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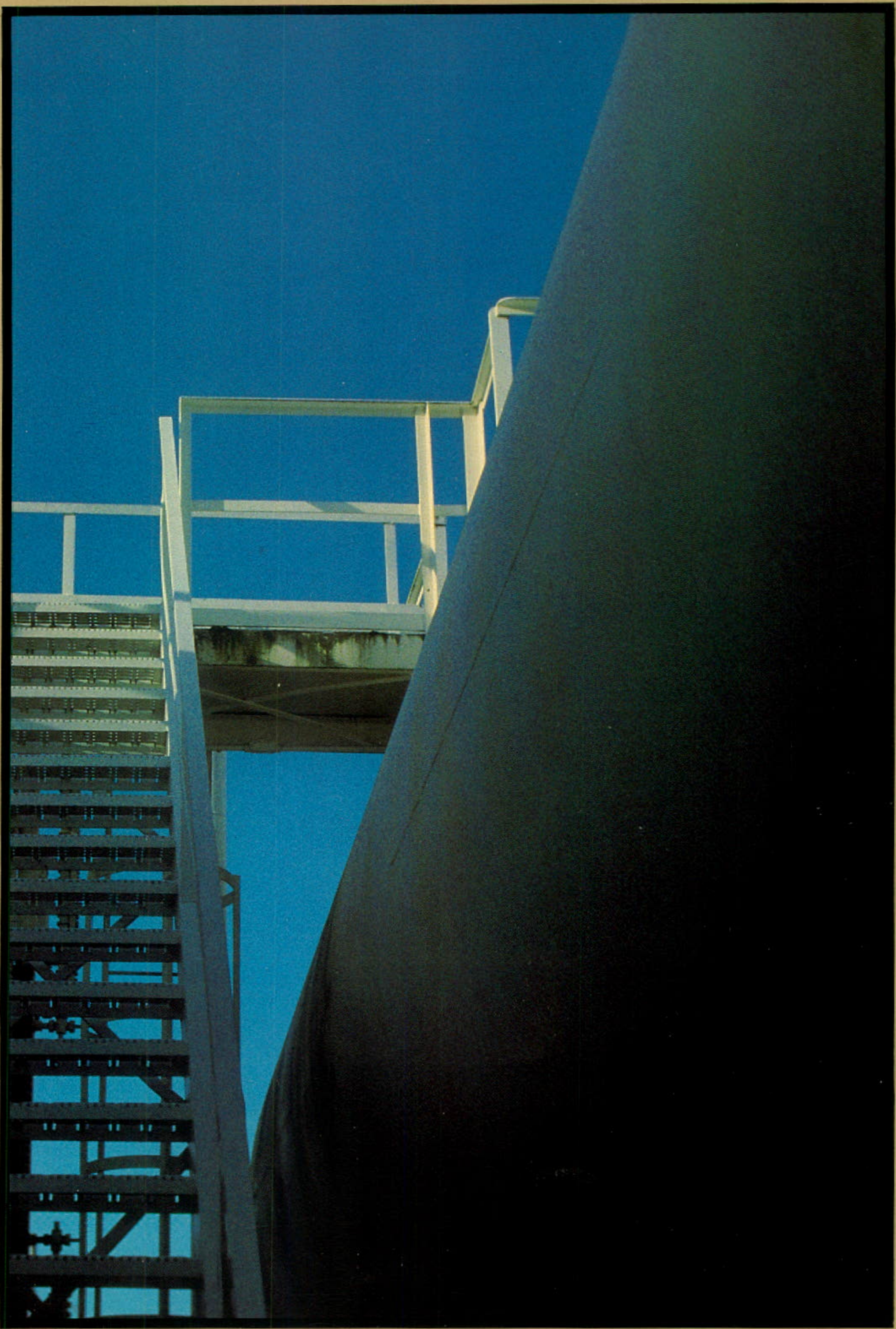
Trans Mountain Pipe Line Company Ltd.

Annual Report



1982

The Company

Trans Mountain is a company authorized by Federal Statute to acquire rights-of-way and operate pipelines for the transportation of petroleum. The Company owns and operates a pipeline system for the transportation of crude oil from the northern prairies to the west coast of British Columbia and Washington State. The Company also operates a facility on Burrard Inlet for receiving, refrigerating and loading tankers with propane for export.

Through a subsidiary company, Trans Mountain owns and operates a pipeline for the transportation of jet fuels from refineries in the Vancouver area to the Vancouver International Airport.

As a carrier of petroleum from areas of production to refining centres and marine trans-shipment facilities, the Company provides a service and a transportation system vital to the Canadian economy and security.

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Board of Directors and Officers, inside back cover

Head Office
Suite 800—601 West Broadway, Vancouver,
British Columbia, Canada V5Z 4C5

Transfer Agent and Registrar
National Trust Company, Limited
Vancouver, Calgary, Edmonton,
Winnipeg, Toronto and Montreal

Auditors
Price Waterhouse
Burnaby, British Columbia, Canada

Annual Meeting of Shareholders
June 29th, 1983 — 10:00 A.M.
Social Suite — Hotel Vancouver,
Vancouver, British Columbia, Canada

"The Company is continuing to explore potential pipeline transportation opportunities with its shippers. Changing petroleum product supply and demand patterns and the increasing quantities of liquid petroleum gases available create the possibility of new investments in transportation facilities. . . the Company is hopeful that one or more of the opportunities may develop into a significant new investment."

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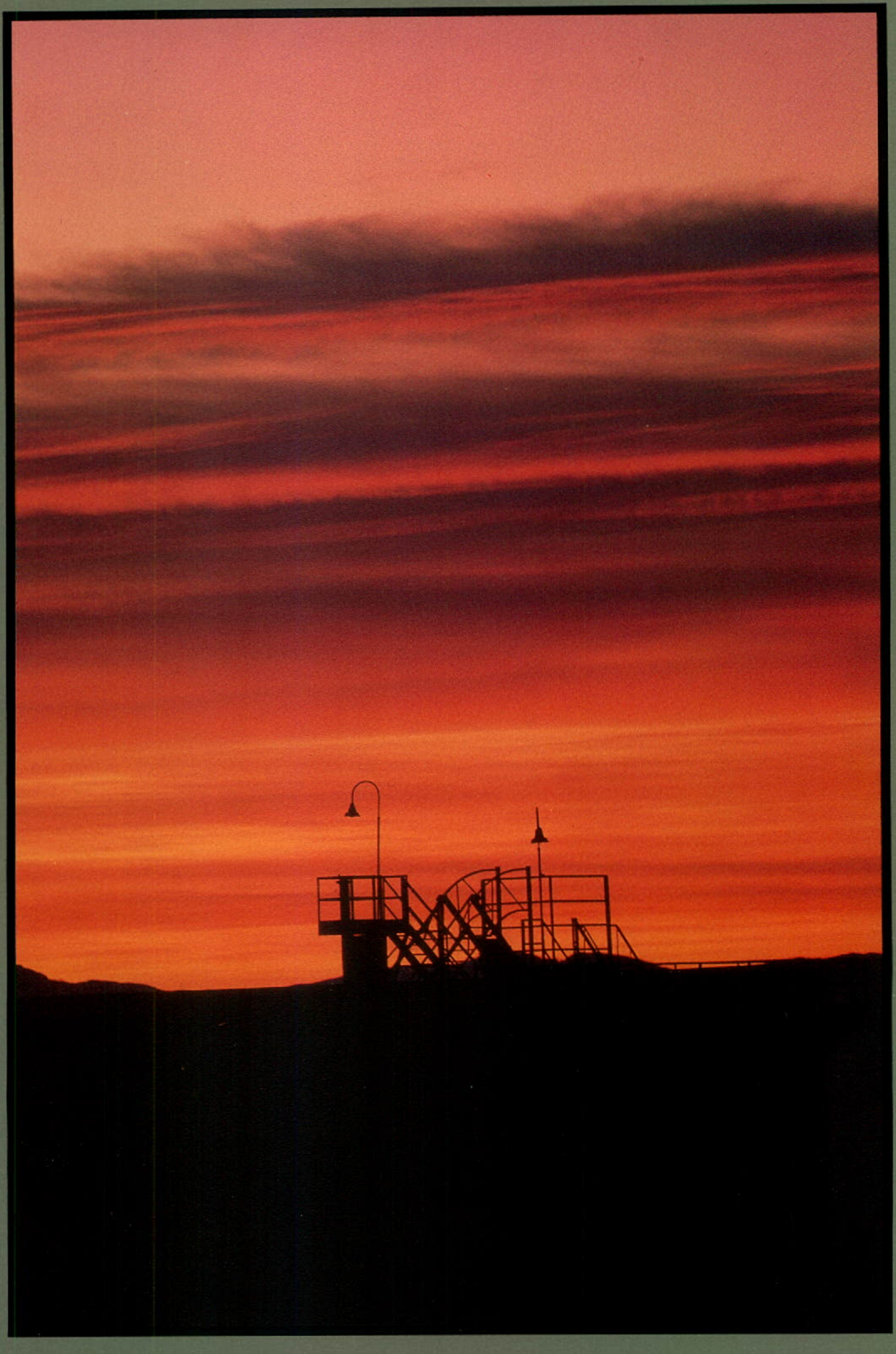


