

PACIFIC ENERGY RESOURCES LTD.
111 West Ocean Blvd., Suite 1240
Long Beach, California 90802
Telephone: (562) 628-1526; Fax: (562) 628-1536

**Executes Forbearance Agreement and Amendments to its Credit Agreements;
Lenders Provide \$19.5 Million in Additional Funding;
Hires Zolfo Cooper, LLC and Lazard; and
Restructures Hedge Position**

Long Beach, California, December 23, 2008 – Pacific Energy Resources Ltd. (TSX:PFE) (the “Company”) announces that it has entered into Forbearance Agreement and Amendment to its Credit Agreements (“Agreements”) with its Lenders. The Agreements apply to its Pacific Energy Resources Ltd. Senior Secured Credit Facility, Pacific Energy Alaska Operating LLC First Lien Secured Credit Facility and Pacific Energy Alaska Operating LLC Second Lien Secured Credit Facility (the “Credit Facilities”).

During the past six months, the Company has been negotiating with its lenders to achieve a longer term solution for its credit facilities and to fund the necessary capital expenditures to execute its business plan. As a result of not yet being able to reach such a solution, the Company has agreed to forbearance agreements with its lenders to provide for additional time while the Company considers its strategic options.

Under the Agreements, the lenders have agreed that they will forbear from exercising their rights and remedies against the Company and its subsidiaries with respect to defaults under the Credit Facilities. The forbearance period will last until February 2, 2009. Pursuant to the Senior Secured Credit Facility, the lenders are providing US \$19.5 million of additional loans through this period, plus US \$1.15 million funded prior to execution of the Agreements. In addition, a total of US \$17.8 million of accrued interest, otherwise payable in cash, was added to the outstanding loan balances. The Company believes these steps will be sufficient to ensure adequate liquidity throughout the forbearance period.

Over the past month, the Company has been reviewing a number of strategic and financial options. The Company announces it has engaged Scott Winn of Zolfo Cooper, LLC to be its restructuring advisor and it has hired the investment banking firm Lazard to assist it in evaluating and executing on one or more of its strategic alternatives. These alternatives include equity, mezzanine and debt financing, industry and financial partnerships, merger and a sale of all or substantially all of the company or its assets. Albrecht & Associates, Inc. has also been engaged for the sales alternative. The Company’s ability to continue as a going concern is dependent on executing on one or more of these alternatives, or reaching further agreements with its lenders. The Company cannot predict the outcome of the strategic alternatives process, nor can it provide assurance as to reaching a further agreement with its lenders.

The Company also announces it has restructured its hedge position to create additional opportunity to benefit from higher oil prices, while preserving protection against low oil prices in 2009. The Company has established offsetting swaps for its existing Beta Field crude oil fixed price forward sales, effectively terminating them at a profit, and it has replaced its Alaska crude oil fixed price forward sales for the period December 2008 through September 2012 with in-the-money put options through 2009. The Company’s new hedge position consists of put options for 2,500 barrels per day at a strike price of \$67 per barrel for the period December 2008 through December 2009.

The Company will host a conference call on Tuesday, December 30, 2008, at 1:30 pm pacific standard time. The conference call number is 416-641-6140 or toll free 866-542-4270, the webcast is located at <http://events.onlinebroadcasting.com/pacificenergy/111408/index.php>. Copies of the Agreements will be filed on www.sedar.com on or before December 29, 2008.

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 Company may be found on SEDAR at www.sedar.com. The Company web site is www.PacEnergy.com.

ON BEHALF OF THE BOARD OF DIRECTORS

PACIFIC ENERGY RESOURCES LTD.

"Darren Katic"
President

For further information:

Jerett Creed

Director, Investor Relations

T: 562 628 1538

E: jcreed@pacenergy.com or

Boardmarker Group

T: 403 517 2270

E: dean@boardmarker.net

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. Additional risks and uncertainties include but are not limited to: the ability to sell the Company or its assets in a low oil price environment compounded by unfavorable capital market conditions; the ability of the Company to attract new equity capital and restructure its liabilities as part of remaining an independent entity; the Company's ability to operate its business profitably in the current low oil price environment; and the potential for an early termination of the forbearance period by the Company's lenders if certain conditions are not met or if there are new events of default not subject to forbearance. These forward-looking statements may differ materially from actual future events or results. 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. Except as required by applicable securities laws, the Company disclaims any intention or obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise.