

PACIFIC EXPLORATION & PRODUCTION CORP.

NEWS RELEASE

PACIFIC ANNOUNCES FORMATION OF A LENDER STEERING COMMITTEE AND APPOINTMENT OF LAZARD AS ITS FINANCIAL ADVISOR

Toronto, Canada, Thursday December 17, 2015 – Pacific Exploration & Production Corp. (TSX: PRE) (BVC: PREC) announced today that the syndicate of lenders under its U.S.\$1 billion revolving credit and guaranty agreement (the “**Revolving Credit Agreement**”) have formed a steering committee to negotiate the terms of a potential extension of covenant relief currently in place until December 28, 2015. The Company is seeking a similar extension under the following agreements: (i) the U.S.\$250 million credit and guaranty agreement with HSBC Bank USA, N.A., as agent; (ii) the U.S.\$109 million credit and guaranty agreement with Bank of America, N.A. as lender; and (iii) the U.S.\$75 million master credit agreement with Banco Latino Americano de Comercio Exterior, S.A. as lender (and together with the Revolving Credit Agreement, the “**Credit Agreements**”).

As previously announced on September 29, 2015, the Company obtained waivers (the “**Waivers**”) from its lenders in respect of the covenant that otherwise requires the Company to maintain its consolidated net worth above U.S.\$1 billion until December 28, 2015. The Waivers were obtained with respect to each of the Credit Agreements.

The Company also announced today the appointment of Lazard Frères & Co. LLC as its financial advisor in order to assist with the negotiations, which are ongoing.

The Company is not aware of any other material information that would account for the recent share price movement.

About Pacific:

Pacific is a Canadian public company and a leading explorer and producer of natural gas and crude oil, with operations focused in Latin America. The Company has a diversified portfolio of assets with interests in more than 85 exploration and production blocks in seven countries including Colombia, Peru, Guatemala, Brazil, Guyana, Papua New Guinea, Mexico and Belize. The Company’s strategy is focused on sustainable growth in production & reserves and cash generation. Pacific Exploration & Production is committed to conducting business safely, in a socially and environmentally responsible manner.

The Company’s common shares trade on the Toronto Stock Exchange and La Bolsa de Valores de Colombia under the ticker symbols PRE, and PREC, respectively.

Advisories:

Cautionary Note Concerning Forward-Looking Statements

This news release contains forward-looking statements. All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements regarding estimates and/or assumptions in respect of production, revenue, cash flow and costs, reserve and resource estimates, potential resources and reserves and the Company’s exploration and development plans and objectives)

PACIFIC EXPLORATION & PRODUCTION CORPORATION
1100 - 333 BAY STREET, TORONTO, ONTARIO M5H 2R2
TELEPHONE: (416) 362-7735 FAX: (416) 360-7783

are forward-looking statements. These forward-looking statements reflect the current expectations or beliefs of the Company based on information currently available to the Company. Forward-looking statements are subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, the Company. Factors that could cause actual results or events to differ materially from current expectations include, among other things: failure to obtain an extension of any of the Waivers, the terms of any Waivers, uncertainty of estimates of capital and operating costs, production estimates and estimated economic return; the possibility that actual circumstances will differ from the estimates and assumptions; failure to establish estimated resources or reserves; fluctuations in petroleum prices and currency exchange rates; inflation; changes in equity markets; political developments in Colombia, Guatemala, Peru, Brazil, Papua New Guinea, Guyana and Mexico; changes to regulations affecting the Company's activities; uncertainties relating to the availability and costs of financing needed in the future; the uncertainties involved in interpreting drilling results and other geological data; and the other risks disclosed under the heading "Risk Factors" and elsewhere in the Company's annual information form dated March 17, 2015 filed on SEDAR at www.sedar.com. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

Translation

This news release was prepared in the English language and subsequently translated into Spanish. In the case of any differences between the English version and its translated counterparts, the English document should be treated as the governing version.

FOR FURTHER INFORMATION:

Frederick Kozak
Corporate Vice President, Investor Relations
+1 (403) 705-8816
+1 (403) 606-3165

Roberto Puente
Corporate Sr. Manager, Investor Relations
+57 (1) 511-2298

Richard Oyelowo
Manager, Investor Relations
+1 (416) 362-7735

MEDIA CONTACT:

Peter Volk
Vice President Communications, North America
+1 (416) 362-7735