

TORONTO, April 22, 2016 /CNW/ - Pacific Exploration & Production Corporation ("Pacific" or the "Company") has retained Kingsdale Shareholder Services, North America's preeminent shareholder services firm, to act as its strategic advisor and proxy solicitation agent in relation to the previously-announced comprehensive restructuring agreement among the Company, certain holders (the "Noteholders") of the Company's senior unsecured notes (the "Notes"), certain of the lenders under the Company's credit facilities (the "Lenders") and The Catalyst Capital Group Inc. ("Catalyst") to effect a comprehensive financial restructuring (the "Restructuring Transaction") that will significantly reduce debt, improve liquidity, and best position the Company to navigate the current oil price environment.

As previously announced, the Company has entered into a support agreement (the "Support Agreement ") with: (i) certain members ("Supporting Noteholders ") of an ad hoc committee of Noteholders (the "Ad Hoc Committee "), (ii) certain of the Lenders (the "Supporting Bank Lenders ", and together with the Supporting Noteholders, the "Supporting Creditors "), and Catalyst in connection with the Restructuring Transaction.

The Supporting Creditors in the aggregate hold approximately 49% of the aggregate principal amount of the debt (being approximately U.S.\$5.3 billion) held by the Noteholders and Lenders. Subject to the terms and conditions of the Support Agreement, the Supporting Creditors have agreed to support and vote in favour of the Restructuring Transaction.

The key features of the Restructuring Transaction have been provided in the Company's news release of April 20, 2016, a copy of which is posted on the Company's website at www.pacific.energy

Under the terms of the Restructuring Transaction, Noteholders who have signed and returned a joinder to the Support Agreement on or before 5:00 p.m. (Toronto/ New York time) on April 29, 2016 in accordance with the procedures set out in the Support Agreement and the joinder shall ALSO receive their pro rata share of 2.2% of the common shares of the reorganized Company (the "Supporting Noteholder Consideration").

All Noteholders are encouraged to sign the Support Agreement in the manner set out below and must do so on or before 5:00 p.m. (Toronto/ New York time) on April 29, 2016 be entitled to receive their pro rata share of the Supporting Noteholder Consideration.

Noteholders with questions or wishing to sign and return the Support Agreement 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.

PROCEDURE TO OBTAIN SUPPORTING NOTEHOLDER CONSIDERATION

All Noteholders are able and encouraged to sign the Support Agreement by execution of a joinder thereto. A copy of the Support Agreement and the joinder are available on the Company's website at www.pacific.energy.

Under the terms of the Restructuring Transaction, Noteholders who have signed and returned a joinder to the Support Agreement on or before 5:00 p.m. (Toronto/ New York time) on April 29, 2016 in accordance with the procedures set out in the Support Agreement and the joinder shall receive their pro rata share of the Supporting Noteholder Consideration. The Supporting Noteholder Consideration shall be payable subject to, and only upon, consummation of the Restructuring Transaction. If a Supporting Noteholder otherwise entitled to the Supporting Noteholder Consideration transfers (in accordance with the Support Agreement) the Notes in respect of which such Supporting Noteholder Consideration would have been payable, the transferee of such Notes shall be entitled to that portion of the Supporting Noteholder Consideration attributable to the transferred Notes. The Supporting Noteholder Consideration shall not be payable if the Supporting Noteholder terminates its obligations under the Support Agreement. The amount of the consideration will be funded from the pro rata portion of the Affected Creditors Consideration otherwise allocated to the Noteholders as affected creditors under the Restructuring Transaction and will not impact the pro rata recovery of the lenders under the Company's credit facilities, under the terms of the Restructuring Transaction.

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.), Garrigues (Colombia) and Kingsdale Shareholder Services (Canada). The Independent Committee is being advised by Osler, Hoskin & Harcourt LLP and UBS Securities Canada Inc. The Noteholders forming part of the funding creditors are being advised by Evercore Group L.L.C. (U.S.), Goodmans LLP (Canada), Paul, Weiss, Rifkind, Wharton & Garrison LLP (U.S.) and Cardenas y Cardenas Abogados (Colombia). FTI Consulting (U.S.), Davis Polk & Wardwell LLP (U.S.), Torys LLP (Canada) and Gómez-Pinzón Zuleta Abogados (Colombia) are counsel to the agent on the revolving credit facility of the Company, and Seward & Kissel is counsel to the agent on the HSBC Bank, USA, N.A. term loan of the Company. Catalyst is being advised by Brown Rudnick LLP (U.S.), McMillan LLP (Canada) and GMP Securities L.P.

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 70 exploration and production blocks in various countries including Colombia, Peru, Guatemala, Brazil, 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 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 Company's ability to continue as a going concern; 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 prior to voluntary insolvency proceedings, notwithstanding the entering into of such forbearance 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; failure of the courts or other regulatory authorities to grant the protection sought by the Company under proceedings in Canada and/or proceedings under other applicable jurisdictions; failure of a sufficient number of supporting creditors entering into the support agreement; impact on the Restructuring Transaction or the operations of the Company in the event of an involuntary petition for bankruptcy relief or similar creditor action filed against the Company prior to the commencement of voluntary proceedings; failure of the Company to complete the Restructuring Transaction, which is subject to a number of conditions and other risks and uncertainties including, without limitation, court and required regulatory approvals or otherwise reach an agreement with its creditors or a sufficient number of them to restructure the Company's capital structure; 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 Restructuring Transaction or any other proposed restructuring or failure to reach any other agreement with the creditors thereon; failure to satisfy the terms and conditions of any one of the Company's waiver agreements with applicable creditors or counterparties or any other waiver prior to voluntary insolvency proceedings, failure to obtain further extensions of any such waivers if required prior any voluntary insolvency proceedings, or failure to obtain waivers of other covenants prior to voluntary insolvency proceedings, if and when required; the terms of any such waivers, including the impact on the Company of any restrictions imposed upon it in connection with any waiver; 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 Restructuring Transaction or otherwise; expectations regarding the Company's ability to raise capital and to continually add to reserves through acquisitions and development; inability to continue meeting the listing requirements of the exchanges on which the Company's securities are listed due to the Restructuring Transaction; the cancellation or extensive dilution of the Company's equity securities as a result of the Restructuring Transaction; the effect of the Restructuring Transaction on the Company's business and operations; political developments in Colombia, Guatemala, Peru, Brazil, 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 licenses; 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. 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.

Contact

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