

PACIFIC EXPLORATION & PRODUCTION CORP.

NEWS RELEASE

PACIFIC PROVIDES AN UPDATE ON STATUS OF ITS RESTRUCTURING TRANSACTION

Toronto, Canada, Friday, October 21, 2016 – Pacific Exploration & Production Corporation (the “**Company**”) is pleased to provide an update with respect to its previously announced plan of compromise and arrangement (the “**Plan**”) pursuant to the Companies’ Creditors Arrangement Act (Canada) in connection with its comprehensive restructuring transaction (the “**Creditor/Catalyst Restructuring Transaction**”).

As previously announced on October 11, 2016, all of the conditions precedent to completion of the Creditor/Catalyst Restructuring Transaction have been satisfied or are in a position to be satisfied, but for the release of a lien created by an order of the Colombian Superintendence of Corporations (the “**Superintendence**”) made on June 10, 2016. The Company has made submissions to the Superintendence in respect of this lien and is waiting for a decision. The Company will issue a further news release at such time as the decision is made in order to confirm timing of closing of the Creditor/Catalyst Restructuring.

The Company confirms that the share or cash distributions under the Plan as set out in the Company’s news release of September 26, 2016 remain unchanged. The Toronto Stock Exchange has conditionally approved the listing of the Company’s common shares upon implementation of the Creditor/Catalyst Restructuring Transaction, which listing is subject to the satisfaction of customary listing conditions.

Shareholder Contact Information

Shareholders are reminded that any questions or concerns can be directed to the Company at ir@pacificcorp.energy.

Noteholder Contact Information

Noteholders with questions about the Plan are encouraged to contact Kingsdale Shareholder Services at 1-877-659-1821 toll-free in North America or call collect at 1-416-867-2272 outside of North America or by email at contactus@kingsdaleshareholder.com.

About Pacific:

Pacific Exploration & Production Corp. 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 60 exploration and production blocks in various countries including Colombia, Peru, Guatemala, Guyana 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.

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 the Plan (including share distributions under the Plan), conditions to implementation of the Plan (including the release by the Superintendence of the lien created by the Order), timing of the implementation of the Plan (including whether the Company will exit from creditor protection) and effect of the Plan on the Company 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 Company's ability to continue as a going concern upon completion of the Plan; volatility in market prices for oil and natural gas; a continued depressed oil price environment with a potential of further decline; default under the Company's credit facilities and/or the Company's senior notes due to a breach of covenants therein; amounts becoming due and payable under the credit facilities and/or the senior notes, notwithstanding the entering into of support arrangements, whether through the actions of holders of senior notes or the trustee under the respective senior note indentures or otherwise; the impact of events of defaults in respect of the credit facilities and/or senior notes on other material contracts of the Company, including but not limited to, cross-defaults resulting in acceleration of amounts payable thereunder or the termination of such agreements notwithstanding the protection obtained by the Company under the Companies' Creditors Arrangement Act proceedings in Canada and/or sought in proceedings under other applicable jurisdictions (including Colombia and the United States); failure of the Company to complete the Creditor/Catalyst Restructuring Transaction, which is subject to a number of conditions (including the release by the Superintendence of the lien created by the Order) and other risks and uncertainties; failure to satisfy any terms or conditions of any other agreement with the Company's creditors on a proposed restructuring; any negative impact on the Company's current operations as a result of the Creditor/Catalyst Restructuring Transaction or failure to implement the Plan or reach any other agreement with creditors; perceptions of the Company's prospects and the prospects of the oil and gas industry in Colombia and the other countries where the Company operates and/or has investments as the result of the entering into of the Creditor/Catalyst Restructuring Transaction or otherwise commencing voluntary insolvency proceedings or otherwise; inability to obtain a listing on a stock exchange acceptable to the Company, the sponsor of, and certain creditors supporting, the Plan; the effect of the Creditor/Catalyst Restructuring Transaction on the Company's business and operations; political developments in Colombia, Guatemala, Peru, Guyana and Mexico; liabilities inherent in oil and gas operations; uncertainties associated with estimating oil and natural gas reserves; competition for,

among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; incorrect assessments of the value of acquisitions and/or past integration problems; geological, technical, drilling and processing problems; fluctuations in foreign exchange or interest rates and stock market volatility; delays in obtaining required environmental and other licences; uncertainty of estimates of capital and operating costs, production estimates and estimated economic return; the possibility that actual circumstances will differ from estimates and assumptions; uncertainties relating to the availability and costs of financing needed in the future; changes in income tax laws or changes in tax laws, accounting principles and incentive programs relating to the oil and gas industry; and the other factors discussed under the heading entitled "Risk Factors" and elsewhere in the Company's AIF dated March 18, 2016 filed on SEDAR at www.sedar.com and in the circular dated July 8, 2016 prepared in connection with the meeting to approve the Plan. 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:

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