

31 May 2017

Christine Zacharuk, President & CEO
Public Sector Employers' Counsel Secretariat
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Victoria, British Columbia V8W 9V1

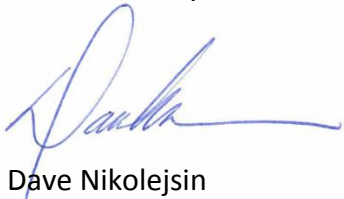
Dear Ms. Zacharuk

Re: Statement of Executive Compensation – BC Oil and Gas Commission

The attached Statement of Executive Compensation has been reviewed and approved by the Board of Directors.

This correspondence is to confirm that the compensation provided to the Commission's Executive, as disclosed in the attached report, is accurate and within the Commission's approved compensation plan.

Yours sincerely,



Dave Nikolejsin
Board Chair

STATEMENT OF EXECUTIVE COMPENSATION 2016/17

Excluded Compensation Philosophy

Objectives

- At Public Sectors Employers' Council's (PSEC) request the Commission's Excluded Compensation Philosophy (ECP) was refreshed and approved by PSEC in 2015. The philosophy is unchanged for 2016 and 2017.
- The Board of Directors provided development oversight and approval of the Commission's ECP, prior to PSEC's approval.
- The Board Chair approved(s) the Commissioner, CEO's salary.
- The CEO determines the salary for all Named Executive Officers (NEOs) based upon the Commission's ECP.
- NEOs do not receive any incentives or bonuses; total compensation includes base salary and benefits.
- The Commission is in compliance with the excluded and executive compensation policy guidelines for public sector Crown Corporations.

Excluded Compensation Philosophy Core Principles

Performance

- Ensure corporate mandate of regulatory compliance is achieved
- Ensure fairness to the employer who recruits and retains required staff to achieve mandate
- Align employees with the Commission's strategic objectives by ensuring that annual merit increases reflect individual, divisional, and organizational performance
- Implement fair and consistent annual performance management practices

Differentiation

- Ensure fair, equitable, flexible, and competitive compensation is applied
- Recognize special individual and team accomplishments
- Balance internal equity with external competitiveness
- Ensure financial sustainability by being fair to the employee who performs the job

Accountability

- Ensure Board of Director's governance for the CEO compensation is consistent with Government mandate
- Maintain affordability and alignment with the Taxpayer Accountability Principles
- Establish market appropriate benchmark comparisons to determine most appropriate compensation to support the recruitment and retention of talented leadership
- Apply role assignment and classification consistent with the BC Oil and Gas Commission's Management Classification and Compensation Framework (MCCF)

Transparency

- Communicate and publish the excluded compensation philosophy and all updates internally as well as externally as mandated by legislation
- Develop and implement fair, just, consistent, and easy to implement staffing practices
- Report to PSEC the terms and conditions of employment for employees who have a base salary over \$125K
- Report publically as requested and in accordance with the Financial Information Act (FIA) all employees who earn a base salary over \$75K.

Oil and Gas Commission

Summary Compensation Table at 2017

| Name and Position | Salary | Holdback/Bonus/ Incentive Plan Compensation | Benefits | Pension | All Other Compensation (expanded below) | 2016/2017 Total Compensation | Previous Two Years Totals Total Compensation | |
|---|------------|---|----------|-----------|--|------------------------------------|---|------------|
| | | | | | | | 2015/2016 | 2014/2015 |
| Paul W Jeakins, Commissioner, Chief Executive Officer | \$ 197,305 | - | \$ 6,924 | \$ 21,193 | \$ 1,200 | \$ 226,622 | \$ 230,705 | \$ 234,011 |
| Len Dawes, Executive Vice President, Chief Financial Officer | \$ 118,393 | - | \$ 9,196 | \$ 11,820 | \$ 1,479 | \$ 140,888 | | |
| Mayka Kennedy, Executive Vice President, Chief Engineer | \$ 156,492 | - | \$ 7,105 | \$ 16,621 | \$ 9,917 | \$ 190,135 | | |
| Kenneth F Paulson, Executive Vice President, Chief Operating Officer | \$ 167,492 | - | \$ 5,124 | \$ 17,887 | \$ 7,208 | \$ 197,711 | \$ 187,762 | \$ 189,013 |
| Trevor P Swan, Executive Vice President, Chief Legal & Regulatory Officer | \$ 167,482 | - | \$ 6,874 | \$ 17,887 | \$ 1,200 | \$ 193,443 | \$ 195,632 | \$ 194,417 |
| Gordon Griffiths, Executive Vice President, Chief Financial Officer | \$ 77,216 | - | \$ 2,411 | \$ 9,214 | \$ 125,882 | \$ 214,723 | | |

Summary Other Compensation Table at 2017

| Name And Position | All Other Compensation | Severance | Vacation payout | Leave payout | Vehicle / Transportation Allowance | Perquisites / other Allowances | Other |
|---|-------------------------------|------------------|------------------------|---------------------|---|---------------------------------------|--------------|
| Paul W Jeakins, Commissioner, Chief Executive Officer | \$ 1,200 | - | - | - | - | - | \$ 1,200 |
| Len Dawes, Executive Vice President, Chief Financial Officer | \$ 1,479 | - | - | \$ 1,479 | - | - | - |
| Mayka Kennedy, Executive Vice President, Chief Engineer | \$ 9,917 | - | - | \$ 2,874 | \$ 7,043 | - | - |
| Kenneth F Paulson, Executive Vice President, Chief Operating Officer | \$ 7,208 | - | - | \$ 6,008 | - | - | \$ 1,200 |
| Trevor P Swan, Executive Vice President, Chief Legal & Regulatory Officer | \$ 1,200 | - | - | - | - | - | \$ 1,200 |
| Gordon Griffiths, Executive Vice President, Chief Financial Officer | \$ 125,882 | \$ 120,938 | \$ 4,311 | \$ 183 | - | - | \$ 450 |

Notes

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|---|--|
| Paul W Jeakins, Commissioner, Chief Executive Officer | Other Note: Employer paid parking |
| Len Dawes, Executive Vice President, Chief Financial Officer | General Note: Start date 11 July 2017 |
| Mayka Kennedy, Executive Vice President, Chief Engineer | General Note: Paid leave includes time for recognition as Incident Commander. |
| Kenneth F Paulson, Executive Vice President, Chief Operating Officer | General Note: Paid leave includes time for recognition as Incident Commander. Other Note: Employer paid parking. |
| Trevor P Swan, Executive Vice President, Chief Legal & Regulatory Officer | Other Note: Employer paid parking |
| Gordon Griffiths, Executive Vice President, Chief Financial Officer | General Note: Termination - severance settlement with salary continuance through to 8 November 2016 and a lump sum was paid out for remainder of severance package 19 January 2017. Other Note: Employer paid parking |