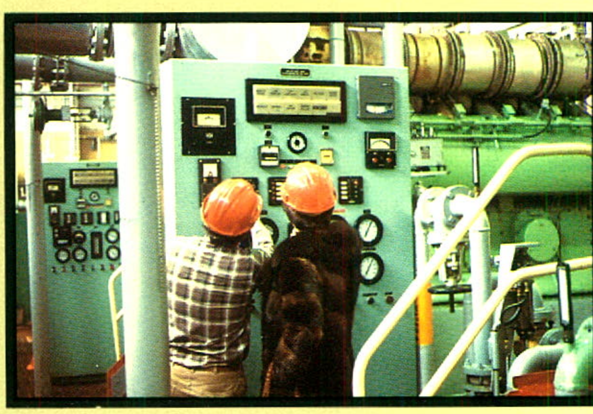
(cover) The blue of the sky contrasts sharply with the white of a propane 'bullet' at the Company's Westridge terminal.

(left) The tank farm at Burnaby is washed with the colour of a west coast dawn.

1982
THIS YEAR'S HIGHLIGHTS

	1982	1981	1980
Deliveries (cubic metres per day)*	**26,446.0**	28,835.4	30,330.6
Income	**$ 39,108,186**	$ 38,006,898	$ 37,755,997
Expense	**32,753,693**	27,803,163	22,410,877
Earnings (after income taxes but before extraordinary items, net)	**2,877,929**	4,852,735	7,517,120
Earnings per share	**0.38**	0.64	0.99
Extraordinary items, net - (gain)	**(23,607)**	3,578,296	
Per share	**—**	(0.47)	
Net earnings	**2,901,536**	1,274,439	
Dividends per share	**0.90**	1.20	1.20
Capital expenditures	**2,876,585**	2,024,376	491,370
Fixed assets at cost	**169,568,837**	167,560,524	165,616,109
Number of shareholders	**10,056**	10,935	12,139
Canadian	**9,423**	10,234	11,331
U.S.A.	**576**	637	734
U.K.	**22**	28	29
Other	**35**	36	45

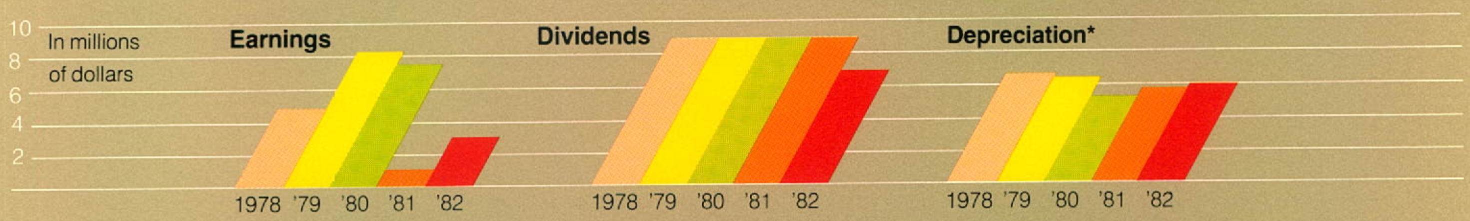
*Including propane and jet fuel.



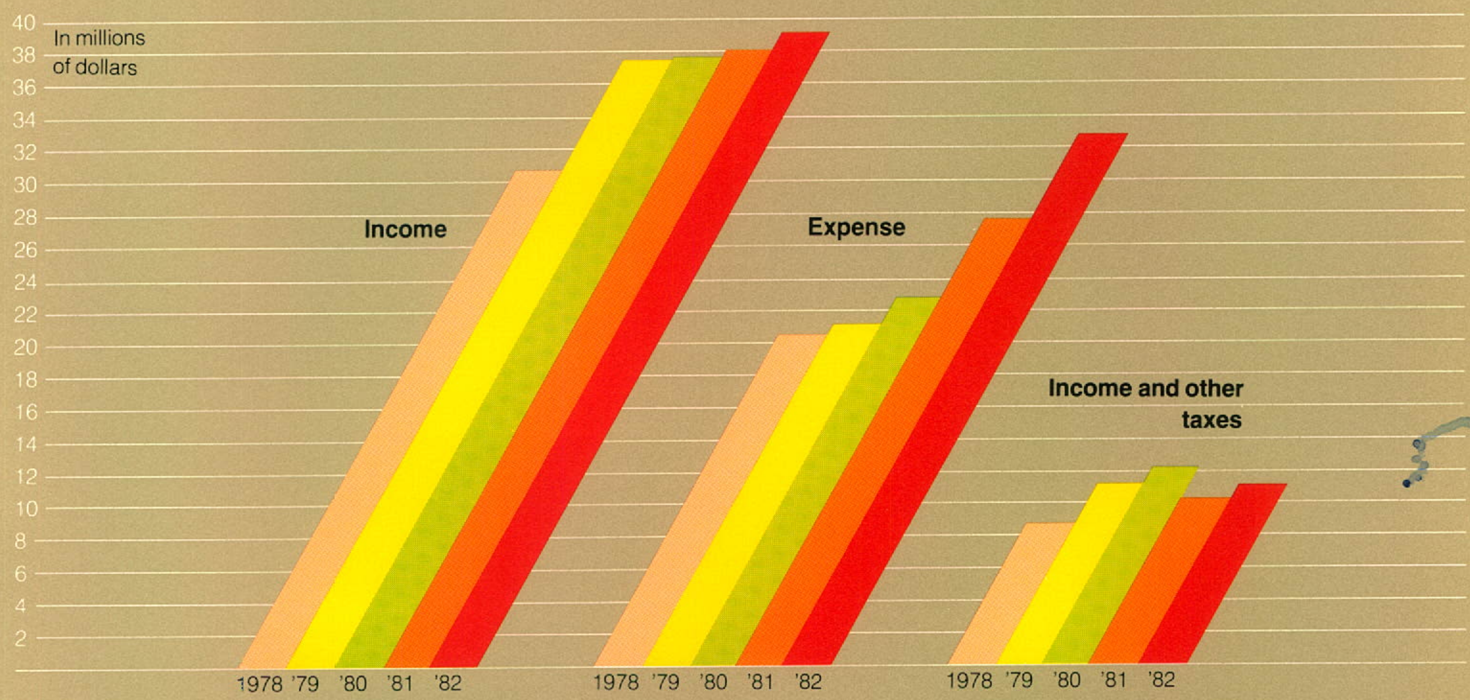
(above) A visitor is shown one of the control panels at Edson pump station.

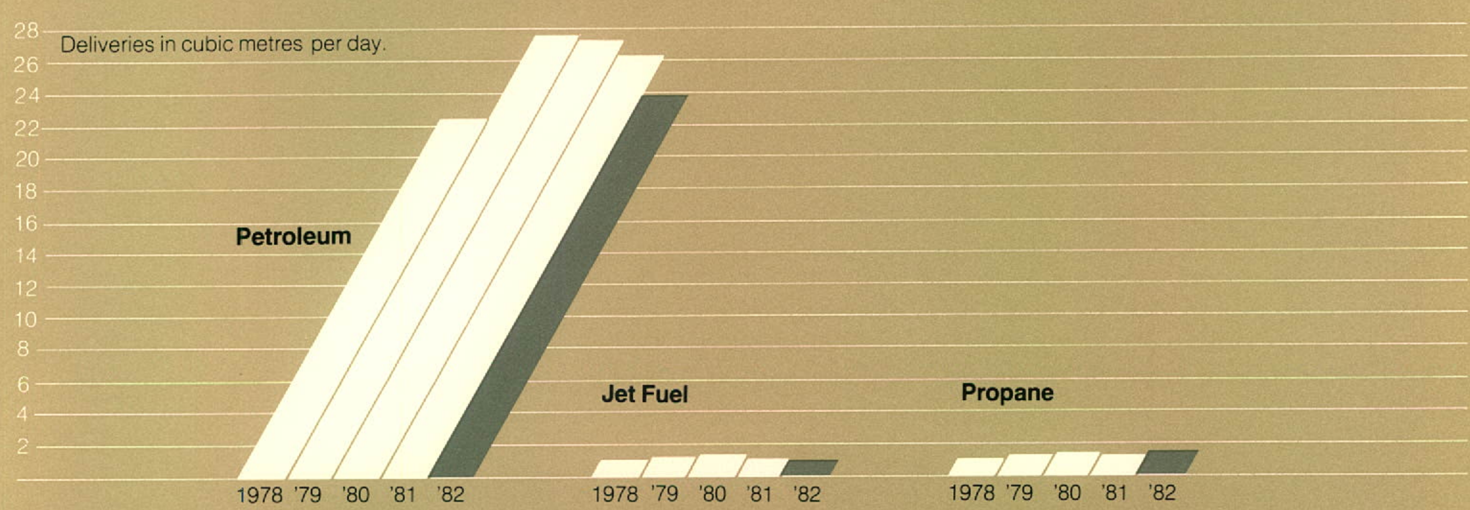
(left) A Burnaby employee starts the day with a climb.

