

**PACIFIC EXPLORATION & PRODUCTION CORPORATION**  
**(the “Corporation”)**

**MANDATE OF THE LEAD INDEPENDENT DIRECTOR**

**PURPOSE**

In circumstances where the Chairman (or Co-Chairman, as the case may be) of the board of directors of the Corporation (the “**Board**”) is not independent, the Board considers it to be useful and appropriate to designate a Lead Independent Director to coordinate the activities of the other independent directors, preside over the Board when the Chairman is not present, and perform such other duties and responsibilities as the Board may determine.

**SELECTION PROCESS**

The Corporate Governance and Nominating Committee of the Board (“**CGNC**”) shall discuss the appointment of the Lead Independent Director in executive session and make a recommendation to the Board regarding such appointment. The Lead Independent Director shall be elected for a one-year term by a majority vote of the members of the Board at the board meeting following the annual meeting of shareholders. The Lead Independent Director may be removed from the position of Lead Independent Director, with or without cause, by a majority vote of the members of the Board or by the appointment of a new Lead Independent Director.

**QUALIFICATIONS**

The Lead Independent Director must qualify as an independent director under applicable securities laws, rules or guidelines, and applicable stock exchange requirements or guidelines and any other regulatory rules.

The Lead Director shall be an Independent Director (as defined below). He will oversee the discharge of the Board’s responsibilities, ensure that the Board evaluates the performance of management objectively and that the Board understands the boundaries between the Board and management responsibilities.

The Lead Director should be able to stand sufficiently back from the day-to-day running of the business to ensure that the Board is in full control of the Corporation's affairs and alert to its obligations to the shareholders.

**RESPONSIBILITIES AND DUTIES**

The responsibilities and duties of the Lead Independent Director are to:

1. Preside at the executive sessions of the non-management members of the Board (“**Independent Directors**”), and provide feedback to the Chairman and other senior executives, as appropriate, from such executive sessions of the Independent Directors;
2. Chair periodic meetings of the Independent Directors and assume other responsibilities which the Independent Directors as a whole might designate from time to time;
3. Call meetings of the Independent Directors, when deemed necessary, and set the agenda for such meetings and shall report to the Board concerning the deliberations of the Independent Directors as required;

4. In the event that there is a conflict of interest due to a director's interest in a proposed transaction or action of the Corporation, the Lead Independent Director shall ensure that necessary action is taken to ensure that the conflict is addressed in accordance with "Division 3 – Conflict of Interest" of the Business Corporations Act (British Columbia), including adequate disclosure of such interest.
5. Serve as liaison between the Independent Directors and the Chairman on Board issues, to facilitate timely communication between management and the Board, without impeding or replacing direct communication between the Chairman and other directors;
6. Consult with the Chairman on agendas for Board and committee meetings;
7. Chair Board meetings when the Chairman is not in attendance, subject to the provisions of the by-laws of the Corporation;
8. Provide leadership for the Independent Directors and ensure that the effectiveness of the Board is assessed on a regular basis;
9. Facilitate, in conjunction with the Chairman, the effective and transparent interaction of Board members and management;
10. Provide feedback to the Chairman and act as a sounding board with respect to strategies, accountability, relationships and other issues; and
11. Perform such other duties as the Board of the Corporation may from time to time delegate to the Lead Independent Director.

#### **ADVISORS**

The Lead Independent Director may consult with outside counsel and other advisors as he or she deems appropriate in fulfilling the Lead Independent Director role.

#### **ANNUAL REVIEW**

On an annual basis, the Lead Independent Director, in consultation with the CGNC, shall review the adequacy of this Mandate, and recommend to the Board any modifications or changes hereto for approval by the Board.