

PART I

Item 1. Financial Statements

Condensed Consolidated Statement of Earnings (unaudited)

(US\$ millions, except per share amounts)		Three Months Ended March 31,	
		2022	2021
Revenues	<i>(Note 2)</i>		
Product and service revenues	<i>(Note 3)</i>	\$ 3,407	\$ 2,247
Gains (losses) on risk management, net	<i>(Note 18)</i>	(1,458)	(427)
Sublease revenues	<i>(Note 9)</i>	18	18
Total Revenues		1,967	1,838
Operating Expenses	<i>(Note 2)</i>		
Production, mineral and other taxes		94	60
Transportation and processing		406	379
Operating	<i>(Notes 15, 16)</i>	188	164
Purchased product		1,066	604
Depreciation, depletion and amortization		264	308
Accretion of asset retirement obligation		5	6
Administrative	<i>(Notes 15, 16)</i>	144	122
Total Operating Expenses		2,167	1,643
Operating Income (Loss)		(200)	195
Other (Income) Expenses			
Interest	<i>(Note 4)</i>	74	87
Foreign exchange (gain) loss, net	<i>(Notes 5, 18)</i>	(1)	(7)
Other (gains) losses, net	<i>(Notes 6, 16)</i>	(27)	(18)
Total Other (Income) Expenses		46	62
Net Earnings (Loss) Before Income Tax		(246)	133
Income tax expense (recovery)	<i>(Note 6)</i>	(5)	(176)
Net Earnings (Loss)		\$ (241)	\$ 309
Net Earnings (Loss) per Share of Common Stock	<i>(Note 12)</i>		
Basic		\$ (0.94)	\$ 1.19
Diluted		(0.94)	1.16
Weighted Average Shares of Common Stock Outstanding (millions)	<i>(Note 12)</i>		
Basic		257.4	260.1
Diluted		257.4	266.0

Condensed Consolidated Statement of Comprehensive Income (unaudited)

(US\$ millions)		Three Months Ended March 31,	
		2022	2021
Net Earnings (Loss)		\$ (241)	\$ 309
Other Comprehensive Income (Loss), Net of Tax			
Foreign currency translation adjustment	<i>(Note 13)</i>	28	19
Pension and other post-employment benefit plans	<i>(Notes 13, 16)</i>	(1)	(1)
Other Comprehensive Income (Loss)		27	18
Comprehensive Income (Loss)		\$ (214)	\$ 327

See accompanying Notes to the unaudited Condensed Consolidated Financial Statements

Condensed Consolidated Balance Sheet *(unaudited)*

(US\$ millions)		As at March 31, 2022	As at December 31, 2021
Assets			
Current Assets			
Cash and cash equivalents		\$ 271	\$ 195
Accounts receivable and accrued revenues (net of allowances of \$5 million (2021: \$5 million))	<i>(Note 3)</i>	1,797	1,294
Risk management	<i>(Notes 17, 18)</i>	2	1
Income tax receivable		98	97
		2,168	1,587
Property, Plant and Equipment, at cost: <i>(Note 8)</i>			
Oil and natural gas properties, based on full cost accounting			
Proved properties		56,351	55,475
Unproved properties		1,775	1,944
Other		915	903
Property, plant and equipment		59,041	58,322
Less: Accumulated depreciation, depletion and amortization		(50,058)	(49,561)
Property, plant and equipment, net	<i>(Note 2)</i>	8,983	8,761
Other Assets			
Risk Management	<i>(Notes 17, 18)</i>	3	-
Deferred Income Taxes		13	-
Goodwill	<i>(Note 2)</i>	2,638	2,628
	<i>(Note 2)</i>	\$ 14,900	\$ 14,055
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable and accrued liabilities		\$ 2,215	\$ 1,979
Current portion of operating lease liabilities		63	62
Income tax payable		6	4
Risk management	<i>(Notes 17, 18)</i>	1,699	703
		3,983	2,748
Long-Term Debt	<i>(Note 10)</i>	4,775	4,786
Operating Lease Liabilities		903	889
Other Liabilities and Provisions	<i>(Note 11)</i>	170	190
Risk Management	<i>(Notes 17, 18)</i>	42	25
Asset Retirement Obligation		334	339
Deferred Income Taxes		9	4
		10,216	8,981
Commitments and Contingencies <i>(Note 20)</i>			
Shareholders' Equity			
Share capital - authorized 775 million shares of stock			
2022 issued and outstanding: 258.6 million shares (2021: 258.0 million shares)	<i>(Note 12)</i>	3	3
Paid in surplus	<i>(Note 12)</i>	8,334	8,458
Retained earnings (Accumulated deficit)		(4,772)	(4,479)
Accumulated other comprehensive income	<i>(Note 13)</i>	1,119	1,092
Total Shareholders' Equity		4,684	5,074
		\$ 14,900	\$ 14,055

See accompanying Notes to the unaudited Condensed Consolidated Financial Statements

Condensed Consolidated Statement of Changes in Shareholders' Equity *(unaudited)*

Three Months Ended March 31, 2022 (US\$ millions)	Share Capital	Paid in Surplus	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income	Total Shareholders' Equity
Balance, December 31, 2021	\$ 3	\$ 8,458	\$ (4,479)	\$ 1,092	\$ 5,074
Net Earnings (Loss)	-	-	(241)	-	(241)
Dividends on Shares of Common Stock (\$0.20 per share) <i>(Note 12)</i>	-	-	(52)	-	(52)
Shares of Common Stock Purchased under Normal Course Issuer Bid <i>(Note 12)</i>	-	(71)	-	-	(71)
Equity-Settled Compensation Costs	-	(53)	-	-	(53)
Other Comprehensive Income (Loss) <i>(Note 13)</i>	-	-	-	27	27
Balance, March 31, 2022	\$ 3	\$ 8,334	\$ (4,772)	\$ 1,119	\$ 4,684

Three Months Ended March 31, 2021 (US\$ millions)	Share Capital	Paid in Surplus	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income	Total Shareholders' Equity
Balance, December 31, 2020	\$ 3	\$ 8,531	\$ (5,773)	\$ 1,076	\$ 3,837
Net Earnings (Loss)	-	-	309	-	309
Dividends on Shares of Common Stock (\$0.09375 per share) <i>(Note 12)</i>	-	-	(24)	-	(24)
Equity-Settled Compensation Costs	-	(6)	-	-	(6)
Other Comprehensive Income (Loss) <i>(Note 13)</i>	-	-	-	18	18
Balance, March 31, 2021	\$ 3	\$ 8,525	\$ (5,488)	\$ 1,094	\$ 4,134

See accompanying Notes to the unaudited Condensed Consolidated Financial Statements

