

PACIFIC EXPLORATION & PRODUCTION CORP.

NEWS RELEASE

PACIFIC ACQUIRES THE REMAINING 50% WORKING INTEREST IN THE CPE-6 BLOCK; INCREASING PRODUCTION, CASH FLOW AND NET RESERVES, WITHOUT AN IMMEDIATE CASH OUTLAY

Toronto, Canada, Monday, December 21, 2015 – Pacific Exploration & Production Corp. (TSX: PRE) (BVC: PREC) is pleased to announce that its wholly-owned subsidiary Meta Petroleum Corporation (“**Meta**”) has reached an agreement (the “**Agreement**”) with Talisman Colombia Oil & Gas Ltd. (“**Talisman**”) to acquire the remaining 50% working interest held by Talisman in the CPE-6 Block (the “**Block**”) in Colombia.

Ronald Pantin, Chief Executive Officer of the Company, commented: “This acquisition consolidates an important new heavy oil discovery in Colombia. Our net production before royalty will increase to 100% minus Variable Monthly Payments equal to 4 percent, which has an immediate positive impact on cash flow and doubles our net reserves in the Block without an initial cash outlay. Cash payments will be distributed in three tranches based on accumulated gross production thresholds of the Block. The first phase facilities are built and operating providing infrastructure to significantly increase production. The Company is looking forward to drilling and developing this heavy oil asset to its full potential, which contains a large amount of oil in place.”

The price to be paid by the Company to Talisman for the 50% working interest will be comprised of a royalty and cash payments based on production thresholds from the Block. Total cash consideration is entirely contingent on cumulative production and capped at U.S.\$48 million (the “**Maximum Price**”) calculated as follows:

- Variable Monthly Payments equal to four percent (4%) of the Monthly Net Total Production multiplied by an Applicable Price per Barrel; and
- Cash payments distributed in three tranches: (i) U.S.\$5 million payable once the accumulated gross production of the Block reaches a total of 5 million barrels (\$1/bbl); (ii) a second U.S.\$5 million once the accumulated gross production of the Block reaches a total of 10 million barrels (\$1/bbl); and (iii) a final U.S.\$5 million, once the accumulated gross production of the Block reaches a total of 20 million barrels (\$0.50/bbl). Any tranches of the cash consideration are subject and limited to the aggregate of such cash payments and Variable Monthly Payments reaching the Maximum Price of U.S.\$48 million.

The CPE-6 Block is located in the highly prolific southern Llanos Basin of Colombia. The Contract covers an area of approximately 240,000 hectares and lies along the regional heavy oil trend approximately 70 kilometres southwest of the Company's operated Rubiales and Quifa SW heavy oil fields. Block CPE-6 was initially awarded by the Agencia Nacional de Hidrocarburos of Colombia (the “**ANH**”) to the Meta-Talisman consortium in 2008 under a Technical Evaluation Agreement (“**TEA**”), which covered an area of over 600,000 hectares. However in 2011, Meta and Talisman exercised the contractual right to convert part of area covered by the TEA into an E&P contract. In late 2014, Phase 1 of facility construction was completed, providing infrastructure to handle 25,000 bbl/d of nominal fluid capacity with a crude oil processing capacity of 8,000 bbl/d of oil. As of December 31, 2014, the CPE-6

Block was estimated to contain 38 MMbbl of 2P reserves as evaluated by an independent third party evaluator.

The Agreement will be effective on December 17, 2015; however, the assignment of the Block is subject to ANH approval.

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) 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.

In addition, reported production levels may not be reflective of sustainable production rates and future production rates may differ materially from the production rates reflected in this press release due to, among other factors, difficulties or interruptions encountered during the production of hydrocarbons.

Reserves

The recovery and reserves estimates of crude oil and natural gas reserves provided in this news release taken from the independent reserve reports are estimates only, and there is no guarantee that the estimated reserves will be recovered. Actual crude oil and natural gas reserves may eventually be greater than or less than the estimates provided.

The estimated values disclosed in this news release do not represent fair market value. The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.

For further information relating to the Company's reserves, please see the Company's National Instrument 51-101 – Statement of Reserves Data and Other Oil and Gas Information dated March 18, 2015, which is available at www.sedar.com.

The reserves for the CPE-6 Block were evaluated by Petrotech Engineering Ltd. as set out in a report dated March 13, 2015, effective December 31, 2014, entitled “Evaluation of the Heavy Oil Reserve of Pacific Rubiales Energy Corp. in CPE-6 Block in the Eastern Llanos Basin in Colombia for Year-Ending 2014”.

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