

**PACIFIC ENERGY RESOURCES LTD.**

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**Pacific Energy Resources Ltd. Announces  
Third Quarter 2008 Operating and Financial Results**

**Long Beach, California, November 17, 2008** – Pacific Energy Resources Ltd. (TSX:PFE) (the “Company”) announced its third quarter operating and financial results. Comparisons of current results to the comparable period in 2007 are not as meaningful given the acquisition of the Alaska properties on August 27, 2007.

Production from continuing operations (after giving effect for divestitures that closed in July 2008) was 7,412 barrels of oil equivalent per day (“boe/d”), up 9.3% from 6,780 boe/d in the second quarter of 2008 and up 144.5% from 3,031 boe/d in the third quarter of 2007. The increases are due to the return to production of Platform Eureka in the Beta Field.

Oil and gas revenue of \$67.3 million for the third quarter of 2008 was down 3.4% from the second quarter of 2008, but up by 158.4% from the third quarter of 2007. The realized price of oil per barrel, before hedging losses, was \$111 in the third quarter of 2008 compared to \$120 in the second quarter of 2008. Oil revenue per barrel, after hedging losses, was \$84 in the third quarter of 2008 compared to \$88 in the second quarter of 2008.

Lease operating expenses (“LOE”) decreased to \$36 per barrel for the third quarter of 2008 from \$38 per barrel in the second quarter of 2008.

Adjusted EBITDA from continuing operations remained flat at \$9.4 million for the third quarter of 2008 compared to the second quarter of 2008, but increased substantially from \$1.5 million in the third quarter of 2007. Please see the end of this release for a definition of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to net loss.

Company president Darren Katic, “We are pleased to report continued production increases from our Eureka platform in the Beta Field, offshore California, with the added benefit of reducing our LOE per barrel. As we bring on additional production from Eureka we expect this trend to continue.”

General and administrative expense (“G&A”) was essentially unchanged at \$2.6 million for the third quarter of 2008 compared to \$2.7 million for the second quarter of 2008. Third quarter 2008 G&A increased from the \$2.1 million incurred for the third quarter of 2007, due to the hiring of additional staff as a result of the Alaska acquisition in late August 2007.

Cash interest expense was \$17.7 million for the third quarter of 2008, compared to the second quarter’s \$17.4 million and up significantly from the third quarter of 2007 amount of \$3.3 million reflecting the debt incurred to fund the August 27, 2007 acquisition of the Alaska properties.

Net loss from continuing operations for the third quarter of 2008 was \$24.8 million (\$0.12 per diluted share), compared to \$24.9 million in the second quarter of 2008 (\$0.12 per share) and a loss of \$18.9 million (\$0.13 per diluted share) for the third quarter of 2007.

Net income for the third quarter of 2008 increased to \$49.2 million (\$0.24 per diluted share) compared to a loss of \$20.3 million (\$0.14 per diluted share) in the third quarter of 2007. Included in the 2008 results is an after tax gain of \$74.4 million from the sale of its onshore California assets in July 2008. Sales proceeds of \$127.7 million were used to repay \$63.0 million of debt, extinguish \$29.7 million of hedge liabilities, and pay \$6.4 million to terminate the non-controlling interest in these properties, with the balance added to working capital.

#### **Status of Credit Agreement Amendments:**

As previously disclosed, the Company is in violation of covenants contained in credit and swap agreements with its lenders. The covenant violations provide the lenders the right to demand repayment; however, they have not demanded repayment or waived the covenant violations. The Company and the lenders are currently in the final stages of negotiating amendments to the agreements. The Company believes it will obtain satisfactory amendments, although there is no assurance this will be achieved.

#### **Updated Guidance:**

Given the steep decline in oil prices over the last three months combined with the ongoing credit market conditions, we have reduced our capital expenditure program for the remainder of 2008. While the capital spending budget and resulting production budget have not yet been established for 2009 we do expect this trend to continue through the first quarter of 2009. We currently expect to maintain capital expenditures at a level that will support existing production levels through the remainder of 2008. We are also retaining the flexibility to further reduce our capital expenditures in the event of even lower commodity price levels in the future.

#### **Operational Update:**

##### *Cook Inlet, Alaska:*

Production in Alaska was 4,508 boe/d for the third quarter of 2008. This production level is up 4.7% from 4,305 boe/d in the second quarter of 2008, and down slightly from 4,624 boe/d in September 2007 (the first month of production following its acquisition in late August 2007). LOE decreased 2.2% to \$40 per barrel for third quarter of 2008 compared to the second quarter of 2008 of \$41. Capital spending for the third quarter of 2008 was \$7.5 million.