Condensed Consolidated Statement of Cash Flows *(unaudited)*

(US\$ millions)	Three Months Ended March 31,	
	2022	2021
Operating Activities		
Net earnings (loss)	\$ (241)	\$ 309
Depreciation, depletion and amortization	264	308
Accretion of asset retirement obligation	5	6
Deferred income taxes	(Note 6) (8)	(20)
Unrealized (gain) loss on risk management	(Note 18) 1,012	271
Unrealized foreign exchange (gain) loss	(Note 5) (3)	2
Foreign exchange on settlements	(Note 5) (1)	(6)
Other	15	20
Net change in other assets and liabilities	(12)	(6)
Net change in non-cash working capital	(Note 19) (346)	(57)
Cash From (Used in) Operating Activities	685	827
Investing Activities		
Capital expenditures	(Note 2) (451)	(350)
Acquisitions	(Note 7) (15)	(1)
Proceeds from divestitures	(Note 7) 1	2
Net change in investments and other	48	28
Cash From (Used in) Investing Activities	(417)	(321)
Financing Activities		
Net issuance (repayment) of revolving long-term debt	-	(460)
Repayment of long-term debt	(Note 10) (6)	-
Purchase of shares of common stock	(Note 12) (71)	-
Dividends on shares of common stock	(Note 12) (52)	(24)
Finance lease payments and other	(64)	(23)
Cash From (Used in) Financing Activities	(193)	(507)
Foreign Exchange Gain (Loss) on Cash, Cash Equivalents and Restricted Cash Held in Foreign Currency	1	-
Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	76	(1)
Cash, Cash Equivalents and Restricted Cash, Beginning of Year	195	10
Cash, Cash Equivalents and Restricted Cash, End of Period	\$ 271	\$ 9
Cash, End of Period	\$ 48	\$ 8
Cash Equivalents, End of Period	223	1
Restricted Cash, End of Period	-	-
Cash, Cash Equivalents and Restricted Cash, End of Period	\$ 271	\$ 9

Supplementary Cash Flow Information

(Note 19)

See accompanying Notes to the unaudited Condensed Consolidated Financial Statements

1. Basis of Presentation and Principles of Consolidation

Ovintiv is in the business of the exploration for, the development of, and the production and marketing of oil, NGLs and natural gas.

The interim Condensed Consolidated Financial Statements include the accounts of Ovintiv and entities in which it holds a controlling interest. All intercompany balances and transactions are eliminated on consolidation. Undivided interests in oil and natural gas exploration and production joint ventures and partnerships are consolidated on a proportionate basis. Investments in non-controlled entities over which the Company has the ability to exercise significant influence are accounted for using the equity method.

The interim Condensed Consolidated Financial Statements are prepared in conformity with U.S. GAAP and the rules and regulations of the SEC. Pursuant to these rules and regulations, certain information and disclosures normally required under U.S. GAAP have been condensed or have been disclosed on an annual basis only. Accordingly, the interim Condensed Consolidated Financial Statements should be read in conjunction with the annual audited Consolidated Financial Statements and the notes thereto for the year ended December 31, 2021, which are included in Item 8 of Ovintiv's 2021 Annual Report on Form 10-K.

The interim Condensed Consolidated Financial Statements have been prepared following the same accounting policies and methods of computation as the annual audited Consolidated Financial Statements for the year ended December 31, 2021.

These unaudited interim Condensed Consolidated Financial Statements reflect, in the opinion of Management, all normal and recurring adjustments necessary to present fairly the financial position and results of the Company as at and for the periods presented. Interim condensed consolidated financial results are not necessarily indicative of consolidated financial results expected for the fiscal year.

2. Segmented Information

Ovintiv's reportable segments are determined based on the following operations and geographic locations:

- **USA Operations** includes the exploration for, development of, and production of oil, NGLs and natural gas and other related activities within the U.S. cost center.
- **Canadian Operations** includes the exploration for, development of, and production of oil, NGLs and natural gas and other related activities within the Canadian cost center.
- **Market Optimization** is primarily responsible for the sale of the Company's proprietary production. These results are reported in the USA and Canadian Operations. Market optimization activities include third-party purchases and sales of product to provide operational flexibility and cost mitigation for transportation commitments, product type, delivery points and customer diversification. These activities are reflected in the Market Optimization segment. Market Optimization sells substantially all of the Company's upstream production to third-party customers. Transactions between segments are based on market values and are eliminated on consolidation.

Corporate and Other mainly includes unrealized gains or losses recorded on derivative financial instruments. Once the instruments are settled, the realized gains and losses are recorded in the reporting segment to which the derivative instruments relate. Corporate and Other also includes amounts related to sublease rentals.

Results of Operations (For the three months ended March 31)

Segment and Geographic Information

	USA Operations		Canadian Operations		Market Optimization	
	2022	2021	2022	2021	2022	2021
Revenues						
Product and service revenues	\$ 1,547	\$ 1,018	\$ 778	\$ 577	\$ 1,082	\$ 652
Gains (losses) on risk management, net	(219)	(136)	(227)	(22)	-	2
Sublease revenues	-	-	-	-	-	-
Total Revenues	1,328	882	551	555	1,082	654
Operating Expenses						
Production, mineral and other taxes	90	55	4	5	-	-
Transportation and processing	135	113	231	224	40	42
Operating	142	129	37	28	9	7
Purchased product	-	-	-	-	1,066	604
Depreciation, depletion and amortization	200	208	59	93	-	-
Total Operating Expenses	567	505	331	350	1,115	653
Operating Income (Loss)	\$ 761	\$ 377	\$ 220	\$ 205	\$ (33)	\$ 1
			Corporate & Other		Consolidated	
			2022	2021	2022	2021
Revenues						
Product and service revenues			\$ -	\$ -	\$ 3,407	\$ 2,247
Gains (losses) on risk management, net			(1,012)	(271)	(1,458)	(427)
Sublease revenues			18	18	18	18
Total Revenues			(994)	(253)	1,967	1,838
Operating Expenses						
Production, mineral and other taxes			-	-	94	60
Transportation and processing			-	-	406	379
Operating			-	-	188	164
Purchased product			-	-	1,066	604
Depreciation, depletion and amortization			5	7	264	308
Accretion of asset retirement obligation			5	6	5	6
Administrative			144	122	144	122
Total Operating Expenses			154	135	2,167	1,643
Operating Income (Loss)			\$ (1,148)	\$ (388)	(200)	195
Other (Income) Expenses						
Interest					74	87
Foreign exchange (gain) loss, net					(1)	(7)
Other (gains) losses, net					(27)	(18)
Total Other (Income) Expenses					46	62
Net Earnings (Loss) Before Income Tax					(246)	133
Income tax expense (recovery)					(5)	(176)
Net Earnings (Loss)					\$ (241)	\$ 309

