

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re  
VENOCO, LLC, *et. al.*,  
Debtors.<sup>1</sup>  

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EUGENE DAVIS, in his capacity as Liquidating  
Trustee of the Venoco Liquidating Trust,  
Plaintiff,  
v.  
STATE OF CALIFORNIA and CALIFORNIA  
STATE LANDS COMMISSION,  
Defendant.

Chapter 11  
Case No. 17-10828 (KG)  
(Jointly Administered)  
  
Adv. Pro. No. 18-50908 (KG)  
**Relates to D.I. 2**

**OBJECTION OF CALIFORNIA STATE LANDS COMMISSION  
TO PLAINTIFF’S MOTION TO EXPEDITE ADVERSARY PROCEEDING**

California State Lands Commission (the “**Commission**”), by and through its undersigned attorneys, files this Objection to the Plaintiff’s Motion for Entry of an Order Expediting the Adversary Proceeding Pursuant to Plaintiff’s Proposed Litigation Schedule (the “**Motion to Expedite**”), and respectfully states as follows:

**PRELIMINARY STATEMENT**<sup>2</sup>

1. The Venoco Liquidating Trust (the “**Trust**”), through its trustee Eugene Davis (the “**Trustee**” or “**Plaintiff**”) in its Complaint and Motion to Expedite, has laid out a narrative that

<sup>1</sup> The debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number are: Venoco, LLC (3555); TexCal Energy (LP) LLC (0806); Whittier Pipeline Corporation (1560); TexCal Energy (GP) LLC (0808); Ellwood Pipeline, Inc. (5631); and TexCal Energy South Texas, L.P. (0812) (collectively, the “**Debtors**”). The mailing address for the Venoco Liquidating Trust, for purposes of these chapter 11 cases, is 5 Canoe Brook Drive, Livingston, NJ 07039.

<sup>2</sup> Capitalized terms used, but not defined in the Preliminary Statement have the meaning ascribed to them elsewhere in the Objection.

falsely portrays the Trust as a victim in its dealings with the Commission. The reality is that the Trust is seeking to leverage its own failure to comply with its environmental and regulatory obligations related to its EOF facility to extract unwarranted value from the Commission.

2. As described in greater detail in the Factual Background section below, the oil-and-gas operations at Platform Holly (which the Debtors quitclaimed to the State of California (the “**State**”) just before filing bankruptcy) and the Ellwood Onshore Facility (“**EOF**”) are integrated to such an extent that both must be operated in coordination to properly protect health and human safety and meet the State’s environmental regulatory requirements, until such time as the oil-and-gas wells on Platform Holly can be plugged, abandoned, and made safe. The plug and abandonment (“**P&A**”) is separate and apart from the final decommissioning and removal of infrastructure.

3. Since the 1970s, the EOF has been used to process oil and gas emanating from Platform Holly. To understand the relationship between Platform Holly and the EOF, one might visualize a large river-fed reservoir and the dam that fronts it. The two share a symbiotic relationship—the ability to periodically and safely release water through the valves of the dam is essential to ensuring that the lives of downstream residents are not endangered as water builds up in the reservoir. So, too, the ability to release oil and gases through to the EOF is essential to ensuring that oil that builds up in the wells of Platform Holly does not spill over into the ocean, and that gases that build up in the well casings do not escape into the atmosphere and poison nearby residents. That symbiotic relationship will continue until such time as the P&A activities for the oil-and-gas wells on Platform Holly have been completed. The following diagram shows the integrated relationship between Platform Holly and the EOF:



4. The P&A activities that the Commission has undertaken because the Venoco Trust is unable or unwilling to do so are necessary: (i) to comply with California's statutory and regulatory requirements; (ii) to ensure the health and safety of California's residents; and (iii) to protect California's coastal environment from a release of oil or gas. The risk to public safety exists because Venoco violated California law by vacating oil-and-gas wells and facilities without properly shutting them in to prevent environmental contamination from the release of dangerous fluids and gases.

