

**CORPORATE GOVERNANCE GUIDELINES
OF BPZ RESOURCES, INC.**

**Adopted by the Board of Directors on October 22, 2009
And amended on February 24, 2011**

An effective Board will positively influence shareholder value and enhance the reputation of BPZ Resources, Inc., a Texas corporation (the “Company”), as a good corporate citizen in the communities where it does business. Good governance practices will provide a framework for timely responses to issues affecting the Company and maximize the effectiveness of the Board. The Board of the Company adopts these principles of corporate governance to signal its strong commitment to good corporate practices.

I. GENERAL

- A. Responsibilities.** The business and affairs of the Company are managed by or under the direction of the Board for the benefit of the shareholders. The directors are expected to fulfill their fiduciary and due care duties under Texas law and to exercise their business judgment in the best interests of the Company’s shareholders. Except for matters requiring shareholder action, the Board is the ultimate decision-making body of the Company. One of the Board’s most important responsibilities is to elect the Company’s Chief Executive Officer (“CEO”) and executive management team.

The Chairman, in coordination with the Chief Executive Officer, sets the schedule for the Board meetings and determines the timing and length of the meetings of the Board. Any director may suggest agenda items. Any director may raise a subject that is not on the agenda at any meeting. In addition to regularly scheduled meetings, unscheduled Board meetings may be called, upon proper notice, at any time to address specific needs of the Company. Certain items pertinent to the oversight and monitoring function of the Board will be brought to the board regularly. The Board will review the Company’s long-term strategic plans and the most significant financial, accounting and risk management issues facing the Company during at least one Board meeting each year. Directors are expected to attend Board and committee meetings and to review the meeting materials sent to them in advance. They should actively participate in Board and committee meetings and require full, accurate and honest answers to questions. In addition, directors are encouraged and expected to attend the Company’s annual meeting of shareholders, unless there are extenuating circumstances. Directors should act with integrity and demonstrate a commitment to the Company and its strategies and to building shareholder value. Although the Board should exercise vigorous and diligent oversight over the Company’s affairs, it should not perform or duplicate the role of management.

The proceedings and deliberations of the Board and its committees are confidential. Each director will maintain the confidentiality of information received in connection with his or her service as a director.

- B. Board Size.** The number of members of the Board of Directors is as set forth in the Bylaws.
- C. Director Elections.** Directors shall be nominated and elected annually according to class (or sooner if required by the resignation, retirement or removal of any director).
- D. Limits on Number of Board Memberships.** Service on other boards often broadens and deepens the knowledge and experience of directors. In addition, officers of the Company who serve on other boards frequently gain valuable insight and experience that may prove beneficial to the Company. However, service on too many boards can interfere with an individual's ability to perform his or her responsibilities to the Board. Before accepting a board position, whether on the Company's Board or otherwise, a director should consider whether the acceptance of a new directorship will compromise the ability to perform the responsibilities of a director. A director should consult with the Board before accepting a new directorship on the board of another corporation. Because time demands from board to board and capacities of individual directors will vary, the Company does not endorse a specific limitation on the number of directorships an individual may hold. However, their service on other boards of public companies should be limited to a reasonable number.

II. INDEPENDENCE AND COMMITTEES

- A. Majority of Independent Directors/Definition of Director Independence.** The Company will have a majority of members on the Board of Directors who are "independent directors". No director shall be considered independent unless the Board affirmatively determines that the director has no material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company). In making its determination concerning the absence of a material relationship, the Board adheres to the definitions of independence as provided by applicable law and the relevant New York Stock Exchange corporate governance listing standards. The Company shall disclose these determinations and the basis for them in the Company's annual proxy statement.
- B. Committee Composition.** The Company will at all times have an Audit Committee, a Nominating and Corporate Governance Committee and a Compensation Committee. All of the members of these committees will be independent directors, subject to any appropriate exemptions established by applicable stock exchange rules. Each such committee shall have a written charter that complies with the requirements of applicable law and stock exchange

listing standards. Each such committee shall evaluate its performance and review its charter on an annual basis. The Board may create additional committees as it deems appropriate; and the Board or committees may create subcommittees as they deem appropriate.