FIVE YEARS IN BRIEF



*includes accelerated amortization in 1978 through 1982 on assets specially classified as not fully in use.





REPORT TO THE SHAREHOLDERS

K.L.Hall,
President and
Chief Executive Officer

A decrease in energy demand in 1982 resulted in reduced volumes of crude oil being shipped through the pipeline from Edmonton to west coast refineries. Average deliveries of petroleum throughout the system amounted to 26,446 cubic metres per day, 8.3% less than in 1981. Deliveries for 1983 are forecast to decline a further 16.8% to an average of 22,000 cubic metres per day. The reduction in consumption of petroleum products throughout Canada is due to a combination of a depressed economy, energy conservation, greater fuel efficiencies and conversion from heating oils to other energy sources.

Earnings for 1982 were $2.9 million or 38¢ per share. Consolidated earnings for 1981 were 17¢ per share net or 64¢ per share before providing for an extraordinary item in the write-off of project development costs in that year. The 1982 gross income increased marginally to $39,108,000 due to tariff rate increases granted by the National Energy Board. An increase of 19.5% was granted effective April 15, 1982 to offset sharply rising operating costs. A further increase of 4.4% was granted effective September 1, 1982 because of declining throughput.

The Company paid dividends in the year totalling 90¢ per share. This exceeded the earnings by 52¢ per share and, as a result, the Company's retained earnings were reduced by approximately $3,921,000.

The Company is continuing to explore potential pipeline transportation opportunities with its shippers. Changing petroleum product supply and demand patterns and the increasing quantities of liquid petroleum gases available create the possibility of new investments in transportation facilities. A lengthy lead time is required for feasiblity studies and permit applications but the Company is hopeful that one or more of the opportunities may develop into a significant new investment.

NEB Rate Regulation

In late October, 1982 the Company filed with the National Energy Board an application for a rate increase. A public hearing was set to open January 24, 1983. This was the Company's third rate hearing and the first since November, 1980. A number of issues concerning rate base, rate of return, capital structure and cost of service were raised in the application. The hearing took place January 24-27, 1983 and a decision is expected about the end of March.

Recent amendments to the National Energy Board Act enable the Board to grant interim tariff rate increases. Acting on this authority the Board approved an interim increase of 6.4% effective December 3, 1982.

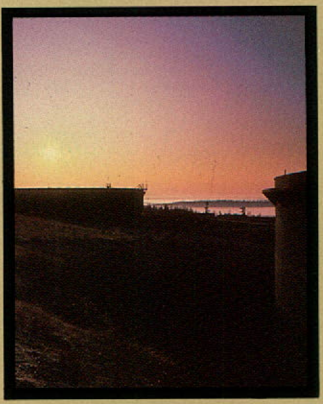
The Company's application to the NEB to rehabilitate the three oldest pump stations and for improvements to the control and communications system was granted in September, 1982. Work is now progressing and is scheduled for completion by the end of 1983. An application to abandon eleven temporary and redundant pump stations was filed with the NEB in July, 1982. No decision has yet been received.

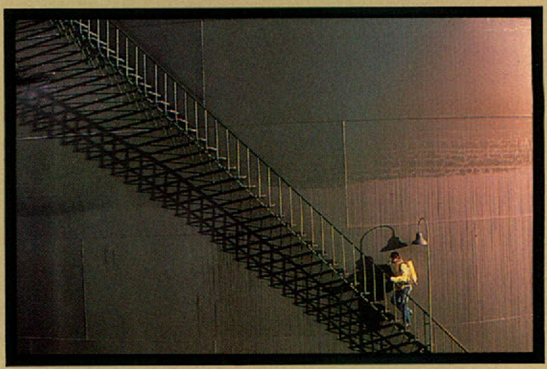
Investment in Inland

In January, 1982 the Company was invited by two Vancouver businessmen, Messrs. F. James Anderson and C. Ben Macdonald, a former director of Trans Mountain, to participate in an offer to acquire all of the outstanding shares of Inland Natural Gas Co. Ltd. Inland is a public company which operates a natural gas distribution utility servicing most of the interior of British Columbia. The company showed an attractive forecast of growth in sales and earnings over the next ten-year period. After analysis, Trans Mountain concluded that the investment was in the best interests of the shareholders of Trans Mountain and on March 19, 1982 entered into a Shareholders Agreement.

Two holding companies were established, Denton Investments Ltd. and TMA Western Resources Limited. Denton was owned equally by Trans Mountain and 108195 Canada Limited, a company controlled by Messrs. Anderson and Macdonald with the latter having voting control until such time as Trans Mountain could demonstrate that it is not a "non-eligible person" under the provisions of the Foreign Investment Review Act. TMA is a wholly-owned subsidiary of Denton.

An offer was made by TMA to purchase all outstanding shares of Inland for $20 each. By the





Trans Mountain employees are well trained in on-the-job safety procedures, the value of which is reflected in an excellent safety record for nearly thirty years.

closing date of the offer, April 13, 1982, 93.5% of Inland's shares had been tendered and were purchased for approximately $58 million.

On March 2, 1982 TMA filed an application with the B.C. Utilities Commission for approval to transfer a majority of voting shares of Inland pursuant to Section 61 of the Utilities Commission Act. In a decision announced in June, 1982 the Commission declined to approve the application principally because of the uncertainties regarding reorganization plans for TMA Western Resources Limited. Of the Inland shares acquired 35% have been registered and the balance are at present unregistered. All Inland shares purchased are held by the Canadian Imperial Bank of Commerce to secure the bank loans made to finance the transaction.

The principals in 108195 Canada Limited were engaged in real estate development and oil and gas production. It was intended that certain of these interests be amalgamated with Trans Mountian and Inland, with the shareholdings in the amalgamated company to be distributed on the basis of the value of assets contributed. During the summer, with the sharp decrease in real estate values, it became apparent that Trans Mountain's associates in the Inland investment were unable to contribute any significant assets to an amalgamated company. Several proposals were made by both parties but none was mutually acceptable. Proposals made to Trans Mountain involved additional investment by Trans Mountain either in cash or in the form of treasury shares. These were rejected by the Company's Board of Directors as not being in the interest of the Company's shareholders.

In June, 1982 Messrs. Anderson and Macdonald, through a holding company, acquired 1,476,000 shares of Trans Mountain. These were purchased largely from two oil companies by means of a bank loan guaranteed by a third party. As part of the agreement the third party was granted an option to purchase all of the shares of 108195 at a nominal price. On September 21 the third party took possession of the 1,476,000 shares of the Company from the chartered bank, claiming ownership of the shares, together with the right to acquire all the

(top) Broadway Plaza in Vancouver houses the offices of Trans Mountain's administrative, engineering, oil movements and management staff.

(bottom) The heat exchangers at the Kamloops pump station will not be required once the transition to electrical power has been completed. Each TM pump station is being repowered as part of the Company's pipeline upgrading program.

shares of 108195. On September 24, the third party assigned this right to Trans Mountain and subsequently sold the Trans Mountain shares to other investors. The Company took steps immediately to exercise this right to purchase the shares of 108195. Anderson refused to tender the shares and the Company commenced an action claiming an order for specific performance of the right to purchase the 108195 shares.

The Shareholders Agreement of March 19, 1982 provided that in the event a reorganization was not effected to the satisfaction of Trans Mountain on or before December 31, 1982 Trans Mountain would be entitled to purchase from Messrs. Anderson and Macdonald their 50% interest in Denton which would give Trans Mountain control of TMA, and through Denton and TMA control of 93.5% of the then outstanding Inland shares. No reorganization having taken place by the year-end Trans Mountain exercised its right to acquire the Denton shares but Messrs. Anderson and Macdonald refused to deliver the shares. Trans Mountain has commenced an action in the Supreme Court of British Columbia to enforce specific performance of the Shareholders Agreement.