5. As of May 1, 2017, Venoco's desertion of Platform Holly and the EOF created an immediate emergency. The failure to provide staffing for 24-hour/7-day a week onsite operations and maintenance at Platform Holly, the EOF, and PRC 421 was a regulatory violation in and of itself and it significantly increased the risk of release of oil and gas from the facilities. The emergency continues because of Venoco's continued inability to staff and maintain the facilities consistent with minimum regulatory requirements and industry standards. Moreover, the Commission has sought to prevent future risks to the environment and public health and safety by repairing aged equipment and infrastructure that Venoco failed to properly maintain.

6. Following Venoco's desertion of its legal obligations before and during its latest bankruptcy, the Commission has acted, pursuant to its police powers, as an agency of the State of California, to protect public health and safety; however, because the Commission did not have the personnel to provide in-house staffing to operate Venoco's facilities, the Commission and Venoco negotiated a process for transitioning the staffing and maintenance of the facilities to the Commission. As a result, for the last year and a half, the Commission has performed the following work (among other things): (i) provided certified staffing sufficient to meet minimum regulatory and industry standards for safe operations of Platform Holly, the EOF, and PRC 421;

(ii) repaired, inspected, certified, and maintained the EOF equipment at considerable expense, including all the vessels, pumps, gas-treating equipment, hydrogen-sulfide (“H<sub>2</sub>S”)-treating equipment, and piping at the facility; (iii) maintained and renewed all necessary permits for the operation of the EOF and Platform Holly; (iv) inspected and tested the pipelines leading from Platform Holly to the EOF; (v) refurbished and replaced compressors, decking, transformers, cranes, and work modules on Platform Holly to meet minimum regulatory standards; (vi) performed pier maintenance and security; (vii) performed road maintenance and repair to maintain access to the PRC 421 wells, and prepared the caissons, causeways, and wellheads on the PRC 421 wells to prepare for abandonment; (viii) inspected and tested all vessels and pipelines on Platform Holly and at the EOF for fitness of purpose; and (ix) continues to repair, replace, or take equipment out of service as needed. All of this has been done to protect the land, air, and waters of California and to preserve the health and safety of the public.<sup>3</sup>

7. The Commission is now and has always been willing to allow the Trust to undertake to fully and properly staff, manage, and maintain the EOF, at the Trust’s expense, through the final plug-and-abandonment program, by which the integrated facilities will be made safe. But Venoco and the Trust have repeatedly represented that they have neither the financial capability nor the personnel to do so. That is why the Commission has been compelled to intervene to prevent an emergent situation. The EOF has been and remains a hazardous facility subject to emergency management by the Commission, a state agency.

8. If the Trustee believes that the Commission is acting in a manner against California law in remaining onsite at the EOF to conduct emergency operations to protect the health and safety

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<sup>3</sup> In the Complaint, the Trustee makes much of the fact that the State may realize some measure of revenue from the hydrocarbons that will necessarily flow from Platform Holly to the EOF until the P&A process is completed, but the Trustee is well aware that any such revenue pales in comparison to the expense the Commission has borne and will continue to bear in its emergency management of the EOF and the plug and abandonment of Platform Holly.

of the public, the Trustee has access to the California courts to assert its grievances. Instead, the Trustee has filed suit in this Court, which lacks subject matter jurisdiction over such claims. Based upon, among other things, that lack of subject matter jurisdiction, the Commission is filing contemporaneously with this Objection a Motion to Dismiss the Complaint (the “**Motion to Dismiss**”). Given the serious jurisdictional issues raised in the Motion to Dismiss, and for the reasons discussed in detail below, the Court should not consider any schedule for this litigation until it has ruled on the Motion to Dismiss.

### **PROCEDURAL BACKGROUND**

9. The Debtors filed their bankruptcy cases on April 17, 2017 (the “**Petition Date**”).

10. On March 22, 2018, the Debtors filed their plan of liquidation (D.I. 905) (the “**Plan**”), and on May 23, 2018 the Court entered an order confirming the Plan (D.I. 922) (the “**Confirmation Order**”). The Plan’s effective date occurred on October 1, 2018 (the “**Effective Date**”). *See* D.I. 1024.