- C. Committee Membership.** The Nominating and Corporate Governance Committee will, after consultation with the Chairman and CEO (and others as the Committee may see fit), recommend committee assignments (including chairmanships) for each committee to the Board for its approval.
- D. Committee Meetings, Schedules and Agendas.** Each Committee will determine the schedule for its meetings with the input of management. Committee chairmen will determine the agendas for the committee meetings, taking into account the recommendations of management. Committee members are encouraged to suggest items for agendas.
- E. Presiding Director.** The independent directors will annually select a Presiding Director from among the independent directors serving on the Company's Board. The Presiding Director will chair all meetings of the non-employee and independent directors of the Board, including the executive sessions, serve as a liaison between the Chairman and the independent directors, consult with the Chairman on agendas for Board meetings and other matters pertinent to the Company and the Board, approve meeting agendas and schedules and have the authority to call meetings of the independent directors and to communicate with majority shareholders.
- F. Communications with Board of Directors.** Interested parties wishing to communicate their concerns or questions about the Company to the presiding director or non-employee directors may do so by U.S. mail to Presiding Director or to non-employee directors c/o Office of the Corporate Secretary, BPZ Resources, Inc., 580 Westlake Blvd., Suite 525, Houston, Texas 77079. The Corporate Secretary will compile the communications and forward to the Presiding Director or non-employee directors. The Corporate Secretary will also coordinate any requests from shareholders for additional communications with the Presiding Director.
- G. Separation of Chairman and CEO Positions.** The Board has no policies on whether the role of the Chairman of the Board and CEO should be held by separate persons or whether the Chairman should be selected from the nonemployee directors. The Board may adopt either or both of those policies.

III. NEW DIRECTOR SELECTION

- A. Process for Director Selection/Director Qualifications.** The Board is responsible for recommending director nominees for election by the shareholders and for selecting directors to fill vacancies until voted upon by the shareholders as

provided in our bylaws or by applicable law. The Board has delegated the initial director screening process to the Nominating and Corporate Governance Committee.

The Nominating and Corporate Governance Committee is responsible for reviewing with the Board the appropriate skills and characteristics required of Board members in the context of the current make-up of the Board. This assessment should include consideration of the following criteria, among others: independent business or professional experience, integrity and judgment, records of public service, diversity, age, skills, occupation, and understanding of financial statements and financial reporting systems, all in the context of an assessment of the perceived needs of the Board at the time. Candidates should be able to provide insights and practical wisdom based on their experience and expertise. They should be committed to enhancing stockholder value and should have sufficient time to effectively carry out their duties.

- B. New Director Orientation and Continuing Education.** The Board will take such measures as it deems appropriate to ensure that its members may act on a fully informed basis, including making available to all members of the Board the opportunity to, from time-to-time, attend continuing educational courses on the duties, responsibilities and liabilities of serving on the board of a public company. Each new Board member shall be provided with information regarding and the opportunity to fully review the Company's business, personnel and operations in conjunction with accepting a seat on the Board of Directors. In addition, the officers of the Company as well as the Board shall take steps to ensure that Board members remain fully informed as to the operation of the Company as well as their duties and responsibilities as members of the Board. Additional steps with respect to director orientation and continuing education shall be taken as necessary to comply with securities laws and applicable stock exchange requirements.
- C. Performance of the Full Board is Reviewed Regularly.** The Board will engage in an annual self-evaluation. This evaluation will be of the Board and its committees as a collective body and not of directors on an individual basis. The purpose of the evaluation will be to determine if the Board and its committees are functioning effectively. The evaluation process will be administered by the Nominating and Corporate Governance Committee. Unless otherwise determined by the Nominating and Corporate Governance Committee, this evaluation process shall be conducted in January of each year.

IV. PLANNING/OVERSIGHT FUNCTIONS

- A. Board Meetings Independent of CEO/Inside Directors.** The non-management directors of the Company shall meet at regularly scheduled executive sessions without management. If the group of non-management directors includes directors

who are not independent, at least one executive session a year shall be with only independent directors.