##### *Beta Field, California:*

Including both Platforms Eureka and Ellen, total Beta Field production was 2,905 boe/d in the third quarter of 2008, compared to 2,475 boe/d in the second quarter of 2008, 1,807 boe/d in the first quarter of 2008 and 1,523 boe/d in the third quarter of 2007. This significant production growth is due to a program to return Platform Eureka to full production, with first production beginning in April 2008.

Platform Eureka had been shut in since 1999 and was partially returned to production in 13 months from the date the Company took over as operator. Production at Eureka at the end of June 2008 was approximately 1,000 boe/d. In the third quarter of 2008, the Company completed the refurbishment of the rig on Eureka and began working over six additional wells to add a further 1,000 boe/d. On October 23, 2008, the Company reached its phase II production target of 2,000 boe/d bringing the total production from the Beta Field to approximately 3,300 boe/d. In 2009, the Company will be working towards achieving the next production target which will bring Eureka back to the full production volume at the time the platform was shut in: approximately 4,600 boe/d from its current level of approximately 2,000 boe/d.

As a result of the production increases, LOE for the Beta Field decreased 14.5% to \$28 per barrel in the third quarter 2008 from \$33 per barrel in the second quarter of 2008 and decreased 37.5% compared to \$46 per barrel for the third quarter of 2007.

Capital spending for the third quarter of 2008 was \$3.4 million, principally to bring on the additional production at Platform Eureka.

**Exploration:**

As a requirement to maintain its Corsair Unit leases in good standing, on October 31, 2008, the Company submitted a conditional contract for a heavy lift vessel to transport a jackup rig to the State of Alaska. This contract was entered into jointly with a third party who will be responsible for 50% of the mobilization costs should the contract become effective. There are several conditions necessary for the contract to become effective including a request to the State of Alaska Department of Natural Resources to extend a number of leases for as many as 3 years. These leases include the Company's as well as leases of the third party. The Company has not received word back from the State of Alaska as to whether the leases will be extended or if this contract will satisfy the requirements for the Corsair leases. If the State does not accept the conditional transportation contract or the Company's request to extend the leases, the Company may not be able to retain legal title to the Corsair Unit leases.

By way of background, the Company's primary exploration prospect consists of the Corsair Unit leases in the Cook Inlet, Alaska. The Corsair Unit consists of four state leases totaling approximately 27,000 acres in which the Company holds a 100% working interest. These leases have several specific obligations to the State of Alaska that must be met in order to maintain the leases. The obligations for the core leases include evidence of a rig capable of drilling the prospect, evidence of transportation for the rig, and drilling of the prospect that must commence during the 2009 drilling season by June 30, 2009. The Company has previously demonstrated contractual evidence of a rig to drill the Corsair prospect.

**Corporate Matters:**

The Company continues to work towards the establishment of a surety line to allow it to replace a portion of the approximate \$100 million in cash it has on deposit for abandonment liability and performance deposits. If the Company is able to secure a new surety line, and provide surety bonds in amounts and form required by regulatory agencies, restricted cash freed up as a result thereof would be used to repay a portion of its debt.

**Conference Call:**

The Company will schedule a conference call for investors and analysts following the conclusion of amending its credit agreements with its lenders.

**About Pacific Energy Resources Ltd.:**

Pacific Energy Resources Ltd. is an oil and gas exploration and development company based in Long Beach, California, U.S.A. Additional information relating to the Corporation may be found on SEDAR at [www.sedar.com](http://www.sedar.com) or the Company web site at [www.pacenergy.com](http://www.pacenergy.com)

ON BEHALF OF THE BOARD OF DIRECTORS

**PACIFIC ENERGY RESOURCES LTD.**

*"Darren Katic"*  
President

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Note: This release contains forward-looking statements that involve risks and uncertainties certain of which are beyond the Company's control, including: the impact of general economic conditions, industry conditions, changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced, increased competition, the lack of availability of qualified personnel or management, fluctuations in commodity prices, foreign exchange or interest rates, stock market volatility and obtaining required approvals of regulatory authorities. These statements may differ materially from actual future events or results, are based on current expectations or beliefs and include, but are not limited to, statements concerning the timing, amounts, and costs of returning Platform Eureka to full production status, projections for oil and gas production from our areas of operation, our ability to successfully retain a legal interest in the Corsair Unit leases, our ability to reach satisfactory amendments to our credit agreements and our ability to access the surety market and achieve a release of cash on deposit securing abandonment liabilities. These statements are based on assumptions made by the Company based on its experience, perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate in the circumstances. The Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements.