Intersegment Information

For the three months ended March 31,	Marketing Sales		Market Optimization		Total	
			Upstream Eliminations			
	2022	2021	2022	2021	2022	2021
Revenues	\$ 3,423	\$ 2,168	\$ (2,341)	\$ (1,514)	\$ 1,082	\$ 654
Operating Expenses						
Transportation and processing	152	137	(112)	(95)	40	42
Operating	9	7	-	-	9	7
Purchased product	3,295	2,023	(2,229)	(1,419)	1,066	604
Operating Income (Loss)	\$ (33)	\$ 1	\$ -	\$ -	\$ (33)	\$ 1

Capital Expenditures by Segment

	Three Months Ended March 31,	
	2022	2021
USA Operations	\$ 372	\$ 261
Canadian Operations	78	89
Corporate & Other	1	-
	\$ 451	\$ 350

Goodwill, Property, Plant and Equipment and Total Assets by Segment

	Goodwill		Property, Plant and Equipment		Total Assets	
	As at		As at		As at	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
USA Operations	\$ 1,938	\$ 1,938	\$ 7,813	\$ 7,623	\$ 10,787	\$ 10,345
Canadian Operations	700	690	986	951	2,090	1,932
Market Optimization	-	-	-	-	425	300
Corporate & Other	-	-	184	187	1,598	1,478
	\$ 2,638	\$ 2,628	\$ 8,983	\$ 8,761	\$ 14,900	\$ 14,055

3. Revenues from Contracts with Customers

The following table summarizes Ovintiv's revenues from contracts with customers.

Revenues (For the three months ended March 31)

	USA Operations		Canadian Operations		Market Optimization	
	2022	2021	2022	2021	2022	2021
Revenues from Customers						
Product revenues ⁽¹⁾						
Oil	\$ 1,080	\$ 741	\$ -	\$ 5	\$ 886	\$ 385
NGLs	267	158	362	256	3	15
Natural gas	206	123	419	317	183	241
Service revenues						
Gathering and processing	-	-	1	1	-	5
Product and Service Revenues	\$ 1,553	\$ 1,022	\$ 782	\$ 579	\$ 1,072	\$ 646
			Corporate & Other		Consolidated	
			2022	2021	2022	2021
Revenues from Customers						
Product revenues ⁽¹⁾						
Oil			\$ -	\$ -	\$ 1,966	\$ 1,131
NGLs			-	-	632	429
Natural gas			-	-	808	681
Service revenues						
Gathering and processing			-	-	1	6
Product and Service Revenues			\$ -	\$ -	\$ 3,407	\$ 2,247

(1) Includes revenues from production and revenues of product purchased from third parties, but excludes intercompany marketing fees transacted between the Company's operating segments.

The Company's revenues from contracts with customers consists of product sales including oil, NGLs and natural gas, as well as the provision of gathering and processing services to third parties. Ovintiv had no contract asset or liability balances during the periods presented. As at March 31, 2022, receivables and accrued revenues from contracts with customers were \$1,505 million (\$1,070 million as at December 31, 2021).

Ovintiv's product sales are sold under short-term contracts with terms that are less than one year at either fixed or market index prices or under long-term contracts exceeding one year at market index prices.

The Company's gathering and processing services are provided on an interruptible basis with transaction prices that are for fixed prices and/or variable consideration. Variable consideration received is related to recovery of plant operating costs or escalation of the fixed price based on a consumer price index. As the service contracts are interruptible, with service provided on an "as available" basis, there are no unsatisfied performance obligations remaining at March 31, 2022.

As at March 31, 2022, all remaining performance obligations are priced at market index prices or are variable volume delivery contracts. As such, the variable consideration is allocated entirely to the wholly unsatisfied performance obligation or promise to deliver units of production, and revenue is recognized at the amount for which the Company has the right to invoice the product delivered. As the period between when the product sales are transferred and Ovintiv receives payments is generally 30 to 60 days, there is no financing element associated with customer contracts. In addition, Ovintiv does not disclose unsatisfied performance obligations for customer contracts with terms less than 12 months or for variable consideration related to unsatisfied performance obligations.

4. Interest

	Three Months Ended March 31,	
	2022	2021
Interest Expense on:		
Debt	\$ 70	\$ 84
Finance leases	-	2
Other	4	1
	\$ 74	\$ 87

5. Foreign Exchange (Gain) Loss, Net

	Three Months Ended March 31,	
	2022	2021
Unrealized Foreign Exchange (Gain) Loss on:		
Translation of U.S. dollar financing debt issued from Canada	\$ -	\$ 1
Translation of U.S. dollar risk management contracts issued from Canada	(3)	1
	(3)	2
Foreign Exchange (Gain) Loss on Settlements of:		
U.S. dollar financing debt issued from Canada	(1)	(6)
U.S. dollar risk management contracts issued from Canada	(1)	(7)
Other Monetary Revaluations	4	4
	\$ (1)	\$ (7)

6. Income Taxes

	Three Months Ended March 31,	
	2022	2021
Current Tax		
United States	\$ 3	\$ -
Canada	-	(156)
Total Current Tax Expense (Recovery)	3	(156)
Deferred Tax		
United States	(17)	-
Canada	9	(20)
Total Deferred Tax Expense (Recovery)	(8)	(20)
Income Tax Expense (Recovery)	\$ (5)	\$ (176)
Effective Tax Rate	2.0%	(132.3%)

Ovintiv's interim income tax expense is determined using the estimated annual effective income tax rate applied to year-to-date net earnings before income tax plus the effect of legislative changes and amounts in respect of prior periods. The estimated annual effective income tax rate is impacted by expected annual earnings, changes in valuation allowances, income tax related to foreign operations, state taxes, the effect of legislative changes, non-taxable items and tax differences on transactions, which can produce interim effective tax rate fluctuations.

During the three months ended March 31, 2021, the current income tax recovery was primarily due to the resolution of prior years' tax items. The resolution, along with other items, resulted in a \$222 million reduction of unrecognized tax benefits, offset by a \$66 million reduction in valuation allowance. The Company also recognized related interest income of \$12 million in other (gains) losses, net.

During the three months ended March 31, 2022, the deferred tax recovery was due to the lower annual effective income tax rate applied to jurisdictional earnings. During the three months ended March 31, 2021, the deferred tax recovery was primarily due to the change in valuation allowances and from the resolution of prior years' tax items.