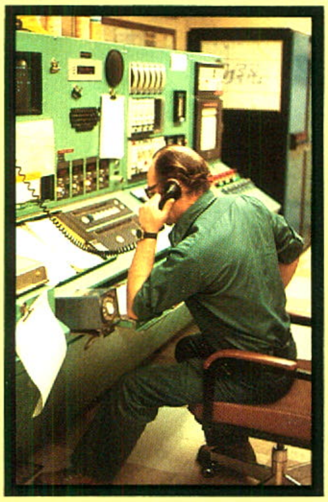
Changes in Shareholders

As of December 6, 1982 the Company had 10,056 shareholders, down from 10,935 one year earlier. The number of shareholders with 20,000 shares or more had risen from 27 to 42 for a total of 59.2% of all shares outstanding. Institutional investors held 40 of these larger blocks either in their own name or as nominees.

During the course of the year, four of the founding shareholder companies disposed of their shares. These were: Chevron Canada Limited, Gulf Canada Limited, Imperial Oil Limited and Shell Canada Limited. As shippers, our oil company customers are protected by the regulatory processes of the National Energy Board. Additionally, these oil companies' longer-range plans did not involve Trans Mountain's services beyond the local refinery requirements. The liquidation of their investment in Trans Mountain by the oil companies saw large blocks of shares acquired by approximately 20 institutional investors.

(top) Mount Baker can often be seen clearly from the Burnaby terminal, while the pipeline silently carries petroleum to Trans Mountain's southernmost locations in Washington State.

(bottom) The outdoor thermometer at the Company's Blue River pipeline maintenance facility serves an additional purpose — as a snowfall indicator!



(top) The control panel at the Kamloops pump station is manned 24 hours a day.

(bottom) Trans Mountain's Edmonton terminal is the northern and easternmost point of the pipeline.

Inland Offer

Inland Natural Gas Co. Ltd., taking advantage of the change in Trans Mountain shareholdings, launched a takeover bid for Trans Mountain in November, 1982. They offered to exchange 3 new shares of Inland for each 5 shares of Trans Mountain tendered. Trans Mountain understands that when the offer expired on January 14, 1983 some 4,500,000 (or 59%) of the outstanding shares had been tendered by approximately 15% of the shareholders. It is apparent that the large institutional holdings significantly influenced the outcome. More than 8,000 shareholders continue to hold their Trans Mountain shares.

The Company contends that the purported acquistion by Inland of Trans Mountain shares is contrary to law in that at the time of the offer Trans Mountain was the beneficial owner of a majority of the outstanding shares of Inland. On the basis of legal advice, the Company considers that at December 31, 1982 it is the owner of all the outstanding shares of 108195 Canada Limited and, as a result, owner of all the outstanding shares of Denton Investments Ltd., and TMA Western Resources Limited and 93.5% of the outstanding shares of Inland Natural Gas Co. Ltd.

Assuming Trans Mountain ultimately obtains the relief sought through the courts it will acquire control of Inland. We anticipate that the business combination of Inland with Trans Mountain will create a new base for a vital energy company to serve British Columbia and Alberta and its customers through the 1980's and beyond.

Carter Energy Limited

On December 3, 1982, in return for a consideration of $100,000, the Company granted an option to Carter Energy Limited to purchase up to 1.895 million treasury shares at a price of $7.50 per share. The option may be exercised in whole or in part, on or before December 31, 1983. On December 17, on an application of Inland, a court order was made preventing exercise of the option pending the settlement of litigation outstanding.

General

A number of changes in your Board of Directors was

Robert L. Bridges

Allan M. McGavin

effected in 1982. Five of the directors representing oil companies retired from the Board. Robert L. Bridges retired after serving for thirty-one years. His efforts and superlative guidance from our earliest days will be long remembered and appreciated. We are saddened to report the loss of a good friend and valued director of long standing, Allan M. McGavin, who passed away in December, 1982. With the numerous changes, fourteen directors served on the Board at some time during the year. Our Board members now are Messrs. K.P. Benson, C.R. Fleming, K.L. Hall, C.A. Johnson, E.J. Lockwood, I.S. Ross, all of Vancouver, B.C., and J.G. Torrance of Toronto, Ontario.

The management of the Company expresses its sincere appreciation for the valued contribution made by each of the retiring directors and those who have agreed to take their place.

In April, 1982 Arnold A. Goulson, Vice President-Treasurer retired after nearly thirty years of service with the Company. Your management expresses its gratitude for the loyal and dedicated service performed by Mr. Goulson throughout his career.

Your management is pleased also with the continuing dedication and high performace standards shown by each of the employees. Without this support the safe and efficient operation of our pipeline system, in which we take pride, would not be possible. We express sincere appreciation for their valued contribution.

R.L. Bridges

Mr. Robert L. Bridges, who retired from the Board in 1982, served as a director since the Company first received its Dominion Charter in 1951. Mr. Bridges was the first President of the Company, shepherding it through the years of design and contruction and helping to select the original operating management. He is a partner in the law firm of Thelen, Marrin, Johnson & Bridges of San Francisco. He served as a director on the boards of many other companies. As a senior director of the Bechtel Corporation his contacts with major energy projects were world-wide. His advice and guidance over the past thirty years contributed significantly to the success of the Company.

A.M. McGavin

We were saddened at the passing of Mr. Allan M. McGavin on December 8, 1982. Mr. McGavin was a director and good friend of the Company for thirteen years. His wise counsel and wit will be sorely missed.

Mr. McGavin was born in Scotland in 1911 and moved with his family to Canada in 1913. He was formerly President of McGavins Bakery, a business established by his father and grandfather. He was a former Chancellor of the University of British Columbia and served on the boards of a number of companies. In addition to his professional achievements he made a significant contribution to the educational and cultural life of his community.

ANNUAL REVIEW

Trans Mountain Pipe Line's main source of revenue, during 1982, continued to be derived from the movement of crude oil through its pipeline from Alberta to the pacific northwest, from the movement of jet fuel from four Greater Vancouver refineries to the Vancouver International Airport and from the storage and movement of propane at the Westridge LPG Terminal.

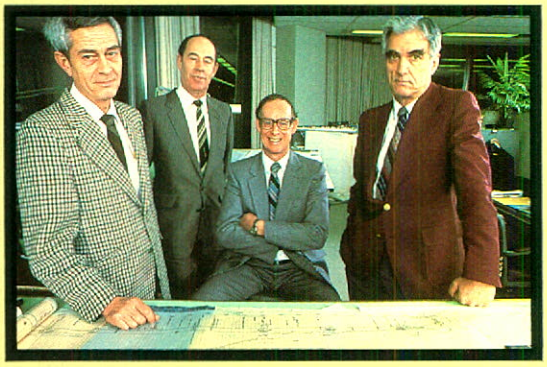
As could be expected, the general recession in Canada, and in particular, British Columbia, significantly affected the volumes of crude oil transported.

Though Trans Mountain Pipe Line Company Ltd.'s primary business was down in 1982, the outlook for future performance for the company is encouraging. Several major potential developments, which could significantly benefit future earnings, were explored or initiated during the year.

OPERATIONS

New Five-Year Program Contract

A new, five-year contract with Gulf Canada Limited to receive, refrigerate, and load propane into tankers for export at Trans Mountain Pipe Line's Westridge Terminal in Burnaby came into effect January 1,1982. Year-end volumes were approximately 17.6% over 1981 deliveries of 426,909 cubic metres. Events in the latter quarter of 1982 indicate that the propane market is becoming increasingly volatile in world markets as a result of fluctuating international market prices.



(top) The exhaust silencers at Edson station stand out brightly on a winter's day.

(bottom l to r) Al Samson, Harry Woodman, Ernie Lockwood and Frank Fordyce, all long-time Trans Mountain employees, form the Company's operations management team.

Plans to Export Methanol via TM Pipeline

An application by Biewag Energy Resources Ltd. to build a $650 million, 5,000 tonnes per day methanol plant in Waskatenau, Alberta has been approved by the Alberta Government. Trans Mountain Pipe Line Company Ltd., during 1982, entered into discussion with Biewag Energy to move the fuel methanol from the new plant to the west coast, via Trans Mountain's pipeline, for export. Biewag Energy has stated that they have already negotiated a 15 year take or pay agreement with a European customer for the methanol, a fuel which based on current projections, may be in an increasingly competitive position and offer attractive future growth potential.

Construction on Biewag's new plant is expected to start in 1983 and the fuel methanol should be ready for shipment to markets in 1985.

NEB Approves TM's Up-grading Plans

Plans to up-grade the Trans Mountain pipeline were approved by the National Energy Board in 1982. The up-grading will allow the Company to meet its forecast delivery requirements for the next 15 years. System capacity can be increased, however, by installing additional pumping units. The up-graded plant will provide improved efficiency and reliability.

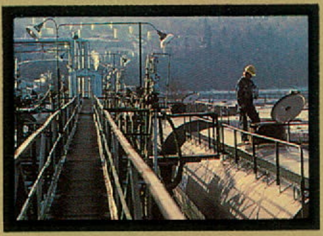
The plans will primarily change the means by which the centrifugal pumps, which force products through the pipeline, are powered from outdated diesel engines to electric motors at a cost of approximately $8 million. The up-grading plans, which also allow for the improvement of communication and data gathering facilities, will be completed in 1983. Capital expenditures should improve future rates and share profits by off-setting, to some extent, the Company's "vanishing rate base". Regulatory bodies base final tariff approvals on, among other factors, the rate base which includes the depreciated book value of the Company's assets.