**Pacific Energy Resources Ltd.**  
**Operating and Financial Highlights**  
**As of and for the period ended Sept. 30, 2008**  
(thousands except volumes, per barrel and per share)  
(US\$) (Unaudited) <sup>(1,2)</sup>

	<u>As of or for the Three Months Ended</u>			<u>% Change From</u>	
	<u>September 30,</u> <u>2008</u>	<u>June 30,</u> <u>2008</u>	<u>September 30,</u> <u>2007</u>	<u>June 30,</u> <u>2008</u>	<u>September 30,</u> <u>2007</u>
<b><u>Operating</u></b>					
Total oil equivalent production - boe/d					
California	2,905	2,475	1,523	17.4%	90.7%
Alaska <sup>(3)</sup>	4,508	4,305	1,508	4.7%	198.9%
Total	<u>7,412</u>	<u>6,780</u>	<u>3,031</u>	9.3%	144.5%
Oil sales (bbls/d)					
California	2,905	2,475	1,523	17.4%	90.7%
Alaska <sup>(3)</sup>	3,550	3,809	2,369	-6.8%	49.8%
Total	<u>6,455</u>	<u>6,284</u>	<u>3,893</u>	2.7%	65.8%
Natural gas sales (mcf/d)					
Alaska	2,245	1,803	-	24.5%	N/A
Total oil equivalent sales (boe/d)					
California	2,905	2,475	1,523	17.4%	90.7%
Alaska <sup>(3)</sup>	3,924	4,109	2,369	-4.5%	65.6%
Total	<u>6,829</u>	<u>6,584</u>	<u>3,893</u>	3.7%	75.4%
Average NYMEX light sweet crude oil per barrel	\$ 117.98	\$ 123.98	\$ 75.38	-4.8%	56.5%
Realized price per barrel of oil					
Before hedging	\$ 111.26	\$ 120.30	\$ 72.97	-7.5%	52.5%
After hedging	\$ 84.14	\$ 87.74	\$ 72.97	-4.1%	15.3%
Lease operating expenses (per boe produced)					
California	\$ 28.44	\$ 33.29	\$ 45.54	-14.5%	-37.5%
Alaska	\$ 40.29	\$ 41.21	N/M	-2.2%	N/M
Weighted average	\$ 35.65	\$ 38.32	N/M	-7.0%	N/M
<b><u>Income statement and other</u></b>					
Total revenue before hedging losses	\$ 67,340	\$ 69,721	\$ 26,064	-3.4%	158.4%
Hedging losses	(16,105)	(18,095)	(905)	-11.0%	1679.6%
Total revenue after hedging losses	<u>\$ 51,235</u>	<u>\$ 51,626</u>	<u>\$ 25,159</u>	-0.8%	103.6%
Selected expenses					
Royalties	\$ 16,824	\$ 15,533	\$ 2,583	8.3%	551.3%
Production <sup>(4)</sup>	21,350	22,885	18,608	-6.7%	14.7%
Transportation	1,130	1,098	15	2.9%	7433.3%
General and administrative	2,553	2,703	2,091	-5.5%	22.1%
Interest - cash	17,746	17,437	3,281	1.8%	440.9%
Net income					
Net income (loss) from continuing operations, after tax	<u>\$ (24,839)</u>	<u>\$ (24,906)</u>	<u>\$ (18,865)</u>	-0.3%	31.7%
Income (loss) from discontinued operations, after tax	(383)	(8,432)	(1,445)	-95.5%	-73.5%
Gain on sale of discontinued operations, after tax	74,441	-	-	N/A	N/A
Total income (loss) from discontinued operations, after tax	<u>74,058</u>	<u>(8,432)</u>	<u>(1,445)</u>	-978.3%	-5225.1%
Net income (loss), after tax	<u>\$ 49,219</u>	<u>\$ (33,338)</u>	<u>\$ (20,310)</u>	-247.6%	-342.3%
Weighted average shares (basic and diluted)	205,228	204,430	147,231	0.4%	39.4%
Basic and diluted income (loss) per share from continuing operations	\$ (0.12)	\$ (0.12)	\$ (0.13)	0.0%	-7.7%
Basic and diluted income (loss) per share from discontinued operations	0.36	(0.04)	(0.01)	-1000.0%	-3700.0%
Basic and diluted income (loss) per share	<u>\$ 0.24</u>	<u>\$ (0.16)</u>	<u>\$ (0.14)</u>	-250.0%	-271.4%
Adjusted EBITDA <sup>(5)</sup>	\$ 9,435	\$ 9,443	\$ 1,458	-0.1%	547.1%
Capital expenditures					
California	\$ 3,431	\$ 6,611	\$ 411	-48.1%	734.7%
Alaska	7,531	3,829	-	96.7%	N/A
Total	<u>\$ 10,962</u>	<u>\$ 10,440</u>	<u>\$ 411</u>	5.0%	2567.1%
<b><u>Balance sheet</u></b>					
Cash	\$ 6,746	\$ 6,355	\$ 7,080	6.2%	-4.7%
Total assets	660,801	707,277	690,382	-6.6%	-4.3%
Total notes payable	464,322	502,274	486,564	-7.6%	-4.6%
Shareholders' equity (deficit) including accumulated other comprehensive income	(24,722)	(211,224)	67,490	-88.3%	-136.6%
Shareholders' equity (deficit) excluding accumulated other comprehensive income	80,828	29,273	89,454	176.1%	-9.6%