The effective tax rate of 2.0 percent for the three months ended March 31, 2022 is lower than the U.S. federal statutory tax rate of 21 percent primarily due to the lower annual effective income tax rate resulting from a reduction in valuation allowances. The effective tax rate of (132.3) percent for the three months ended March 31, 2021 was lower than the U.S. federal statutory tax rate of 21 percent primarily due to the resolution of prior years' tax items and the change in valuation allowances.

7. Acquisitions and Divestitures

	Three Months Ended March 31,	
	2022	2021
Acquisitions		
USA Operations	\$ 15	\$ 1
Total Acquisitions	15	1
Divestitures		
USA Operations	(1)	(1)
Canadian Operations	-	(1)
Total Divestitures	(1)	(2)
Net Acquisitions & (Divestitures)	\$ 14	\$ (1)

Acquisitions

For the three months ended March 31, 2022, acquisitions in the USA Operations were \$15 million, which primarily included property purchases with oil and liquids rich potential.

Divestitures

Amounts received from the Company's divestiture transactions have been deducted from the respective U.S. and Canadian full cost pools.

As part of the Duvernay asset divestiture in the second quarter of 2021, the Company agreed to a contingent consideration arrangement, payable to Ovintiv, in the amount of C\$5 million at the end of 2021 and an additional C\$10 million at the end of 2022, if the annual average of the WTI reference price for each calendar year is greater than \$56 per barrel and \$62 per barrel, respectively. The terms of the contingent consideration for the 2021 calendar year were met and the consideration was settled during the three months ended March 31, 2022. The fair value of the contingent consideration pertaining to the 2022 calendar year is presented in accounts receivable and accrued revenues in the Condensed Consolidated Balance Sheet. See Notes 17 and 18 for further information on the contingent consideration.

8. Property, Plant and Equipment, Net

	As at March 31, 2022			As at December 31, 2021		
	Accumulated			Accumulated		
	Cost	DD&A	Net	Cost	DD&A	Net
USA Operations						
Proved properties	\$ 39,699	\$ (33,619)	\$ 6,080	\$ 39,145	\$ (33,418)	\$ 5,727
Unproved properties	1,717	-	1,717	1,884	-	1,884
Other	16	-	16	12	-	12
	41,432	(33,619)	7,813	41,041	(33,418)	7,623
Canadian Operations						
Proved properties	16,652	(15,733)	919	16,330	(15,450)	880
Unproved properties	58	-	58	60	-	60
Other	9	-	9	11	-	11
	16,719	(15,733)	986	16,401	(15,450)	951
Market Optimization	7	(7)	-	7	(7)	-
Corporate & Other	883	(699)	184	873	(686)	187
	\$ 59,041	\$ (50,058)	\$ 8,983	\$ 58,322	\$ (49,561)	\$ 8,761

USA and Canadian Operations' property, plant and equipment include internal costs directly related to exploration, development and construction activities of \$49 million, which have been capitalized during the three months ended March 31, 2022 (2021 - \$44 million).

9. Leases

The following table outlines Ovintiv's estimated future sublease income as at March 31, 2022. All subleases are classified as operating leases.

(undiscounted)	2022	2023	2024	2025	2026	Thereafter	Total
Sublease Income	\$ 36	\$ 49	\$ 48	\$ 49	\$ 49	\$ 487	\$ 718

For the three months ended March 31, 2022, operating lease income was \$13 million (2021 - \$13 million), and variable lease income was \$5 million (2021 - \$5 million).

10. Long-Term Debt

	As at March 31, 2022	As at December 31, 2021
U.S. Dollar Denominated Debt		
U.S. Unsecured Notes:		
5.625% due July 1, 2024	\$ 1,000	\$ 1,000
5.375% due January 1, 2026	688	688
8.125% due September 15, 2030	300	300
7.20% due November 1, 2031	350	350
7.375% due November 1, 2031	500	500
6.50% due August 15, 2034	750	750
6.625% due August 15, 2037	462	462
6.50% due February 1, 2038	488	488
5.15% due November 15, 2041	197	203
Total Principal	4,735	4,741
Increase in Value of Debt Acquired	72	77
Unamortized Debt Discounts and Issuance Costs	(32)	(32)
Total Long-Term Debt	\$ 4,775	\$ 4,786
Current Portion	\$ -	\$ -
Long-Term Portion	4,775	4,786
	\$ 4,775	\$ 4,786

During the three months ended March 31, 2022, the Company repurchased approximately \$6 million in principal amount of its 5.15 percent senior notes due in November 2041 in the open market. The aggregate cash payments related to the note repurchases were \$6 million, plus accrued interest.

As at March 31, 2022, total long-term debt had a carrying value of \$4,775 million and a fair value of \$5,412 million (as at December 31, 2021 - carrying value of \$4,786 million and a fair value of \$5,804 million). The estimated fair value of long-term borrowings is categorized within Level 2 of the fair value hierarchy and has been determined based on market information of long-term debt with similar terms and maturity, or by discounting future payments of interest and principal at interest rates expected to be available to the Company at period end.

11. Other Liabilities and Provisions

	As at March 31, 2022	As at December 31, 2021
Finance Lease Obligations	\$ 32	\$ 33
Pensions and Other Post-Employment Benefits	101	104
Long-Term Incentive Costs (See Note 15)	20	36
Other Derivative Contracts (See Notes 17, 18)	5	5
Other	12	12
	\$ 170	\$ 190

12. Share Capital

Authorized

Ovintiv is authorized to issue 750 million shares of common stock, par value \$0.01 per share, and 25 million shares of preferred stock, par value \$0.01 per share. No shares of preferred stock are outstanding.

Issued and Outstanding

	As at March 31, 2022		As at December 31, 2021	
	Number (millions)	Amount	Number (millions)	Amount
Shares of Common Stock Outstanding, Beginning of Year	258.0	\$ 3	259.8	\$ 3
Shares of Common Stock Purchased	(1.7)	-	(3.1)	-
Shares of Common Stock Issued	2.3	-	1.3	-
Shares of Common Stock Outstanding, End of Period	258.6	\$ 3	258.0	\$ 3

Ovintiv's Performance Share Units ("PSU") and Restricted Share Units ("RSU") stock-based compensation plans allow the Company to settle the awards either in cash or in the Company's common stock. Accordingly, Ovintiv issued 2.3 million shares of common stock during the three months ended March 31, 2022 (1.3 million shares during the twelve months ended December 31, 2021) as certain PSU and RSU grants vested during the period.

Normal Course Issuer Bid

On September 28, 2021, the Company announced it had received regulatory approval to commence a NCIB that enables the Company to purchase, for cancellation, up to approximately 26 million shares of common stock over a 12-month period from October 1, 2021 to September 30, 2022.

