

**POLICY RELATING TO ANTI-MONEY LAUNDERING AND
TERRORIST FINANCING (the “Policy”)**

(Initially adopted by the Board of Directors on May 31, 2011)

**PACIFIC EXPLORATION & PRODUCTION CORPORATION AND ITS SUBSIDIARIES
(collectively, the “Corporation”)**

Money laundering is the activity of channelling into legitimate financial and economic circulation currency or monetary instruments originating from criminal activities such as bribery, drug-trafficking and terrorism, while concealing the criminal origins of such currency or monetary instruments, into legitimate legal financial and economic circulation.

Terrorist financing is the activity of channelling currency or monetary instruments for the purposes of undertaking terrorist activities such as intentionally killing, seriously harming or endangering an individual or causing substantial damage to a property that is likely to kill, seriously harm or endanger an individual.

In no way does the Corporation condone, facilitate or support money laundering or terrorist financing activities. To this end, this Policy re-affirms the Corporation's commitment, as expressed in the Code of Business Conduct and Ethics of the Corporation, as amended and updated from time to time (the “Code”), to comply with all laws, rules and regulations, including those designed to combat money laundering activity and terrorist financing.

This Policy is created to assist directors, officers and employees of the Corporation in conducting the dealings of the Corporation appropriately such that legitimate business activities are distinguished from illegal or suspicious activities which are connected in whole or in part with money laundering and terrorist financing. To this end, this Policy should be considered to form an integral part of the Code with which all directors, officers and employees of the Corporation are required to comply.

In general, anyone subject to this Policy and the Code should:

- not knowingly instigate or otherwise participate in any money laundering or terrorist financing schemes;
- not deal (directly or indirectly) with persons known to be involved in such schemes; and
- report any illegal, suspicious or abnormal activity immediately.

Those subject to this Policy and the Code will be expected to rely on their professional judgment to determine what is reasonable and what is suspicious or abnormal in our normal business circumstances. In particular, you should be wary of “red flags” such as:

- Payment irregularities including:
 - payments made by someone not party to a contract;
 - payments to or from accounts other than normal business relationship accounts;

- requests to make multiple payments for one invoice for no apparent reason;
 - requests for overpayment; and
 - attempts to make payments for cash equivalents.
- Contractual parties who appear to lack integrity, which requires:
 - continual assessment of the integrity of current and potential business relationships in addition to compliance with any business relationship identification requirements of the Corporation; and
 - regular communication with current and potential business relationships as to the Corporation's expectations under the Code and this Policy.

An integral part of this Policy is compliance with the sections of the Code entitled “Accuracy of Books and Records”, and “Accounting, Auditing or Disclosure Concerns”, which will provide the Corporation with an opportunity to monitor transactions above and beyond the exercise of professional judgment of employees closely involved in any business relationship and transaction.

As an employee, if you believe that a violation of this Policy or the Code has occurred, or if you suspect any illegal, suspicious or abnormal activity that may be related to money laundering or terrorist financing activities, you have an obligation to promptly report the relevant information to your supervisor. However, if you feel uncomfortable approaching your supervisor, or if you have any specific or general questions, you may contact the General Counsel and Secretary or the Chief Financial Officer. Alternatively, you can utilise the Corporation's “Whistleblower” hotline, described in greater detail in the Whistleblowing Compliance Hotline memorandum. Directors and officers should promptly report any violations or suspicions to the Chairperson of the Board or to the relevant committee Chairperson.

Sections of the Code entitled “Treatment of Reports and Complaints”, “Penalties for Violation of the Code”, “Contact Information”, “Disciplinary Action for Code Violations”, and “Legal Notice” apply equally to this Policy, as if references to the “Code” were replaced with references to this Policy.

The consequences of non-compliance with the applicable laws, rules and regulations regarding money laundering and terrorist financing, and with this Policy, are not only significant criminal, civil and disciplinary penalties but also considerable reputational harm from any association with such activities.

CURRENCY OF THIS POLICY

This Policy was approved by the Board on May 31, 2011.