11. Under Rules 7008-1, 7012-1 and 9013-1(f) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware, the Commission states that it does not consent to entry of a final order by the Court in connection with the Motion to Expedite or this adversary proceeding to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments consistent with Article III of the United States Constitution.

### **FACTUAL BACKGROUND**

#### **A) The History of Platform Holly and the EOF**

12. In 1964 and 1965, the Commission issued State Oil and Gas Leases PRC 3120 and PRC 3242 to Atlantic Richfield Company (“**ARCO**”). In 1966, ARCO began using Platform Holly, subsea pipelines, and the EOF to produce oil and gas from the South Ellwood Field.

13. Platform Holly is a drilling-and-production platform located 1.8 miles off the California coast near the City of Goleta. The platform was installed in 1964 at a water depth of 211 feet and is supported by steel piles driven into the seabed. The platform consists of a drilling deck, production deck, and mezzanine deck, which serve 30 completed oil-and-gas wells. The wells produce H<sub>2</sub>S gas entrapped in the oil and as part of the natural gas in the reservoir. Several of the wells have an impaired ability to contain reservoir gases, in violation of California regulations, which results in gas migration up and through the well-casing-cement barriers, and into the open annular space between the well-support casings. The infrastructure on Platform Holly alone cannot address significant volumes of H<sub>2</sub>S gas, nor is Platform Holly permitted to flare H<sub>2</sub>S gas, except very briefly in exceptionally small volumes to effectuate a shutdown operation (because the byproduct is another lethal chemical, sulfur dioxide (“SO<sub>2</sub>”)). Accordingly, the uncontained flow of H<sub>2</sub>S-laden gas must be captured in the platform-piping collection system and then transported and treated at the EOF to prevent the buildup of excessive H<sub>2</sub>S gas pressure at the surface of the wells.

14. The EOF serves to receive, separate, treat, store, and transport all oil, water, and gas produced from Platform Holly. The EOF has equipment to separate the oil, water, and gas that is produced in its raw form, as well as unique equipment necessary to separate and treat the H<sub>2</sub>S that is produced therein. The EOF also has the equipment necessary to measure and ship the produced oil and gas. The EOF has no capacity to store H<sub>2</sub>S gas. Rather, the H<sub>2</sub>S gas must be treated and made safe before it can be properly disposed of. The EOF is a practical necessity not only for processing the annular gas to protect the public and the environment from H<sub>2</sub>S, but also for maintaining the platform’s emergency-flare and electrical systems.

15. Platform Holly and the EOF were designed, built, and operated as one integrated oil-production facility. The EOF and subsea pipelines are integrally linked to Platform Holly and are essential for the full life cycle, including end-of-life plug and abandonment of Platform Holly wells. The EOF has no pipeline capable of accepting or transporting oil or gas from any facility other than Platform Holly. The EOF is the only facility capable of receiving and treating oil and gas from Platform Holly produced either during normal operations or because of P&A activities on the platform.

16. The EOF and Platform Holly are also tied together in multiple other ways, including: (i) the electrical substation associated with the platform runs through the EOF and is integrated with the EOF electrical systems (which must be monitored daily; the switchgear for Platform Holly is located within the EOF's main building); (ii) the gas system needed to operate critical equipment on Platform Holly, like the Platform's emergency flare, is integrated into the EOF systems; (iii) a water disposal well located at the EOF property was developed for the injection of produced water separated from the emulsion from Platform Holly; and, most importantly, (iv) the annular gas from Platform Holly requires treatment by equipment that is located at the EOF and cannot be placed on Platform Holly due to significant limitations on available space. Further, due to the lack of space, the platform cannot be fitted with the equipment necessary to process the products during the abandonment of the wells.