U.S. Port and Pipeline Proposal

Trans Mountain's 1981 proposal to construct a west-east pipeline system from a marine terminal in Washington State to Edmonton, Alberta, (which the Company postponed due to dramatic decreases in oil consumption in the United States), has been kept alive in both Canada and the United States until 1984. The Company can, potentially, be in an excellent position to react swiftly should supply requirements in the United States change in the next few years.

Methanol/Coal Slurry Movements Feasible

A study to investigate the feasibility of transporting methanol/coal slurry through the Company's pipeline was undertaken in 1982. Results have indicated such movement would be practical in addition to the movement of existing crude oil. Although there is no immediate opportunity to develop this potential new business, the study has strongly reinforced Trans Mountain Pipe Line Company Ltd.'s ability to transport a variety of materials. This ability should prove advantageous in a world of continually changing energy demands.



(top) The manifold at Burnaby controls the flow of petroleum arriving from the pipeline and being transported to refineries and tankage.

(centre) Trans Mountain is developing proposals for expanded pipeline and terminal services to meet changing world demands for liquid bulk products.

(bottom) Refrigerated liquid propane arrives at Westridge by rail where it is loaded onto marine tankers for foreign buyers.

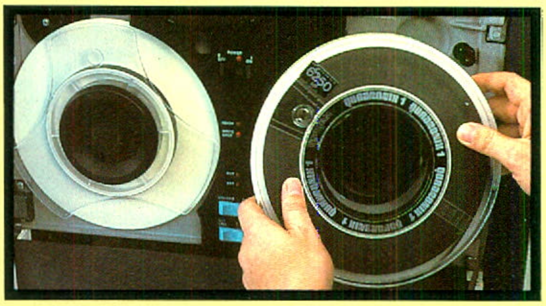
DATA PROCESSING

In-house Computer Services Department on Stream

Increased data processing needs, and a study which projected that the Company's cost of computer time-sharing would exceed the cost of installing in-house computer facilities, led Trans Mountain Pipe Line Company Ltd. to establish its own Computer Services Department in 1982.

The new department, in addition to streamlining internal data processing requirements relating to payroll, accounts payable and receivable, word-processing and library indexing, also provides improved capabilities for financial analysis and throughput forecasting and therefore plays an integral support role in Company rate increase applications.

In 1983, the Department plans to push toward its goal of establishing a comprehensive and integrated management reporting system by introducing new programs for pipeline supervisory control, fixed asset and depreciation processing, product transportation and inventory accounting and employee benefit processing. Many of the new programs are being introduced to satisfy requirements by the National Energy Board for data in support of applications for rate increases while other programs are part of a general upgrading of the Company's data, communications and control systems.



(above) The Computer Services department of Trans Mountain is proving its value in the areas of data processing related to payroll, accounts payable, word processing and other company applications.

(bottom) Gordon McLachlan, the Company's Manager of Computer Services, is shown with some of his 'staff'.

RATES AND FINANCIAL ANALYSIS

New Department Responds Quickly

Under the existing NEB regulatory system, the ability of Trans Mountain Pipe Line Company Ltd. to effect timely tariff adjustments, as uncontrollable costs and/or throughputs change, is crucial to the profitability of the Company. It has become increasingly difficult for Trans Mountain to forecast oil demands and, consequently, throughput on which the Company's rates are based. Whereas rate increase applications were submitted, perhaps, once every two years in the past, three applications were prepared in 1982 by the Company in response to changes in throughput and operating costs.

The new Rates and Financial Analysis Department, which became operational in the summer of 1982, is now building up its capability to respond rapidly to changes in the operating environment in order to protect and enhance Company and shareholder profits.

Regulatory lag has always been a problem in regulated industries with shareholders, ultimately, being the ones who suffer. The NEB, in its move to reduce the time lag between rate application and the granting of rate increases, has in return requested that applicants supply considerably more information in support of future applications.

This requirement, in addition to the increased frequency of applications necessitated by unpredictable oil demand, places even greater pressure on the Rates and Financial Analysis Department. The department employs three people and its cost will form part of submissions for future rate increase applications.

The granting of an interim tariff adjustment of 6.4% on December 3, 1982 to Trans Mountain, while the Company awaits final tariff increase approval, was the first granted since amendments to the NEB Act in July 1982. This new NEB measure should have positive effects on future corporate and shareholder profits.

(centre) The Nichizan Maru, a modern Japanese tanker, receives propane shipments at Westridge several times a year.

(bottom) Liisa O'Hara is Trans Mountain's Manager of Rates and Financial Analysis, a new Company department which handles the increased responsibility related to rate application submissions.

OIL MOVEMENTS

TOTAL DELIVERIES Cubic metres per day	1982	1981	1980
(including propane and jet fuel)	**26,446.0**	28,835.4	30,330.6

DELIVERIES BY DESTINATIONS	Cubic metres per day	%		%		%
British Columbia refineries	**20,600.7**	**77.9**	22,785.9	79.0	22,529.0	74.3
Washington refineries	**3,266.1**	**12.4**	3,371.1	11.7	3,660.5	12.1
Westridge tankers (petroleum)	**—**	**—**	—	—	1,307.2	4.3
Westridge tankers (propane)	**1,375.3**	**5.2**	1,169.6	4.1	1,279.1	4.2
Vancouver Airport (jet fuel)	**1,203.9**	**4.5**	1,508.8	5.2	1,554.8	5.1
		100.0		100.0		100.0

Natural gas liquids, in the form of condensate and butane, represented approximately 4.8% of the total volume transported. In 1981 these accounted for about 5.2% of the volume.

DELIVERIES BY CALENDAR QUARTERS	1982	1981	1980
Petroleum		Cubic metres per day	
First Quarter	**23,401.5**	28,148.5	27,897.3
Second Quarter	**23,567.3**	25,631.1	25,783.5
Third Quarter	**23,507.1**	25,379.8	30,201.3
Fourth Quarter	**24,977.7**	25,506.1	26,090.4
Propane			
First Quarter	**949.7**	948.5	1,410.2
Second Quarter	**1,420.2**	939.5	917.8
Third Quarter	**1,562.0**	1,391.1	1,391.6
Fourth Quarter	**1,560.7**	1,392.0	1,394.3
Jet Fuel			
First Quarter	**1,213.5**	1,459.7	1,420.6
Second Quarter	**1,219.4**	1,527.3	1,610.0
Third Quarter	**1,324.9**	1,671.9	1,786.1
Fourth Quarter	**1,058.4**	1,375.4	1,401.8

Total deliveries for the first quarter of 1983 are expected to average 22,600 cubic metres per day.

SUMMARY OF OIL RECEIVED	1982	1981	1980
Petroleum		Cubic metres per day	
Edmonton	**20,301.8**	22,285.2	23,521.6
Edson	**1,273.1**	1,281.5	1,236.4
Kamloops	**2,406.6**	2,728.8	2,807.4
	23,981.5	26,295.5	27,565.4
Propane			
Westridge	**1,364.6**	1,183.3	1,207.3
Jet Fuel			
Vancouver refineries	**1,202.4**	1,508.6	1,556.3

STATISTICS FOR COMPARATIVE PURPOSES			
Cubic metre kilometres (millions)	**9,108**	9,949	10,510
Average length of haul (kilometres)	**1,045.6**	1,042.1	1,044.3

CONSOLIDATED FINANCIAL STATEMENTS

This striking photo shows a different angle of the Company's head offices at 601 West Broadway in Vancouver.

CONSOLIDATED BALANCE SHEET

Trans Mountain Pipe Line Company Ltd. and Subsidairy Companies.