## **GAAP RECONCILIATION**

In addition to net income (loss) determined in accordance with Canadian GAAP, we have provided in this release Adjusted EBITDA for recent periods. Adjusted EBITDA is a non-GAAP financial measure that we use as a supplemental measure of our performance.

We define Adjusted EBITDA as net income (loss) from continuing operations before (i) interest expense, cash and non-cash, (ii) interest income, (iii) income tax provision (benefit), (iv) depreciation, depletion and amortization expense, (v) stock compensation expense, (vi) non-cash liquidated damage expense for shares issued for the delay in registering certain securities, (vii) general exploration expense and (viii) loss from nonconsolidated subsidiary. Because the use of Adjusted EBITDA facilitates comparisons of our historical operating performance on a more consistent basis, we use this measure for business planning and analysis purposes and in determining how potential external financing sources are likely to evaluate our business.

We present Adjusted EBITDA because we consider it to be an important supplemental measure of our performance. Adjusted EBITDA is not a measurement of our financial performance under GAAP and it should not be considered as an alternative to net income (loss), operating income or any other performance measure derived in accordance with GAAP, as an alternative to cash flow from operating activities or as a measure of our liquidity. You should not assume that the Adjusted EBITDA amount shown is comparable to similarly named measures disclosed by other companies.

Adjusted EBITDA	For the Three Months Ended		
	September 30, 2008	June 30, 2008	September 30, 2007
Net income (loss) from continuing operations	\$ (24,839)	\$ (24,906)	\$ (18,865)
Interest expense - cash	17,746	17,437	3,281
Interest expense - non cash	7,233	7,106	1,583
Interest income	(1,142)	(1,452)	(2,145)
Income tax expense	-	-	-
Depreciation, depletion and amortization expense	6,959	7,001	15,903
Stock compensation expense	1,564	1,860	1,669
Liquidated damages expense	840	1,400	-
General exploration	701	769	32
Loss from nonconsolidated subsidiary	373	228	-
Adjusted EBITDA	<u>\$ 9,435</u>	<u>\$ 9,443</u>	<u>\$ 1,458</u>

## **NOTES**

- (1) For further information, see Financial Statements and Management's Discussion & Analysis on [www.sedar.com](http://www.sedar.com).
- (2) Excludes discontinued operations, except where indicated.
- (3) Production and sales for the three months ended September 30, 2007 for Alaska is from the date of acquisition, August 27, 2007, divided by 92 days in the quarter. Alaska production in September 2007 was 4,624 bbls/d and sales for the same period were 7,266 bbls/d.
- (4) Production expenses include lease operating expenses, direct costs and inventory change.
- (5) Reference "GAAP Reconciliation" above - reconciliation of net income from continuing operations to Adjusted EBITDA.

N/A Not applicable  
N/M Not meaningful (given the short period involved post acquisition)

## **DEFINITIONS**

bbls/d barrels per day  
boe barrels of oil equivalent with natural gas converted at 6:1  
boe/d barrels of oil equivalent per day with natural gas converted at 6:1  
mcf/d thousand cubic feet per day  
NYMEX New York Mercantile Exchange