During the three months ended March 31, 2022, the Company purchased approximately 1.7 million shares for total consideration of approximately \$71 million. Of the amount paid, \$14 thousand was charged to share capital and \$71 million was charged to paid in surplus.

All purchases were made in accordance with the NCIB at prevailing market prices plus brokerage fees, with consideration allocated to share capital up to the par value of the shares, with any excess allocated to paid in surplus.

Dividends

During the three months ended March 31, 2022, the Company declared and paid dividends of \$0.20 per share of common stock totaling \$52 million (2021 - \$0.09375 per share of common stock totaling \$24 million).

On May 9, 2022, the Board of Directors declared a dividend of \$0.25 per share of common stock payable on June 30, 2022 to shareholders of record as of June 15, 2022.

Earnings Per Share of Common Stock

The following table presents the calculation of net earnings (loss) per share of common stock:

(US\$ millions, except per share amounts)	Three Months Ended	
	2022	March 31, 2021
Net Earnings (Loss)	\$ (241)	\$ 309
Number of Shares of Common Stock:		
Weighted average shares of common stock outstanding - Basic	257.4	260.1
Effect of dilutive securities ⁽¹⁾	-	5.9
Weighted Average Shares of Common Stock Outstanding - Diluted	257.4	266.0
Net Earnings (Loss) per Share of Common Stock		
Basic	\$ (0.94)	\$ 1.19
Diluted ⁽¹⁾	(0.94)	1.16

(1) For the three months ended March 31, 2022, all of Ovintiv's equity-settled awards were determined to be antidilutive and therefore are excluded from the calculation of fully diluted net earnings (loss) per share of common stock.

Stock-Based Compensation Plans

Shares issued as a result of awards granted from stock-based compensation plans are generally funded out of the common stock authorized for issuance as approved by the Company's shareholders.

The PSUs and RSUs are classified as equity-settled if the Company has sufficient common stock held in reserve for issuance. These awards are included in the calculation of fully diluted net earnings (loss) per share of common stock if dilutive.

Ovintiv's stock options with associated Tandem Stock Appreciation Rights ("TSARs") give the employee the right to purchase shares of common stock of the Company or receive cash. Historically, most holders of options have elected to exercise their TSARs in exchange for a cash payment. As a result, outstanding options are not considered potentially dilutive securities.

13. Accumulated Other Comprehensive Income

	Three Months Ended	
	March 31,	
	2022	2021
Foreign Currency Translation Adjustment		
Balance, Beginning of Year	\$ 1,044	\$ 1,042
Change in Foreign Currency Translation Adjustment	28	19
Balance, End of Period	\$ 1,072	\$ 1,061
Pension and Other Post-Employment Benefit Plans		
Balance, Beginning of Year	\$ 48	\$ 34
Amounts Reclassified from Other Comprehensive Income:		
Reclassification of net actuarial (gains) and losses to net earnings (See Note 16)	(1)	(1)
Income taxes	-	-
Balance, End of Period	\$ 47	\$ 33
Total Accumulated Other Comprehensive Income	\$ 1,119	\$ 1,094

14. Variable Interest Entities

Veresen Midstream Limited Partnership

Veresen Midstream Limited Partnership (“VMLP”) provides gathering, compression and processing services under various agreements related to the Company’s development of liquids and natural gas production in the Montney play. As at March 31, 2022, VMLP provides approximately 1,160 MMcf/d of natural gas gathering and compression and 923 MMcf/d of natural gas processing under long-term service agreements with remaining terms ranging from nine to 23 years and have various renewal terms providing up to a potential maximum of 10 years.

Ovintiv has determined that VMLP is a variable interest entity and that Ovintiv holds variable interests in VMLP. Ovintiv is not the primary beneficiary as the Company does not have the power to direct the activities that most significantly impact VMLP’s economic performance. These key activities relate to the construction, operation, maintenance and marketing of the assets owned by VMLP. The variable interests arise from certain terms under the various long-term service agreements and include: i) a take or pay for volumes in certain agreements; ii) an operating fee of which a portion can be converted into a fixed fee once VMLP assumes operatorship of certain assets; and iii) a potential payout of minimum costs in certain agreements. The potential payout of minimum costs will be assessed in the eighth year of the assets’ service period and is based on whether there is an overall shortfall of total system cash flows from natural gas gathered and compressed under certain agreements. The potential payout amount can be reduced in the event VMLP markets unutilized capacity to third-party users. Ovintiv is not required to provide any financial support or guarantees to VMLP.

As a result of Ovintiv’s involvement with VMLP, the maximum total exposure to loss related to the commitments under the agreements is estimated to be \$1,718 million as at March 31, 2022. The estimate comprises the take or pay volume commitments and the potential payout of minimum costs. The take or pay volume commitments associated with certain gathering and processing assets are included in Note 20 under Transportation and Processing. The potential payout requirement is highly uncertain as the amount is contingent on future production estimates, pace of development and the amount of capacity contracted to third parties. As at March 31, 2022, accounts payable and accrued liabilities included \$0.2 million related to the take or pay commitment.

15. Compensation Plans

Ovintiv has a number of compensation arrangements under which the Company awards various types of long-term incentive grants to eligible employees and Directors. They may include TSARs, Stock Appreciation Rights (“SARs”), PSUs, Deferred Share Units (“DSUs”) and RSUs.

Ovintiv accounts for PSUs and RSUs as equity-settled stock-based payment transactions provided there is sufficient common stock held in reserve for issuance. TSARs, SARs and DSUs are accounted for as cash-settled stock-based payment transactions. The Company accrues compensation costs over the vesting period based on the fair value of the rights determined using the Black-Scholes-Merton or other appropriate fair value models.

The following weighted average assumptions were used to determine the fair value of TSAR and SAR units outstanding:

	As at March 31, 2022		As at March 31, 2021	
	US\$ SAR Share Units	C\$ TSAR Share Units	US\$ SAR Share Units	C\$ TSAR Share Units
Risk Free Interest Rate	2.21%	2.21%	0.23%	0.23%
Dividend Yield	1.48%	1.50%	1.57%	1.58%
Expected Volatility Rate ⁽¹⁾	106.57%	105.29%	105.41%	104.44%
Expected Term	1.6 yrs	1.7 yrs	1.8 yrs	1.8 yrs
Market Share Price	US\$54.07	C\$67.63	US\$23.82	C\$29.97
Weighted Average Grant Date Fair Value	US\$37.98	C\$53.93	US\$36.72	C\$49.93

(1) Volatility was estimated using historical rates.