17. Because Platform Holly and EOF process H<sub>2</sub>S gas, the overall production facility is subject to strict State regulatory requirements and industry standards. Sufficient staffing of Platform Holly and the EOF, with operators certified to work in an H<sub>2</sub>S environment, is necessary to treat the potentially lethal concentrations of H<sub>2</sub>S gas coming from these wells. Even though the platform equipment is not in an active production setting, the operating systems and

safety equipment must be continually manned, serviced, and maintained in a safe and secure condition. Failure to properly handle the H<sub>2</sub>S gas in and around the platform and the EOF could result in significant harm to public health, up to and including death. The EOF is located on privately owned lands and is not under the Commission's direct jurisdiction. Nonetheless, because the EOF is part of the integrated production facility and is required to safely conduct the plug-and-abandonment activities currently underway on Platform Holly, the State has taken and will take all necessary actions consistent with applicable regulations—including at the EOF—to protect the health and safety of California residents.

**B) Venoco's Abandonment of its Obligations**

18. Following a 1969 oil spill offshore Santa Barbara, Platform Holly was shut-in until 1974 when production resumed. In 1993, Mobil Exploration and Producing, Inc. acquired the PRC 3120 and PRC 3242 leases from ARCO. In 1997, Mobil assigned those leases as well as Oil and Gas Lease PRC 421<sup>4</sup> (together with PRC 3120 and 32424, the “Leases”)—including Platform Holly, the EOF, and other facilities—to Venoco, which operated them until May 1, 2017.

19. On May 19, 2015, an oil spill occurred at Refugio State Beach, Line 901.<sup>5</sup> Since then, the primary transportation pipeline for hydrocarbons produced by the Santa Ynez Unit and Venoco's Platform Holly, has been out of operation. Venoco ceased oil-and-gas-production operations because there were no viable alternatives to transport their product to market. The result of the prolonged period of nonoperation, alongside significant debt and a rapid decline in oil prices created a situation under which Venoco could not meet its ongoing credit obligations.

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<sup>4</sup> The PRC 421 piers include two wells on sovereign state-owned submerged lands.

<sup>5</sup> Line 901 was owned and operated by the Plains All American Pipeline Company.

20. On March 18, 2016, Venoco announced that it had reached an agreement with its senior lenders to restructure the company's debt through bankruptcy. Venoco's decision to restructure allowed the company's senior lenders to take primary ownership of the company. Following that reorganization, one of the lenders became the owner/operator of Venoco. The existing executive-level employees remained unchanged, as did most operations personnel. But Venoco's reorganization was a failure, and within a year of exiting its initial bankruptcy, the company was contemplating another filing.

21. On April 12, 2017, Venoco's Chief Operating Officer formally informed the Commission that "Venoco sees no economically viable future or market value for these assets, and the Company will soon be unable to continue meeting its obligations under the South Ellwood Field Leases." The next day Venoco's Board of Directors voted to quitclaim the Leases to the State, asserting that the Leases created unsustainable negative cash-flow positions that would endanger the net value of Venoco's estate in the then-imminent bankruptcy case.

22. On April 17, 2017, Venoco served the Commission with quitclaims for the Leases (the "Quitclaims," attached as **Exhibit A** to this Objection). This course of action shifted the work (but not the liability) for performing plug-and-abandonment and subsequent decommissioning of the offshore Leases to the Commission, with comparable impacts to the local governments for Venoco's onshore facilities.<sup>6</sup> Later the same day, Venoco filed its voluntary petition initiating the above-captioned bankruptcy cases that resulted in the confirmation of a liquidating Chapter 11 Plan. Venoco, however, did not abandon its property interest in the EOF.

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<sup>6</sup> At the time of its bankruptcy filing and for a short period thereafter, Venoco operating personnel were performing emergency-management operations continually (24 hours a day/7 days a week) through the Temporary Services Agreement (as defined below) with the Commission.

**C) The Commission's Performance of Venoco's Abandoned Obligations**

23. In response to the service of the Quitclaims for the Leases, Commission staff issued a letter to Venoco identifying their Quitclaims as a breach of their Lease obligations and a violation of State statutory and regulatory requirements. The Commission reminded Venoco that, as a matter of settled law, its obligations to plug, abandon, and eventually decommission Platform Holly and the PRC 421 Piers survived the Quitclaims.