- B. Succession Plan for CEO and Management.** Management succession planning is one of the most important roles of the Board. The Board shall be responsible for the selection and discharge of the CEO and policies regarding planned and unplanned succession. The Nominating and Corporate Governance Committee shall periodically review with the Chairman of the Board and the CEO the succession plan relating to positions held by other executive officers of the Company and make recommendations to the Board with respect to the selection of individuals to occupy these positions.
- C. Directors Have Direct Access to Management.** Directors shall have free access to members of management, including in-house counsel, members of the internal audit team, and accounting personnel, independent auditors, and independent advisors. Directors who contact subordinate levels of management should, if appropriate, inform the Chairman and the CEO of such interactions. Directors should use their judgment to ensure that any such contact is not disruptive to the business operations of the Company.
- D. Board Has its Own Outside Advisors.** The Board and its committees have the right to communicate directly with the Company's principal external and internal advisors and, when appropriate and upon notice to management, obtain the advice, at the Company's expense, of outside legal counsel, investment bankers, accountants, and other consultants.

V. COMPENSATION AND STOCK OWNERSHIP OF DIRECTORS

- A. Director Compensation.** In accordance with the Company's by-laws, the Board shall determine the allowances for service as a director and the fees for attendance at meetings of the Board or any committee appointed by the Board. Only nonemployee directors shall be compensated for their service as directors. Their compensation is intended to be sufficient to attract the most qualified candidates available. Director compensation may be a mix of cash and stock-based compensation. The latter is intended to align the interests of the directors with those of the shareholders. Directors may be paid an annual retainer fee, a committee membership fee for each committee on which they serve, and a meeting fee for each Board and committee meeting they attend. Director compensation is established and reviewed by the Board from time to time. The Compensation Committee will have the authority to generally review and monitor compensation for directors and make a recommendation to the Board regarding the form and amount of director compensation in accordance with the policies and principles set forth in its charter. The Compensation Committee and the Board will consider that directors' independence may be jeopardized if director compensation and perquisites exceed customary levels, if the Company makes substantial charitable contributions to organizations with which a director is

affiliated, or if the Company enters into consulting contracts with (or provides other indirect forms of compensation to) a director or an organization with which the director is affiliates. The Compensation Committee and the Board will critically evaluate each of these matters when determining the form and amount of director compensation, and the independence of a director.

- B. Stock Ownership Requirements for Directors.** The Board believes that directors should be shareholders and have a financial stake in the Company. While the Board does not believe it appropriate to specify the level of share ownership an individual director should hold, directors are encouraged to develop a meaningful ownership position in the Company over time, depending upon individual circumstances.

VI. DIRECTOR RETIREMENT AND RESIGNATION

- A. Retirement of Directors.** The Board will establish and maintain a policy with regard to mandatory retirement age for directors. The current policy provides that a person is not qualified to serve as a director if he or she is more than seventy five (75) years of age on the Annual Shareholders meeting at which he or she stand for election as director. Any director that reaches seventy five (75) years of age on during his or her term will be permitted to serve out the remainder of the term. However, the Board believes that it is important to monitor overall Board performance and suitability. Upon the recommendation of the Nominating and Corporate Governance Committee, the Board may waive the effective date of mandatory retirement for one year. This will allow the Board to retain the services of directors who have been able to develop and demonstrate increasing insight into BPZ and its operations, and provide an increasing contribution to the Board as a whole. Directors who are employees of the Company or any of its subsidiaries will retire from the Board coincident with their retirement as employees.
- B. Director Notification of Change in Employment, Health Condition, and Ability and Willingness to Serve.** It is the policy of the Board that its nonemployee members shall consist of individuals who are (i) actively involved in the business, professional or academic community, (ii) normally available for meetings of the Board and its committees, (iii) able to serve in their full capacity and with attention to their obligations as a member of the Board, (iv) capable of meeting their duties as directors as required under Texas law, and (v) ready and willing to serve on the Board. Directors, who have a change in such characteristics that affects such director's ability to perform the essential functions and responsibilities as a Board member, should provide notice of such change and volunteer to resign from the Board or its committees.