The Company has recognized the following share-based compensation costs:

	Three Months Ended March 31,	
	2022	2021
Total Compensation Costs of Transactions Classified as Cash-Settled	\$ 89	\$ 40
Total Compensation Costs of Transactions Classified as Equity-Settled	10	11
Less: Total Share-Based Compensation Costs Capitalized	(9)	(7)
Total Share-Based Compensation Expense (Recovery)	\$ 90	\$ 44
Recognized in the Condensed Consolidated Statement of Earnings in:		
Operating	\$ 11	\$ 9
Administrative	79	35
	\$ 90	\$ 44

As at March 31, 2022, the liability for cash-settled share-based payment transactions totaled \$135 million (\$114 million as at December 31, 2021), of which \$115 million (\$78 million as at December 31, 2021) is recognized in accounts payable and accrued liabilities and \$20 million (\$36 million as at December 31, 2021) is recognized in other liabilities and provisions in the Condensed Consolidated Balance Sheet.

The following units were granted primarily in conjunction with the Company’s annual grant of long-term incentive awards. The PSUs and RSUs were granted at the volume-weighted average trading price of shares of Ovintiv common stock for the five days prior to the grant date.

Three Months Ended March 31, 2022 (thousands of units)

RSUs	1,312
PSUs	461
DSUs	3

16. Pension and Other Post-Employment Benefits

The Company has recognized total benefit plans expense which includes pension benefits and other post-employment benefits (“OPEB”) for the three months ended March 31 as follows:

	Pension Benefits		OPEB		Total	
	2022	2021	2022	2021	2022	2021
Net Defined Periodic Benefit Cost	\$ -	\$ -	\$ (1)	\$ -	\$ (1)	\$ -
Defined Contribution Plan Expense	6	6	-	-	6	6
Total Benefit Plans Expense	\$ 6	\$ 6	\$ (1)	\$ -	\$ 5	\$ 6

Of the total benefit plans expense, \$5 million (2021 - \$6 million) was included in operating expense and \$1 million (2021 - \$1 million) was included in administrative expense. Excluding service costs, net defined periodic benefit gains of \$1 million (2021 - gains of \$1 million) were recorded in other (gains) losses, net.

The net defined periodic benefit cost for the three months ended March 31 is as follows:

	Defined Benefits		OPEB		Total	
	2022	2021	2022	2021	2022	2021
Service Cost	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ 1
Interest Cost	1	1	-	-	1	1
Expected Return on Plan Assets	(1)	(1)	-	-	(1)	(1)
Amounts Reclassified from Accumulated Other Comprehensive Income:						
Amortization of net actuarial (gains) and losses	-	-	(1)	(1)	(1)	(1)
Total Net Defined Periodic Benefit Cost ⁽¹⁾	\$ -	\$ -	\$ (1)	\$ -	\$ (1)	\$ -

(1) The components of total net defined periodic benefit cost, excluding the service cost component, are included in other (gains) losses, net.

17. Fair Value Measurements

The fair values of cash and cash equivalents, accounts receivable and accrued revenues, and accounts payable and accrued liabilities approximate their carrying amounts due to the short-term maturity of those instruments. The fair values of restricted cash and marketable securities included in other assets approximate their carrying amounts due to the nature of the instruments held.

Recurring fair value measurements are performed for risk management assets and liabilities and other derivative contracts, as discussed further in Note 18. These items are carried at fair value in the Condensed Consolidated Balance Sheet and are classified within the three levels of the fair value hierarchy in the following tables.

Fair value changes and settlements for amounts related to risk management assets and liabilities are recognized in revenues and foreign exchange gains and losses according to their purpose.

	Level 1 Quoted Prices in Active Markets	Level 2 Other Observable Inputs	Level 3 Significant Unobservable Inputs	Total Fair Value	Netting ⁽¹⁾	Carrying Amount
As at March 31, 2022						
Risk Management Assets						
Commodity Derivatives:						
Current assets	\$ -	\$ 29	\$ 3	\$ 32	\$ (32)	\$ -
Long-term assets	-	11	2	13	(10)	3
Foreign Currency Derivatives:						
Current assets	-	9	-	9	(7)	2
Risk Management Liabilities						
Commodity Derivatives:						
Current liabilities	\$ 1	\$ 1,174	\$ 563	\$ 1,738	\$ (32)	\$ 1,706
Long-term liabilities	-	41	11	52	(10)	42
Foreign Currency Derivatives:						
Current liabilities	-	-	-	-	(7)	(7)
Other Derivative Contracts ⁽²⁾						
Current in accounts receivable and accrued revenues	\$ -	\$ -	\$ 7	\$ 7	\$ -	\$ 7
Current in accounts payable and accrued liabilities	-	1	-	1	-	1
Long-term in other liabilities and provisions	-	5	-	5	-	5

	Level 1 Quoted Prices in Active Markets	Level 2 Other Observable Inputs	Level 3 Significant Unobservable Inputs	Total Fair Value	Netting ⁽¹⁾	Carrying Amount
As at December 31, 2021						
Risk Management Assets						
Commodity Derivatives:						
Current assets	\$ -	\$ 10	\$ -	\$ 10	\$ (10)	\$ -
Long-term assets	-	1	-	1	(1)	-
Foreign Currency Derivatives:						
Current assets	-	5	-	5	(4)	1
Risk Management Liabilities						
Commodity Derivatives:						
Current liabilities	\$ -	\$ 536	\$ 181	\$ 717	\$ (10)	\$ 707
Long-term liabilities	-	26	-	26	(1)	25
Foreign Currency Derivatives:						
Current liabilities	-	-	-	-	(4)	(4)
Other Derivative Contracts ⁽²⁾						
Current in accounts receivable and accrued revenues	\$ -	\$ -	\$ 9	\$ 9	\$ -	\$ 9
Current in accounts payable and accrued liabilities	-	1	-	1	-	1
Long-term in other liabilities and provisions	-	5	-	5	-	5

(1) Netting to offset derivative assets and liabilities where the legal right and intention to offset exists, or where counterparty master netting arrangements contain provisions for net settlement.

(2) Includes credit derivatives and contingent consideration associated with certain prior years' divestitures.

The Company's Level 1 and Level 2 risk management assets and liabilities consist of commodity fixed price contracts, NYMEX three-way options, NYMEX costless collars, NYMEX call options, foreign currency swaps and basis swaps with terms to 2025. Level 2 also includes financial guarantee contracts as discussed in Note 18. The fair values of these contracts are estimated using inputs which are either directly or indirectly observable from active markets, such as exchange and other published prices, broker quotes and observable trading activity throughout the term of the instruments.

Level 3 Fair Value Measurements

As at March 31, 2022, the Company's Level 3 risk management assets and liabilities consist of WTI three-way options and a contingent consideration derivative contract tied to WTI with terms to 2023. The WTI three-way options are a combination of a sold call, a bought put and a sold put. These contracts allow the Company to participate in the upside of commodity prices to the ceiling of the call option and provide the Company with partial downside price protection through the put options. The fair values of these contracts are determined using an option pricing model using observable and unobservable inputs such as implied volatility. The unobservable inputs are obtained from third parties whenever possible and reviewed by the Company for reasonableness.