Assets	December 31 1982	December 31 1981
Current assets:		
Cash	**$ 289,484**	$ 298,292
Short-term bank deposits	**1,521,640**	9,645,900
Commercial notes, at cost plus amortized discount	**—**	1,238,423
Accounts receivable	**4,640,746**	3,767,095
Income taxes recoverable	**356,432**	364,475
Inventories —		
Supplies	**1,694,451**	1,636,910
Oil	**1,051,260**	2,057,549
Prepaid expenses	**863,444**	161,825
	10,417,457	19,170,469
Other assets and deferred charges:		
Deposits, mortgages and deferred charges	**574,708**	997,180
Marketable securities, at cost (market value — $2,171,284; 1981 — $1,780,090)	**2,230,472**	2,230,472
Deferred income taxes	**902,019**	—
	3,707,199	3,227,652
Investments in and advances to subsidiary companies (Notes 2 and 8)	**9,350,001**	—
Fixed assets (Note 3):		
Plant, at cost	**169,568,837**	167,560,524
Less: Accumulated depreciation and amortization	**139,290,019**	133,524,256
	30,278,818	34,036,268
	$ 53,753,475	$ 56,434,389

Liabilities	December 31 1982	1981
Current liabilities:		
Accounts payable and accrued liabilities	**$ 2,880,554**	$ 1,076,098
Obligation under capital lease — current portion	**38,945**	—
	2,919,499	1,076,098
Obligation under capital lease (Note 4)	**214,872**	—
Deferred income taxes	—	918,147
	3,134,371	1,994,245

Shareholders' Equity	1982	1981
Capital stock:		
Issued and outstanding—		
7,580,640 common shares		
without nominal or par value	**15,785,767**	15,785,767
Share option (Note 5)	**100,000**	—
Retained earnings	**34,733,337**	38,654,377
	50,619,104	54,440,144

Subsequent events (Notes 2 and 8)

Commitments and contingencies (Notes 2, 4 and 9)

Approved by the Board of Directors:

Director K. L. Hall

Director H. Benben

	1982	1981
	$53,753,475	$56,434,389

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

Trans Mountain Pipe Line Company Ltd. and Subsidairy Companies.

Income	Year ended December 31	
	1982	1981
Income:		
Operating revenue	**$37,160,073**	$34,960,244
Income from investments	**1,320,725**	2,262,794
Sundry income	**627,388**	783,860
	39,108,186	38,006,898
Charges:		
Operating expenses, other than those stated below	**18,639,014**	15,527,767
Taxes, other than income taxes	**8,154,619**	6,456,901
Depreciation and amortization	**5,960,060**	5,818,495
	32,753,693	27,803,163
Income before income taxes and extraordinary items	**6,354,493**	10,203,735
Provision for income taxes:		
Current	**5,296,730**	7,013,395
Deferred	**(1,820,166)**	(1,662,395)
	3,476,564	5,351,000
Income before extraordinary items	**2,877,929**	4,852,735
Extraordinary items:		
Gain on sale of land and building, net of income taxes of $176,437	**453,334**	—
Costs related to Inland Natural Gas Co. Ltd. (Note 2), net of current tax reduction of $471,002	**(429,727)**	—
Write-off of project development costs, net of reductions of current and deferred income taxes totalling $1,695,958	**—**	(3,578,296)
Net income for year	**$ 2,901,536**	$ 1,274,439
Net income per share before extraordinary items	**$0.38**	$0.64
Net income per share after extraordinary items	**$0.38**	$0.17

Retained Earnings

Retained earnings, beginning of year	**$38,654,377**	$46,476,706
Net income for year	**2,901,536**	1,274,439
	41,555,913	47,751,145
Dividends — $0.90 per share (1981 — $1.20 per share)	**6,822,576**	9,096,768
Retained earnings, end of year	**$34,733,337**	$38,654,377

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

Trans Mountain Pipe Line Company Ltd. and Subsidairy Companies.

	Year ended December 31	
	1982	1981
Financial resources were provided by:		
Operations—		
Income before extraordinary items	**$ 2,877,929**	$ 4,852,735
Items not involving an outlay (inflow) of working capital—		
Depreciation and amortization	**5,960,060**	5,818,495
Deferred income taxes	**(1,820,166)**	(1,662,395)
Loss on sale of marketable securities	**—**	218,068
	7,017,823	9,226,903
Net reduction of current income taxes arising from extraordinary items	**294,565**	985,408
Proceeds from sale of marketable securities	**—**	481,932
Net proceeds on disposal of fixed assets	**38,746**	32,926
Decrease in deposits, mortgages and deferred charges	**422,472**	23,169
Proceeds from sale of land and building	**1,265,000**	—
Proceeds from share option	**100,000**	—
Increase in long-term lease obligation	**214,872**	—
	9,353,478	10,750,338
Financial resources were used for:		
Additions to fixed assets	**2,876,585**	2,024,376
Additions to project development costs	**—**	713,925
Dividends paid	**6,822,576**	9,096,768
Investments in and advances to subsidiary companies	**9,350,001**	—
Expenditures related to Inland Natural Gas Co. Ltd.	**900,729**	—
	19,949,891	11,835,069
Decrease in working capital	**10,596,413**	1,084,731
Working capital, beginning of year	**18,094,371**	19,179,102
Working capital, end of year	**$ 7,497,958**	$18,094,371

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Trans Mountain Pipe Line Company Ltd. and Subsidairy Companies.

December 31, 1982

1. Accounting policies:

(a) Principles of consolidation —

The consolidated financial statements include the accounts of Trans Mountain Pipe Line Company Ltd. and its wholly-owned Canadian subsidiaries, Trans Mountain Enterprises of British Columbia Limited, Trans Mountain Housing Limited and Alpac Construction & Surveys Limited, and those of Trans Mountain Oil Pipe Line Corporation in the United States.

The consolidated financial statements do not include the accounts of 108195 Canada Limited, Denton Investments Ltd., TMA Western Resources Limited, or Inland Natural Gas Co. Ltd. and its subsidiaries. The company claims ownership directly or indirectly of all the shares of all of these companies except Inland Natural Gas Co. Ltd. where ownership is 93.5% (see Note 2(d)). In view of the litigation surrounding such ownership (see Notes 2 and 9), the Company is not presently in a position to exercise significant influence or control over the subsidiaries' assets or operations and is unable to derive any financial benefit from increases in the equity of the subsidiaries. Therefore, the accounts of the subsidiaries have been excluded from the consolidated financial statements and the Company's investments in and advances to these companies are shown at cost. The Company is a federal company, subject to the Canada Business Corporation Act but is also required to report under the Securities Acts of various provinces. Such Securities Acts may require disclosure in respect of unconsolidated subsidiaries of the Company's proportion of the aggregate profits, less losses, of such subsidiaries for their financial periods coinciding with or ending in the Company's financial period ended December 31, 1982 and the aggregate amount of the profits, less losses, of these unconsolidated subsidiaries from the dates of acquisition of their shares. Because of the ongoing litigation, the Company has not obtained the financial information from the unconsolidated subsidiaries which it does not control and, therefore, this information has not be presented.

The consolidated financial statements do not include any income from the unconsolidated subsidiaries.

(b) Regulation —

Construction, operations, accounting and rates in Canada are regulated under the authority of the National Energy Board. Rates, accounting and other practices in the United States are under the regulatory authority of the Federal Energy Regulatory Commission. The companies follow the accounting policies prescribed or authorized by these authorities.

(c) Foreign currency translations —

The accounts of Trans Mountain Oil Pipe Line Corporation, the United States subsidiary company which owns and operates the pipeline in the State of Washington, and United States dollar balances of Trans Mountain Pipe Line Company Ltd. have been expressed in Canadian dollars on the following bases—

Current assets and liabilities, at the rate of exchange on December 31;

Fixed assets, project development costs and deferred income taxes, at historical rates of exchange;

Accumulated depreciation, on the basis of the equivalent Canadian dollar cost of the related fixed assets;

Income and expenses, except depreciation, at month-end rates of exchange.

(d) Inventories —

Supplies are valued at the lower of cost and replacement cost, cost being determined principally on a moving-average basis. Crude oil inventories are valued at net realizable value.

(e) Fixed assets —

Fixed assets are recorded at cost. Cost includes interest during construction at the average rate charged on funds borrowed for the purpose or at the Company's imputed borrowing rate if construction is financed by internally generated funds.

Depreciation is generally provided by the straight-line method on the basis of service life according to class of assets at rates varying from 1.4% to 20%. The average rate on depreciable assets was 2.35% in 1982 and 2.31% in 1981. Certain assets, on the direction of the National Energy Board, have been designated as not fully in use and have been amortized over a period of five years ended in 1982.

2. Investments in and advances to subsidiary companies:

	Investment	Advances	Together
108195 Canada Limited	$ 1	$ —	$ 1
Denton Investments Ltd.	66	9,349,934	9,350,000
	$67	$9,349,934	$9,350,001

(a) Inland takeover —

On February 24, 1982, the Company entered into an agreement with 108195 Canada Limited ("108195"), Denton Investments Ltd. ("Denton"), TMA Western Resources Limited ("TMA") and F. James Anderson ("Anderson") for the purpose of making a takeover bid at $20 per share for all of the common shares of Inland Natural Gas Co. Ltd. ("Inland"), a public company that distributes natural gas to consumers in the interior of the Province of British Columbia.

