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CIRCULAR 138-16
November 1, 2016

**FINAL CONTRACT ADJUSTMENT
Pacific Exploration & Production Corporation (PRE)
Plan of arrangement**

THE FOLLOWING INFORMATION IS PREPARED FOR THE CONVENIENCE OF CANADIAN DERIVATIVES CLEARING CORPORATION (CDCC) MEMBERS AND BOURSE DE MONTRÉAL INC. (THE BOURSE) APPROVED PARTICIPANTS. THIS DOCUMENT IS AN UNOFFICIAL SUMMARY OF CERTAIN TERMS OF THE AFOREMENTIONED ADJUSTMENT. CDCC AND THE BOURSE ACCEPT NO RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THE SUMMARY. CDCC MEMBERS AND BOURSE APPROVED PARTICIPANTS MUST ENSURE THEY HAVE REVIEWED THE DOCUMENTATION PUBLISHED BY THE ISSUERS INVOLVED IN THIS CORPORATE ACTION.

The Bourse and CDCC wish to inform you that Pacific Exploration & Production Corporation (“Pacific Exploration”) provided an update on November 1, 2016 with respect to its previously announced plan of compromise and arrangement (the "Plan") in connection with its comprehensive restructuring transaction (“the Transaction”).

The last update informs that all the conditions precedent to completion of the 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 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. So that Pacific Exploration common shares will be consolidated on the basis of one post-consolidated share (“the NEW share”) for each 100,000 common shares of the Company outstanding immediately prior to implementation of the Plan and any fractional common shares will be rounded down to the nearest whole number without consideration in respect thereof. Accordingly, every person that holds fewer than 100,000 common shares of the Company will cease to be a shareholder of the Company following the implementation of the Plan.

Under the terms of the agreement, PRE shareholders will receive cash in lieu of fractional shares.

The effective date of the Plan is November 2nd 2016 and the NEW share is expected to be listed for trading on the Toronto Stock Exchange on November 3rd, 2016.

After the effective date the Auto-Exercise function will not be available for PRE2. Manual exercises only are permitted and must be processed manually by the member firm.

Pacific Exploration & Production Corporation (PRE)

CDCC - Adjustment Details:

Pursuant to Terms of Adjustment provided in Section A-902 of the Rules of CDCC, all PRE options will be adjusted as follows:

- **EFFECTIVE DATE:** **November 2, 2016**
- **OPTIONS SYMBOL:** **PRE2**
- **NUMBER OF CONTRACTS:** **Unchanged**
- **MULTIPLIER:** **100**
- **NEW DELIVERABLE PER CONTRACT:** **Cash in lieu of shares and fractional shares equivalent to the price of the NEW share divided by 1,000**
- **STRIKE PRICES:** **Unchanged**
- **POSITION AND EXERCISE LIMITS:** **The position and exercise limits will be fixed at 25,000 contracts.**
- **CUSIP :** **NOTACUSIP**

CDCC will not accept escrow receipts on these adjusted series

Bourse de Montréal Inc. - Adjustment Details:

It is important to note that on the effective date mentioned above, all open orders on this option class **will not be automatically modified** to reflect the corporate action and will therefore have to **be re-entered** into the Montreal Automated System (SAM) by the approved participants.

The existing series of PRE options class will be transferred to the PRE2 options class representing the new deliverable. Please note that only closing transactions will be permitted on the adjusted class. Actual series that do not have open interest will not be adjusted.

Pacific Exploration & Production Corporation		
Actual Strike Prices	Actual Class Symbol	New class symbol
\$ 2.50	PRE	PRE2
\$ 3.00	PRE	PRE2
\$ 4.00	PRE	PRE2
\$ 5.00	PRE	PRE2
\$ 6.00	PRE	PRE2
\$ 7.00	PRE	PRE2
\$ 8.00	PRE	PRE2
\$ 9.00	PRE	PRE2
\$ 10.00	PRE	PRE2
\$ 11.00	PRE	PRE2
\$ 12.00	PRE	PRE2
\$ 13.00	PRE	PRE2
\$ 14.00	PRE	PRE2
\$ 15.00	PRE	PRE2
\$ 16.00	PRE	PRE2
\$ 17.00	PRE	PRE2
\$ 18.00	PRE	PRE2
\$ 19.00	PRE	PRE2
\$ 20.00	PRE	PRE2
\$ 21.00	PRE	PRE2
\$ 22.00	PRE	PRE2
\$ 23.00	PRE	PRE2
\$ 24.00	PRE	PRE2
\$ 25.00	PRE	PRE2
\$ 26.00	PRE	PRE2

Numerical Example:

Deliverable

For a position of **X** (PRE2) option contracts, the deliverable will be **X/1,000** times the value of “the NEW share” following the Plan.

For 1,400 PRE2 option contracts position, the deliverable will be 1.4 times the value of the NEW

share. Likewise, for 600 PRE2 option contracts position, the deliverable will be 0.6 times the value of the NEW share.

Any fraction below 0.01 dollars will be rounded up to 0.01 dollars.

Moneyiness

The option moneyiness will be determined as follow:

The value of the NEW share/100,000 < Strike price → the call option is out of the money and the put option is in the money.

The value of the NEW share/100,000 > Strike price → the call option is in the money and the put option is out of the money.

PLEASE ENSURE THAT ALL CLIENTS WHO HAVE EITHER LONG OR SHORT POSITIONS IN THIS OPTION CLASS ARE ADVISED OF THIS NOTICE.

For further information, please contact Market Operations Department at (514) 871-7877. Clearing members may contact the CDCC Member Services Department.

Luc Fortin
Interim President & CEO
Montréal Exchange