A summary of changes in Level 3 fair value measurements for risk management positions is presented below:

	Three Months Ended March 31,	
	2022	2021
Balance, Beginning of Year	\$ (172)	\$ (74)
Total Gains (Losses)	(553)	(237)
Purchases, Sales, Issuances and Settlements:		
Purchases, sales and issuances	-	-
Settlements	163	81
Transfers Out of Level 3	-	-
Balance, End of Period	\$ (562)	\$ (230)
Change in Unrealized Gains (Losses) During the Period Included in Net Earnings (Loss)	\$ (390)	\$ (156)

Quantitative information about unobservable inputs used in Level 3 fair value measurements is presented below as at March 31, 2022:

	Valuation Technique	Unobservable Input	Range	Weighted Average ⁽¹⁾
Risk Management - WTI Options	Option Model	Implied Volatility	15% - 80%	58%

(1) Unobservable inputs were weighted by the relative fair value of the instruments.

A 10 percent increase or decrease in implied volatility for the WTI options would cause an approximate corresponding \$15 million (\$15 million as at December 31, 2021) increase or decrease to net risk management assets and liabilities.

18. Financial Instruments and Risk Management

A) Financial Instruments

Ovintiv's financial assets and liabilities are recognized in cash and cash equivalents, accounts receivable and accrued revenues, other assets, accounts payable and accrued liabilities, risk management assets and liabilities, long-term debt, and other liabilities and provisions.

B) Risk Management Activities

Ovintiv uses derivative financial instruments to manage its exposure to cash flow variability from commodity prices and fluctuating foreign currency exchange rates. The Company does not apply hedge accounting to any of its derivative financial instruments. As a result, gains and losses from changes in the fair value are recognized in net earnings (loss).

Commodity Price Risk

Commodity price risk arises from the effect that fluctuations in future commodity prices may have on future cash flows. To partially mitigate exposure to commodity price risk, the Company has entered into various derivative financial instruments. The use of these derivative instruments is governed under formal policies and is subject to limits established by the Board of Directors.

Oil and NGLs - To partially mitigate oil and NGL commodity price risk, the Company uses WTI- and NGL-based contracts such as fixed price contracts and options. Ovintiv has also entered into basis swaps to manage against widening price differentials between various production areas, products and price points.

Natural Gas - To partially mitigate natural gas commodity price risk, the Company uses NYMEX-based contracts such as fixed price contracts, options and costless collars. Ovintiv has also entered into basis swaps to manage against widening price differentials between various production areas and benchmark price points.

Foreign Exchange Risk

Foreign exchange risk arises from changes in foreign currency exchange rates that may affect the fair value or future cash flows of the Company's financial assets or liabilities. To partially mitigate the effect of foreign exchange fluctuations on future commodity revenues and expenses, the Company may enter into foreign currency derivative contracts. As at March 31, 2022, the Company has entered into \$300 million notional U.S. dollar denominated currency swaps at an average exchange rate of C\$1.2848 to US\$1, which mature monthly through the remainder of 2022.

Risk Management Positions as at March 31, 2022

	Notional Volumes	Term	Average Price	Fair Value
Oil and NGL Contracts			US\$/bbl	
Fixed Price Contracts				
WTI Fixed Price	5.0 Mbbls/d	2022	60.16	\$ (45)
WTI Three-Way Options				
Sold call / bought put / sold put	75.0 Mbbls/d	2022	70.79 / 60.82 / 49.33	(550)
Sold call / bought put / sold put	18.8 Mbbls/d	2023	112.92 / 65.00 / 50.00	(19)
Basis Contracts ⁽¹⁾		2022		(7)
Other Financial Positions				
Oil and NGLs Fair Value Position				(621)
Natural Gas Contracts			US\$/Mcf	
Fixed Price Contracts				
NYMEX Fixed Price	365 MMcf/d	2022	2.60	(309)
NYMEX Three-Way Options				
Sold call / bought put / sold put	402 MMcf/d	2022	3.02 / 2.75 / 2.00	(296)
Sold call / bought put / sold put	178 MMcf/d	2023	7.70 / 3.53 / 2.53	(23)
NYMEX Costless Collars				
Sold call / bought put	200 MMcf/d	2022	2.85 / 2.55	(156)
NYMEX Call Options				
Sold call	330 MMcf/d	2022	2.38	(299)
Basis Contracts ⁽²⁾				
		2022		(14)
		2023		(17)
		2024 - 2025		(11)
Other Financial Positions				
Natural Gas Fair Value Position				1
Other Derivative Contracts				
Fair Value Position ⁽³⁾				(1,124)
Foreign Currency Contracts				
Fair Value Position ⁽⁴⁾		2022		9
Total Fair Value Position				\$ (1,735)

(1) Oventiv has entered into oil differential swaps associated with Canadian condensate and WTI.

(2) Oventiv has entered into natural gas basis swaps associated with AECO, Dawn, Malin, Waha, Houston Ship Channel and NYMEX.

(3) Includes credit derivatives and contingent consideration associated with certain prior years' divestitures.

(4) Oventiv has entered into U.S. dollar denominated fixed-for-floating average currency swaps to protect against fluctuations between the Canadian and U.S. dollars.

Earnings Impact of Realized and Unrealized Gains (Losses) on Risk Management Positions

	Three Months Ended	
	March 31,	
	2022	2021
Realized Gains (Losses) on Risk Management		
Commodity and Other Derivatives:		
Revenues ⁽¹⁾	\$ (446)	\$ (156)
Foreign Currency Derivatives:		
Foreign exchange	1	7
	\$ (445)	\$ (149)
Unrealized Gains (Losses) on Risk Management		
Commodity and Other Derivatives:		
Revenues ⁽²⁾	\$ (1,012)	\$ (271)
Foreign Currency Derivatives:		
Foreign exchange	3	(2)
	\$ (1,009)	\$ (273)
Total Realized and Unrealized Gains (Losses) on Risk Management, net		
Commodity and Other Derivatives:		
Revenues ⁽¹⁾⁽²⁾	\$ (1,458)	\$ (427)
Foreign Currency Derivatives:		
Foreign exchange	4	5
	\$ (1,454)	\$ (422)

(1) Includes a realized gain of \$2 million (2021 - nil), related to other derivative contracts.

(2) Includes an unrealized gain of nil (2021 - gain of \$2 million), related to other derivative contracts.

