

PACIFIC EXPLORATION & PRODUCTION CORP.

NEWS RELEASE

PACIFIC REACHES EXTENSION AGREEMENT WITH SIGNIFICANT GROUP OF NOTEHOLDERS

Toronto, Canada, Friday February 19, 2016 – Pacific Exploration & Production Corp. (TSX: PRE) (BVC: PREC) today announced that the Company has reached an agreement (the “**Noteholder Extension Agreement**”) with certain holders (the “**2019 Noteholders**”) of its 5.375% senior notes due 2019 (the “**2019 Notes**”) and certain holders (the “**2025 Noteholders**”, and together with the 2019 Noteholders, the “**Noteholders**”) of its 5.625% senior notes due 2025 (the “**2025 Notes**”, and together with the 2019 Notes, the “**Notes**”) pursuant to which the Noteholders have agreed, subject to certain terms and conditions, to forbear from declaring the principal amounts of such Notes (and certain additional amounts) due and payable (the “**Forbearance**”) until March 31, 2016 (the “**Extension Period**”).

The Forbearance is in respect of the previously-announced decision by the Company to not make the scheduled interest payments under the Notes due on January 19, 2016 (in the case of the 2025 Notes) and January 26, 2016 (in the case of the 2019 Notes) (collectively, the “**January Interest Payments**”) and to utilize a 30 day grace period pursuant to the applicable indentures (the “**Indentures**”) governing the Notes to assess strategic alternatives with respect to its capital structure.

Ronald Pantin, Chief Executive Officer of the Company, commented: “We are pleased to have worked with this group of significant creditors to obtain the Forbearance until March 31, 2016. The extension should allow the Company additional time to continue working with the Independent Committee of the Board of Directors, the Company’s financial and legal advisors as well as its lenders and the Noteholders to come to a consensual and comprehensive restructuring of the Company’s balance sheet.”

In addition to the Noteholder Extension Agreement, the Company is in the process of entering into forbearance agreements (the “**Lender Forbearance Agreements**” and together with the Noteholder Extension Agreement, the “**Extension Agreements**”) in respect of the following agreements: (i) U.S.\$1 billion revolving credit and guaranty agreement with a syndicate of lenders and Bank of America, N.A. as administrative agent (the “**Revolving Credit Agreement**”); (ii) U.S.\$250 million credit and guaranty agreement with HSBC Bank USA, N.A., as agent; (iii) U.S.\$109 million credit and guaranty agreement with Bank of America, N.A., as lender; and (iv) U.S.\$75 million master credit agreement with Banco Latino Americano de Comercio Exterior, S.A., as lender (collectively, the “**Credit Agreements**” and each lender and counterparty under the Credit Agreements, a “**Bank Lender**”).

The failure to pay the January Interest Payments will constitute Events of Default under the Indentures as of February 19, 2016. However, under the terms of the Noteholder Extension Agreement, holders of approximately 34% of the aggregate principal amount of outstanding 2019 Notes and 42% of the aggregate principal amount of outstanding 2025 Notes have agreed to forbear in the manner described above and to deliver letters to the trustee under the Indentures to that effect. Similarly, under the terms of the Lender Forbearance Agreements (once entered into), the requisite lenders pursuant to the Credit Agreements will agree, subject to certain terms and conditions, to also forbear from declaring the principal amounts of such Credit Agreements due and payable as a result of the certain specified defaults during the Extension Period.

The Company intends to use the Extension Period to continue to work with its creditors pursuant to the Indentures and the Credit Agreements to formulate a comprehensive plan to address the current oil price environment and ensure the long-term viability of its business. The Company remains, and intends to remain, current with its suppliers, trade partners and contractors. Normal operations continue in Colombia and the other jurisdictions within which the Company operates.

The Noteholder Extension Agreement will become effective once the requisite Bank Lenders have approved the entering into of the Lender Forbearance Agreements and the Lender Forbearance Agreements have been entered into (which the Company expects will occur today) and, subject to the satisfaction of certain terms and conditions, the Extension Agreements will be effective through March 31, 2016. Under the terms of the Extension Agreements, the Company has agreed with the Noteholders and the Bank Lenders that interest will not be paid pursuant to the Indentures or Credit Agreements during the Extension Period.

The Company is being advised by Lazard Frères & Co. LLC, Norton Rose Fulbright Canada LLP (Canada), Proskauer Rose LLP (U.S.), Zolfo Cooper (U.S.) and Garrigues (Colombia). The Independent Committee is being advised by Osler, Hoskin & Harcourt LLP.

The Noteholders, which hold in the aggregate approximately 40% of the approximately U.S.\$4.1 billion principal outstanding amount of notes issued by the Company (including 2019 Notes and 2025 Notes held by the Noteholders), are being advised by Evercore Group LLC (U.S.), Goodmans LLP (Canada) Paul, Weiss, Rifkind, Wharton & Garrison LLP (U.S.) and Cardenas y Cardenas Abogados (Colombia). The Steering Committee formed by the syndicate of lenders under the Revolving Credit Agreement is being advised by FTI Consulting (U.S.), Davis Polk & Wardwell LLP (U.S.), Torys LLP (Canada) and Gómez-Pinzón Zuleta Abogados (Colombia).

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, Mexico and Belize. 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 and its strategy) 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: the early termination of one or both of the Extension Agreements; the Extension Agreements not becoming effective because of the failure to obtain the requisite approvals of the Bank Lenders to the entering into of the Lender Forbearance Agreements or such agreements are otherwise not entered into; amounts becoming due and payable under the Notes notwithstanding the entering into of the Noteholder Extension Agreement whether through the actions of holders of Notes or the trustee under the Indentures or otherwise; amounts becoming due and payable under the Credit Agreements notwithstanding the entering into of the Lender Forbearance Agreement; the impact of the Events of Default in respect of the Notes on other material agreements of the Company, including acceleration of amounts payable thereunder or the termination of such agreements; failure to reach an agreement with lenders (including holders of each series of the Company's notes) to restructure the Company's capital structure; failure to satisfy any terms or conditions of any agreement with the lenders on a proposed restructuring; any negative impact on the Company's current operations as a result of any proposed restructuring or failure to reach an agreement with the lenders thereon; failure to satisfy the terms and conditions of any one of the Company's waiver agreements with applicable creditors or any other waiver, failure to obtain further extensions of any such waivers, failure to obtain waivers of other covenants, or failure to come to agreement on the minimum liquidity requirements, if and when required; the terms of any waivers, including the impact on the Company of any restrictions imposed upon it in connection with any of waivers or any other waiver; 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.

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