24. Based on Venoco's precarious financial situation and to ensure the safety of the facilities and the maintenance of Venoco's permit obligations, Commission staff negotiated an emergency temporary services agreement, which effectively began on May 1, 2017 (the "**Temporary Services Agreement**," attached as **Exhibit B** to this Objection). Under the Temporary Services Agreement, the Commission agreed to provide the funds Venoco needed to retain staff on the facilities to maintain and keep them safe. The original term of the Temporary Services Agreement was until Venoco was transitioned out or June 30, 2017, whichever occurred first. That termination date later was revised and extended to July 31, 2017 in order for the Commission to solicit and acquire a third-party engineering firm to maintain Platform Holly and assess whether any need existed to continue the use of facilities ancillary to the platform.

25. Accordingly, on September 1, 2017, the Commission entered into a contract with Beacon West Energy Group LLC ("**Beacon West**") to perform the engineering, operations, and administrative functions required: (i) to continue the safe daily operations of Platform Holly, the EOF, and PRC 421 Piers; (ii) to perform other routine or required inspection services; (iii) to maintain necessary permits and regulatory entitlements for operations; and (iv) to oversee any other required work associated with the operations and maintenance of Platform Holly, the EOF, PRC 421, and subsequent P&A activities by any third parties.

26. On September 15, 2017, the Commission, through Beacon West, took over full emergency management of the EOF and Platform Holly, at which point Venoco terminated all of its field staff.

27. In addition to the Temporary Services Agreement, on September 14, 2017, the Commission and Venoco entered into a letter agreement to negotiate, in good faith, a longer-term solution for the use or disposition of the EOF while providing for public safety and environmental protection by staffing, managing, and maintaining the EOF (the “**Gap Agreement**,” attached as **Exhibit C** to this Objection). That agreement was subsequently amended four times. The last amendment provided that after May 31, 2018, the Gap Agreement would remain in effect on a month-to-month basis and that either party could terminate unilaterally any month-to-month use on written 45-days’ notice. The Gap Agreement was intended to provide time to seek a resolution regarding the EOF and preserve State resources and estate funds from costly litigation.

28. Following Venoco’s abandonment of the Leases and the EOF, and during the time in which the Transition Services Agreement and the Gap Agreement were in effect, the Commission, both directly and through Beacon West, has been performing the maintenance, repair, inspection, testing, refurbishing, and security work required to keep the public safe and protect the environment.

29. Since the total abandonment of its obligations in 2017, Venoco has received all the benefits of the Commission’s ongoing performance of Venoco’s legal obligations while carrying none of the associated burdens. Despite this, and with no plan in place to resume the performance of its obligations, in late August 2018 Venoco sent a letter notifying the Commission of its intent to terminate the Gap Agreement effective October 15, 2018 (the

“**Termination Letter**,” attached as **Exhibit D** to this Objection). Venoco’s reason for the termination of the Gap Agreement was based on the Commission’s delay of payment for the ongoing negotiated settlement (what Venoco is now calling “rent”). The Commission was able to rectify the late payments in advance of the termination date.

30. In the wake of Venoco’s termination of the Gap Agreement, if the Trust were to seek to impede the Commission’s or its agents’ non-exclusive access to the EOF to conduct emergency-management activities, the integrated plug-and-abandonment project that the Commission has been undertaking on Platform Holly could be threatened. Nevertheless, since October 15, 2018, as a result of Venoco’s termination of the Gap Agreement, while the Commission no longer has a *contractual* right to remain on the EOF, the Commission does have the right to retain access based on its *police and regulatory powers* under California law, and has exercised that right with the consent of the Trust.<sup>7</sup> In the Complaint, the Trustee stated that “Plaintiff does not oppose Defendants’ occupancy of the site or their stated objective of ensuring there is no threat to public health and safety or break in the management and operation of the EOF.” Complaint, ¶ 5. Additionally, counsel for the Trustee has confirmed in an email exchange with the California Attorney General’s office that even after termination of the Gap Agreement, the Trustee consents to the Commission’s continuing non-exclusive occupation of the EOF to perform work to protect public health and safety (attached as **Exhibit E** to this Objection).