The takeover bid was made by TMA, a wholly-owned subsidiary of Denton. 108195 was controlled by Anderson and C.B. Macdonald. Denton's shares were held as to 34 Class A voting shares and 32 Class B non-voting shares by the Company and 66 Class A voting shares by 108195. If at any time 108195 was satisfied, acting reasonably, that the Company was not a "non-eligible person" for purposes of the Foreign Investment Review Act, the agreement would be amended so that 108195 and the Company would thereafter each own 50% of the voting shares of Denton and would each have equal representation on the Board of Directors of Denton. On October 26, 1982 the Company advised Anderson and 108195 that as a result of dispositions of their shares by major international oil company shareholders of the Company, apparently to Canadian residents, clearly the Foreign Investment Review Act could no longer be applicable and accordingly requested immediate voting parity in Denton. Anderson and 108195 declined to do so.

The takeover bid proved to be successful and 2,896,047 common shares of Inland were tendered, representing 93.5% of the outstanding common shares. All of the tendered shares were taken up and paid for on or about April 13, 1982 and on April 14, 1982, 720,000 of the tendered shares were registered in the name of TMA and 360,000 in the name of Denton. On April 16, 1982, the British Columbia Utilities Commission, at the direction of the Lieutenant-Governor in Council (British Columbia), forbade any further registration of the Inland common shares by TMA or Denton pending its decision on TMA's application for approval of such registration. On June 30, 1982, TMA's application was denied. Therefore, on December 31, 1982, 1,816,047 of the tendered Inland common shares, although beneficially owned by TMA and Denton, continue to be registered in the names of the shareholders who tendered.

Payment for the Inland common shares tendered to TMA was effected out of the proceeds of two loans. The first for $18,700,000 was made to TMA by Denton and was repaid by the transfer to Denton of 965,342 of the tendered shares. Denton obtained the funds for its loan to TMA through non-interest bearing loans, maturing January 31, 1983, in equal amounts from the Company and 108195. The Company funded its loan from corporate funds on hand. 108195 borrowed the amount required for its loan (plus an additional amount to cover interest until maturity on January 31, 1983) from a Canadian chartered bank at the bank's prime interest rate plus one-quarter of one per cent per annum. This loan was guaranteed by Denton and secured by the pledge of one half of the Inland common shares held by Denton together with a guarantee by the Company of up to $6,000,000. As security in the event the Company was called upon to meet the guarantee or that the pledged Inland common shares were not returned to Denton free and unencumbered, the corporations controlled by Messrs. Anderson and Macdonald which hold the shares of 108195 have pledged a total of 2,000,000 common shares of Dawn Development (Canada) Corporation. These corporations also granted the Company an option to acquire, on or before December 31, 1983, 1,000,000 common shares of Dawn Development (Canada) Corporation at a price of $5.00 per share.

The second loan used by TMA to pay for the tendered shares was obtained directly from the bank. The amount of this loan was that amount required to pay for all Inland common shares not purchased with the proceeds of the loan from Denton plus an additional amount to cover interest on the loan until maturity on January 31, 1983. The principal advances under the loan amounted to $39,226,000 and interest accumulates at the bank's prime rate plus one-quarter of one percent per annum. This loan was secured by the pledge of all Inland common shares held by TMA (1,930,685 common shares) and the guarantee of Denton, which in turn was secured by the plege of the remaining one half of the Inland common shares held by Denton. In addition, joint and several guarantees, limited to $18,000,000 each, were given to the bank by the Company and 108195.

The Company has given to the bank an undertaking to provide for all debt servicing on these loans both before and after the maturity date. All dividends received on the pleged Inland common shares are applied against the loans. The balances of these loans at December 31, 1982, including accumulated interest and net of dividends applied, were as follows —

TMA Western Resources Limited	$41,886,123
108195 Canada Limited	$10,038,000

TMA has also taken out an operating bank loan which matures on January 31, 1983 and which has been guaranteed by the Company in an amount up to $2,000,000. The balance of this loan at December 31, 1982 amounted to $2,000,000. No further principal borrowings are permitted on this loan. Accrued interest is charged monthly to TMA's operating account which at December 31, 1982 showed an overdraft of $167,984.

(b) Shareholders agreement —

The intention of TMA, Denton, the Company and 108195 was to effect some form of corporate reorganization. If such reorganization was not effected to the satisfaction of the Company on or before December 31, 1982, the Company had the right (among others) by notice to be given before January 31, 1983, to acquire from 108195 all its shares in Denton for a price equal to the subscription price thereof plus the amount of the loan ($9,350,000) made to Denton to help finance the Inland takeover, subject to the release by the Company of 108195 from its bank guarantees related to the Inland takeover debt incurred by TMA. If such right was exercised, 108195 had the obligation to release the Company from its guarantee under the bank loan and to deliver the Inland common shares pledged against that loan, free from all encumbrances.

Despite proposals tendered between the Company and 108195, no satisfactory plan of reorganization was arrived at by December 31, 1982. On January 4, 1983, the Company exercised its rights to acquire the shares of Denton held by 108195 under the terms of the shareholders agreement and on January 21, 1983 fulfilled its obligations to take delivery of the shares. 108195 refused to comply with the terms of the agreement and to deliver the Denton and Inland shares, claiming breach of the shareholders agreement by the Company. Specific performance under the agreement is being sought by the Company in the courts.

(c) Related events —

On June 17, 1982, Messrs. Anderson and Macdonald, through a holding company, procured 1,300,000 shares of the Company from Canadian subsidiaries of two international oil companies by means of a loan from a chartered bank secured by hypothecation of the said shares and a guarantee from a third party. On July 28, 1982, the holding company procured a further 176,000 shares of the Company by the same means. As part of an agreement to acquire the 1,476,000 shares, the third party was granted an option to purchase all the shares of 108195 at a nominal price. On September 21, 1982, the third party took possession of the 1,476,000 shares of the Company from the chartered bank, and claimed ownership thereto together with the right to acquire all the shares of 108195. On September 24, 1982 the third party assigned this right to the Company which, on September 29, 1982, exercised the right to purchase the shares of 108195 which called for closing on October 5, 1982. Anderson refused to tender the shares. Actions have been commenced in the Supreme Court of British Columbia by the Company claiming, among other things, an order for specific performance of the right to acquire the 108195 shares. Anderson and Macdonald have commenced a separate action in the Supreme Court of British Columbia disputing the Company's entitlement to purchase the shares of 108195. The holding company of Anderson and Macdonald has also commenced an action in the Supreme Court of Ontario against the chartered bank claiming, among other things, the return of the company shares released to the third party and subsequently sold to other investors.

(d) Inland bid —

On November 19, 1982 Inland purchased 600,000 shares of the Company at a price of $9.04 per share, the validity of which purchase the Company is disputing in the courts. On November 22, 1982, Inland made an offer to purchase all the outstanding shares of the Company, held by Canadian shareholders, on the basis of three Inland common shares for each five shares of the Company tendered. The Company initiated action in the Supreme Court of British Columbia claiming that Inland's takeover bid was illegal under the Canada Business Corporations Act and therefore should be declared null and void. Application was also made before the Supreme Court of British Columbia for an interlocutory injunction to restrain Inland from acquiring shares of the Company. The application for the interlocutory injuction and subsequent appeal were dismissed. The court indicated that there were issues that should be tried.

The company understands that approximately 59% of its outstanding shares were tendered in response to the offer which closed on January 14, 1983. The Company instructed its transfer agent not to register the transfer of the tendered shares on the grounds that the acquisition was wrongful. The transfer agent applied to the Supreme Court of British Columbia for direction and was directed to hold the shares in trust and that the shares not be voted except with the written consent of the Company and Inland. An appeal on this decision is pending. Inland proceeded to issue its shares to the tendering shareholders. If these shares and subsequently issued shares of Inland are found to be validly issued, the direct and indirect interest of the Company will be substantially reduced below 93.5%.

(e) Summary of position —

Arising out of the foregoing events, the Company considers that at December 31, 1982 it is the owner of all the outstanding shares of 108195 Canada Limited and, as a result, owner of all the outstanding shares of Denton Investments Ltd. and TMA Western Resources Limited and 93.5% of the outstanding shares of Inland Natural Gas Co. Ltd.

3. Fixed assets:

Fixed assets comprise —

	1982			1981
	Cost	Accumulated depreciation and/or amortization	Net book value	Net book value
Canada —				
Crude oil pipeline system in service	$133,252,434	$110,476,724	$22,775,710	$24,711,447
Incomplete construction	1,357,499	—	1,357,499	332,224
Assets specially classified	19,721,883	19,721,883	—	1,968,468
Propane handling and common dock facilities	5,667,760	3,755,918	1,911,842	1,968,423
Jet fuel pipeline system	2,426,881	973,854	1,453,027	1,472,514
Other property not used in pipeline service	—	—	—	637,254
U.S.A. —				
Crude oil pipeline system	7,142,380	4,361,640	2,780,740	2,945,938
	$169,568,837	$139,290,019	$30,278,818	$34,036,268

At the present time crude oil deliveries to refineries in the State of Washington have been reduced to only modest quantities arranged through exchange agreements. This has resulted in uncertainty as to the ability of Trans Mountain Oil Pipe Line Corporation, the wholly-owned United States subsidiary which serves this area, to recover in full the undepreciated cost of its facilities, which at December 31, 1982 aggregated $2,780,740 ($2,818,490 U.S.). Recovery of this investment is dependent on the volume of future throughput or alternative use of the facilities.