Reconciliation of Unrealized Risk Management Positions from January 1 to March 31

	2022		2021	
	Fair Value	Total Unrealized Gain (Loss)	Fair Value	Total Unrealized Gain (Loss)
Fair Value of Contracts, Beginning of Year	\$ (724)			
Change in Fair Value of Contracts in Place at Beginning of Year and Contracts Entered into During the Period	(1,454)	\$ (1,454)	\$	(422)
Settlement of Other Derivative Contracts	2			
Settlement of the Duvernay Derivative Contract During the Period (See Note 7)	(4)			
Fair Value of Contracts Realized During the Period	445	445		149
Fair Value of Contracts, End of Period	\$ (1,735)	\$ (1,009)	\$	(273)

Risk management assets and liabilities arise from the use of derivative financial instruments and are measured at fair value. See Note 17 for a discussion of fair value measurements.

Unrealized Risk Management Positions

	As at March 31, 2022	As at December 31, 2021
Risk Management Assets		
Current	\$ 2	\$ 1
Long-term	3	-
	5	1
Risk Management Liabilities		
Current	1,699	703
Long-term	42	25
	1,741	728
Other Derivative Contract Assets		
Current in accounts receivable and accrued revenues	7	9
	7	9
Other Derivative Contract Liabilities		
Current in accounts payable and accrued liabilities	1	1
Long-term in other liabilities and provisions	5	5
	6	6
Net Risk Management Assets (Liabilities) and Other Derivative Contracts	\$ (1,735)	\$ (724)

C) Credit Risk

Credit risk arises from the potential that the Company may incur a loss if a counterparty to a financial instrument fails to meet its obligation in accordance with agreed terms. While exchange-traded contracts are subject to nominal credit risk due to the financial safeguards established by the exchanges and clearing agencies, over-the-counter traded contracts expose Oventiv to counterparty credit risk. Counterparties to the Company's derivative financial instruments consist primarily of major financial institutions and companies within the energy industry. This credit risk exposure is mitigated through the use of credit policies approved by the Board of Directors governing the Company's credit portfolio including credit practices that limit transactions according to counterparties' credit quality. Mitigation strategies may include master netting arrangements, requesting collateral, purchasing credit insurance and/or transacting credit derivatives. The Company executes commodity derivative financial instruments under master agreements that have netting provisions that provide for offsetting payables against receivables. Oventiv actively evaluates the creditworthiness of its counterparties, assigns appropriate credit limits and monitors credit exposures against those assigned limits. As at March 31, 2022, Oventiv's maximum exposure of loss due to credit risk from derivative financial instrument assets on a gross and net fair value basis was \$61 million and \$12 million, respectively, as disclosed in Note 17. The Company had no significant credit derivatives in place and held no collateral at March 31, 2022.

As at March 31, 2022, cash equivalents include high-grade, short-term securities, placed primarily with financial institutions with strong investment grade ratings. Any foreign currency agreements entered into are with major financial institutions that have investment grade credit ratings.

A substantial portion of the Company's accounts receivable are with customers and working interest owners in the oil and gas industry and are subject to normal industry credit risks. As at March 31, 2022, approximately 88 percent (90 percent as at December 31, 2021) of Oventiv's accounts receivable and financial derivative credit exposures were with investment grade counterparties.

During 2015 and 2017, the Company entered into agreements resulting from divestitures, which may require Oventiv to fulfill certain payment obligations on the take or pay volume commitments assumed by the purchasers. The circumstances that would require Oventiv to perform under the agreements include events where a purchaser fails to make payment to the guaranteed party and/or a purchaser is subject to an insolvency event. The agreements expire in June 2024 with a fair value recognized of \$6 million as at March 31, 2022 (\$6 million as at December 31, 2021). The maximum potential amount of undiscounted future payments is \$51 million as at March 31, 2022, and is considered unlikely.

19. Supplementary Information

Supplemental disclosures to the Condensed Consolidated Statement of Cash Flows are presented below:

A) Net Change in Non-Cash Working Capital

	Three Months Ended March 31,	
	2022	2021
Operating Activities		
Accounts receivable and accrued revenues	\$ (501)	\$ (166)
Accounts payable and accrued liabilities	153	122
Current portion of operating lease liabilities	-	5
Income tax receivable and payable	2	(18)
	\$ (346)	\$ (57)

B) Non-Cash Activities

	Three Months Ended March 31,	
	2022	2021
Non-Cash Operating Activities		
ROU operating lease assets and liabilities	\$ (24)	\$ (13)
Non-Cash Investing Activities		
Property, plant and equipment accruals	\$ 41	\$ 30
Capitalized long-term incentives	5	-
Property additions/dispositions (swaps)	4	4

20. Commitments and Contingencies

Commitments

The following table outlines the Company's commitments as at March 31, 2022:

(undiscounted)	Expected Future Payments							Total
	2022	2023	2024	2025	2026	Thereafter		
Transportation and Processing	\$ 570	\$ 758	\$ 592	\$ 444	\$ 430	\$ 1,972	\$ 4,766	
Drilling and Field Services	94	24	-	-	-	-	118	
Building Leases	7	8	8	8	2	-	33	
Total	\$ 671	\$ 790	\$ 600	\$ 452	\$ 432	\$ 1,972	\$ 4,917	

Operating leases with terms greater than one year are not included in the commitments table above. The table above includes short-term leases with contract terms less than 12 months, such as drilling rigs and field office leases, as well as non-lease operating cost components associated with building leases.

Included within transportation and processing in the table above are certain commitments associated with midstream service agreements with VMLP as described in Note 14. Divestiture transactions can reduce certain commitments disclosed above.

Contingencies

Ovintiv is involved in various legal claims and actions arising in the normal course of the Company's operations. Although the outcome of these claims cannot be predicted with certainty, the Company does not expect these matters to have a material adverse effect on Ovintiv's financial position, cash flows or results of operations. Management's assessment of these matters may change in the future as certain of these matters are in early stages or are subject to a number of uncertainties. For material matters that the Company believes an unfavorable outcome is reasonably possible, the Company discloses the nature and a

range of potential exposures. If an unfavorable outcome were to occur, there exists the possibility of a material impact on the Company's consolidated net earnings or loss for the period in which the effect becomes reasonably estimable. The Company accrues for such items when a liability is both probable and the amount can be reasonably estimated. Such accruals are based on the Company's information known about the matters, estimates of the outcomes of such matters and experience in handling similar matters.

21. Subsequent Events

On May 9, 2022, Ovintiv issued a notice to the trustee to redeem the Company's \$1,000 million, 5.625 percent senior notes due July 1, 2024. The Company expects to use cash on hand and other existing sources of liquidity to complete the senior note redemptions on June 10, 2022.