and gas activities in British Columbia.	1,510,000
	Consolidated total of grants of \$25,000 or less	<u>82,530</u>
	<b>Consolidated total of all grants</b>	<b><u><u>\$1,592,530</u></u></b>



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

### **Schedule E - Purchases from Suppliers who received aggregate payments exceeding \$25,000 For the Year Ended March 31, 2017**

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<b>Name</b>	<b>Amount</b>
1317684 Alberta Ltd	\$ 556,988
1481554 Alberta Ltd	321,709
1622764 Alberta Ltd	222,756
Air Canada	355,571
American Ecotech	124,867
ARI Financial	185,837
BC Hydro	94,217
BC Pension Corporation	2,042,018
Bearbrook Properties Ltd	127,956
Bentall Kennedy (Canada) LP	32,189
BGR Properties Inc	2,271,330
CGI Information Systems & Management Consultants Inc	256,710
Computronix (Canada) Ltd	688,501
Corelogic Facility Services	135,110
Driving Force	35,511
Ernst & Young	33,157
Foundry Spatial Ltd	91,175
Garfield Chiropractic Corporation	122,516
GeoLogic Systems	40,450
Grand & Toy Ltd	34,861
ICBC	28,435
Intact Insurance Company	31,589
Kinetic Systems Inc	1,223,419
Long View Systems Corporation	63,396
Lori Miller	74,165
Matchbox Consulting Group Inc	85,320
Matrix Solutions Inc	128,331
Microsoft Corporation	149,039
Minister of Finance – Auditor General of BC	62,024
Minister of Finance – BC Public Service Agency	445,550
Minister of Finance – Emergency Management of BC	25,000
Minister of Finance – Legal Services Branch	347,543
Minister of Finance – Risk Management Branch	90,623
Minister of Finance – Storage	46,513

## *Financial Information Act Report*

### **Schedule E - Purchases from Suppliers who received aggregate payments exceeding \$25,000 For the Year Ended March 31, 2017**

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Ministry of Citizens' Services	234,257
Ministry of Forest, Lands & Natural Resources Operations	108,731
Pacific Geotech	1,720,161
Resolve	593,904
RFS Canada	62,955
RICOH Canada Inc	101,590
Sandra Runge	194,677
SDM Realty Advisors	255,218
Sierra Systems Group Inc	656,676
Synergy Aspen Environmental	50,327
Tek Systems Canada Inc	229,000
Telus Communications Company	812,494
Telus Mobility	106,327
Think Communication	216,285
VForce Commerical Cleaning	30,491
Westjet	53,428
Windward Resources Ltd	570,696
WLConstruction Inc	112,551
Workplace Technology Services	137,266
Zoho Corporation	<u>31,814</u>

Total of aggregate payments exceding \$25,000 paid to suppliers 16,853,224

Total of aggregate payments of \$25,000 or less paid to suppliers 1,607,599

**\$ 18,460,823**

***Financial Information Act Report***  
**Schedule F - Statement of Severance Agreements**  
**For the Year Ended March 31, 2017**

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There were five severance agreements under which payment commenced between the Oil and Gas Commission and its non-unionized employees during fiscal year 2016/2017. These agreements represented from 6 to 14 months of compensation.

***Financial Information Act Report***  
**Schedule G - Guarantee and Indemnity Agreements**  
**For the Year Ended March 31, 2017**

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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.
Sublease Agreement 2950 Jutland Road, Victoria, BC	British Columbia Investment Management Corporation
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, 2017**

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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 25, 2017

***Financial Information Act Report***  
**Management Report**  
**For the Year Ended March 31, 2017**

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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 25, 2017