Approval has been received from the National Energy Board allowing the Company to undertake a $9,000,000 capital expenditure program to effect extensive improvements to the pipeline system. It is estimated that the program will be substantially completed in 1983 and as at December 31, 1982 the Company has purchase commitments relating to the program totalling $1,475,000.

4. Obligations under capital lease:

Payments under capital lease (including principal and interest) are as follows —

1983	$ 79,152
1984	79,152
1985	79,152
1986	79,152
1987	52,767
	369,375
Less: Interest component at interest rate of 17%	115,558
	253,817
Less: Amount due within one year	38,945
	$214,872

5. Share option:

On December 3, 1982 the company granted to Carter Energy Limited the right and option to purchase up to 1,895,000 treasury shares of the Company at a price of $7.50 per share. The option may be exercised, in whole or in part, on or before December 31, 1983 and the $100,000 consideration received at the time the option was granted will be applied against the purchase price payable upon exercising the option.

On December 17, 1982, on the application of Inland Natural Gas Co. Ltd., an order was made in the Supreme Court of British Columbia enjoining the Company from issuing any shares under the option and enjoining Carter Energy Limited from accepting any shares and further providing that the parties be at liberty to apply to vary or vacate the order upon proper grounds.

6. Retirement plan:

The company has a retirement plan covering substantially all employees. An actuarial report on the plan as at December 31, 1981 indicated that additional funding of $1,675,072 in respect of past service benefits was required. Based on acutarial advice, $330,000 of this obligation was provided for and funded in 1982 and the remainder is being funded and charged to operations over the next five years.

7. Renumeration of directors and officers:

The remuneration received by directors and officers of the Company (of which $9,200 was received by directors from a subsidiary company) is as follows —

Directors		Officers		
Number	Amount	Number	Amount	Officers who were also directors
14	$63,000	6	$561,845	2

8. Subsequent events:

(a) The bank loans received by 108195 Canada Limited and TMA Western Resources Limited (see Note 2(a)) were not refinanced prior to their maturity on January 31, 1983 and at that date amounted to $10,155,510 and $42,324,300 respectively. The bank has indicated that it is not prepared to continue to increase these loans and that it looks to the borrowers and/or the guarantors to service the debt.

With respect to the operating bank loan taken out by TMA Western Resources Limited (see Note 2(a)), the bank has limited the loan principal to the amount outstanding at January 31, 1983 in the same manner as the two previously mentioned loans. This loan balance at January 31, 1983 amounted to $2,191,404.

(b) On January 21, 1983, the Company claimed title to 2,000,000 common shares of Dawn Development (Canada) Corporation under an option and pledge agreement executed pursuant to the shareholders agreement (see Note 2(a)). The claim is disputed in the courts.

9. Contingencies:

The Company is involved in a number of actions before the Supreme Court of British Columbia, some of which are also referred to elsewhere in these notes. These actions may be summarized as follows —

(a) As a result of a dispute relating to $400,000 paid on June 18, 1982 from TMA Western Resources Limited to 108195 Canada Limited, the Company and two of its officers have been granted leave by the court to bring an action in the name and on behalf of TMA Western Resources Limited to recover the said amount. This decision was unsuccessfully appealed and action has commenced pursuant to this derivative action with the writ and statement of claim having been filed.

(b) An action has been initiated by the Company against Inland Natural Gas Co. Ltd. claiming that Inland's takeover bid was illegal under the Canada Business Corporations Act (see Note 2(d)). A trial date has not yet been set in this matter.

(c) An action has been initiated by the Company against F.J. Anderson and C.B. Macdonald, Ben-Ali Holdings Corp. and F.J. Anderson Holdings Ltd. claiming, among other things, an order for specific performance of the right to acquire the 108195 Canada Limited shares (see Note 2(c)). A separate action has been commenced against the Company by the defendants in this action disputing the Company's entitlement to purchase the shares of 108195 Canada Limited.

(d) An action has been commenced against the Company by F.J. Anderson Holdings Ltd. and Ben-Ali Holdings Corp. disputing the Company's claim to title to 2,000,000 common shares of Dawn Development (Canada) Corporation under an option and pledge agreement executed pursuant to the shareholders agreement (see Notes 2(a) and 8(b)).

(e) An action has been initiated against the Company by F.J. Anderson and 108195 Canada Limited alleging breach of the shareholders agreement.

(f) An action has been initiated by the Company against Inland Natural Gas Co. Ltd. seeking to enjoin Inland from requisitioning a meeting of the Company's shareholders pursuant to Section 137(4) of the Canada Business Corporations Act. There is an undertaking that Inland will not seek to requisition such a meeting until the Company's application has been heard.

(g) An action is being commenced by the Company against F.J. Anderson and 108195 Canada Limited seeking specific performance of its right under the shareholders agreement to acquire from 108195 Canada Limited all the outstanding shares held by that company in Denton Investments Ltd. (see Note 2(b)).

(h) The Company is enjoined from issuing any shares under the option granted to Carter Energy Limited (see Note 5) and Carter Energy Limited is enjoined from accepting any such shares. The parties are at liberty to apply to vary or vacate the court order upon proper grounds.

(i) The injunction application referred to in (h) above was brought in an action in which Inland Natural Gas Co. Ltd. alleged oppressive activities and conspiracy by the Directors of the Company to frustrate Inland's interests. The Company has been joined as a defendant to this action. The writ of summons, which has not been served on any of the defendants, claims among other relief general damages as against all defendants except Carter Energy Limited.

(j) An action was initiated by the Company's transfer agent relating to the registration of shares tendered pursuant to the offer by Inland Natural Gas Co. Ltd. (see Note 2(d)). An appeal by Inland from the Court's decision is pending.

AUDITORS' REPORT

To the Shareholders of
Trans Mountain Pipe Line Company Ltd.:

We have examined the consolidated balance sheet of Trans Mountain Pipe Line Company Ltd. and subsidiary companies as at December 31, 1982 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the Company as at December 31, 1982 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Price Waterhouse
Chartered Accountants

February 14, 1983

Burnaby, B.C.

BOARD OF DIRECTORS

* K.P.Benson
President, C.E.O. & Director, British Columbia Forest Products Limited

H.E. Bond
President, ARCO Transportation Company
Resigned December 16, 1982

R.L. Bridges
Partner, Thelen, Marrin, Johnson & Bridges
Resigned March 10, 1982

R.T. Brown
President, Gulf Canada Products Company
Resigned November 10, 1982

J.A.Carter
President, Carter Oil & Gas Limited
Elected December 2, 1982

K.L. Hall
President & Chief Executive Officer, Trans Mountain Pipe Line Company Ltd.

D.S.D.Hossier
Partner, Davis & Company
Elected December 2, 1982
Resigned December 8, 1982

E.J.Lockwood
Vice President-Operations, Trans Mountain Pipe Line Company Ltd.
Elected April 21, 1982

C.B.Macdonald
President & Managing Director, Chevron Canada Limited
Resigned February 22, 1982

* A.M. McGavin
Corporate Director
Deceased December 8, 1982

J.P.McIntyre
President & Managing Director, Chevron Canada Limited
Elected April 21, 1982
Resigned November 10, 1982

* I.S. Ross
Chairman of the Board of Swan Wooster Engineering Co.Ltd.
Elected April 21, 1982

A.G.Seager
Vice President - Oil Products, Shell Canada Limited
Resigned December 6, 1982

W.A. West
President of Esso Petroleum Canada
Resigned September 30, 1982

*Member of Audit Committee

OFFICERS

K.L. Hall
President & Chief Executive Officer

E.J.Lockwood
Vice President-Operations

G.A.Irving
Secretary & General Counsel

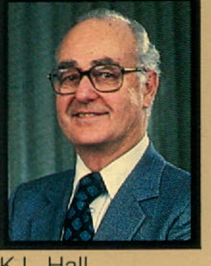
M.J.G. Randall
Treasurer
Appointed April 1, 1982

G.F.Reeks
Comptroller and Assistant Treasurer

F.W. Adam
Assistant Secretary

J.G.Torrance, Q.C.
Assistant Secretary

A.A.Goulson
Vice President-Treasurer
Retired March 31, 1982



K.L. Hall, President and Chief Executive Officer

E.J. Lockwood, Vice President-Operations

G.A. Irving Secretary and General Counsel

M.J.G. Randall Treasurer

G.F. Reeks Comptroller and Assistant Treasurer

Production, The Noram Group of
Consulting Companies Limited

Design, Fred Bosman

Photography, Paul Little, Shauna Pratt

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