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<sup>7</sup> The Commission does not concede that the consent of the Trust is required for the Commission to retain access to the EOF based on the State’s police and regulatory powers. The State of California has the police-power authority to order the Trust to ameliorate the risks posed by emergent conditions or to enter, itself, upon those facilities to address any emergency directly. In the event that the Trust were to seek to limit the Commission’s access, the Commission would use its powers to the fullest extent to retain access to the facilities, maintain them, and complete the P&A program that is necessary to fully abate the dangers posed by the H<sub>2</sub>S gas and the risk of a release of oil, until such time as the Trust commits to maintain and operate the EOF in accordance with the Leases and applicable California law.

**THE MOTION TO EXPEDITE**

31. As noted above, substantially contemporaneously herewith the Commission is filing its Motion to Dismiss the Complaint based upon, among other things, the Court's lack of subject matter jurisdiction. The Commission anticipates that briefing on the Motion to Dismiss will proceed on the timetable provided in the Local Rules.

32. In its Motion to Expedite, the Plaintiff seeks to move forward on an extraordinarily aggressive timetable that is wholly inappropriate given the serious jurisdictional infirmities identified in the Motion to Dismiss, of which the Plaintiff no doubt was aware when commencing this action. The Plaintiff seeks an exchange of discovery requests a mere **one business day** after the hearing on the Motion to Expedite, a discovery request cutoff just one week after the hearing on the Motion to Expedite, an exchange of expert reports just two and a half weeks after the hearing on the Motion to Expedite and a completion of discovery just one month after the hearing. The other deadlines proposed by the Plaintiff are similarly prejudicial to the Commission. Even if the Court were not to grant the Motion to Dismiss (and the Commission believes that it will), the timetable sought by the Plaintiff is grossly prejudicial to the Commission's ability to defend itself in this action.

33. The Commission requests that the hearing on the Motion to Expedite be adjourned until after the Court has ruled on the Motion to Dismiss. If the Court is inclined to move forward with consideration of the Motion to Expedite prior to a ruling on the Motion to Dismiss, the Commission submits that, at the very least, the deadlines set forth in the Motion to Expedite should be extended to: (i) provide that no discovery requests will be served until the Court has ruled on the Motion to Dismiss (and allow a reasonable period after such ruling to serve initial requests, if applicable); (ii) provide at least 120 days after entry of an order deciding the Motion

to Dismiss for completion of fact discovery; (iii) allow at least 30 days after completion of fact discovery for the exchange of expert reports; (iv) allow for at least 75 days following completion of fact discovery for of expert reports for expert discovery and rebuttal report; and (v) reasonably extend other relevant deadlines to dates after the Court rules on the Motion to Dismiss.

Dated: November 15, 2018

Respectfully submitted,

PEPPER HAMILTON LLP

/s/ David M. Fournier

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-and-

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*Co-Counsel to California State Lands Commission*

## **Exhibit A**

RECORDING REQUESTED BY  
REQUESTED BY AND  
WHEN RECORDED MAIL TO

NAME: Venoco, LLC  
MAILING ADDRESS: Attn: Land Department  
6267 Carpinteria Avenue  
CITY, STATE: Carpinteria, CA  
ZIP CODE: 93013

(SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE)

The Undersigned Declares:  
Documentary Transfer Tax Is None  
Documentary Transfer Tax Is Computed On The Full Value of the Properly Conveyed:  
Ordinary Leases and assignments of leases of  
real property for a definite term of years

**QUITCLAIM DEED**  
(Oil and Gas Lease)

VENOCO, LLC, a Delaware limited liability company, as successor in interest to Mobil Oil Corporation, hereby surrenders and quitclaims to State of California State Lands Commission, and its heirs, successors and assigns all its right, title, and interest in and to that certain oil and gas lease described herein below:

Venoco Lease Number: CA012.0008  
Lease PRC No.: 3120.1  
Dated: April 29, 1964  
Original Lessor: State of California State Lands Commission  
Original Lessee: Richfield Oil Corporation and Socorby Mobil Oil Company  
Recording Data: Doc # N/A  
County: Santa Barbara, California  
Description of Lands: See Attached Exhibit "A"

IN WITNESS WHEREOF, this Quitclaim Deed has been executed on April 13, 2017.

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document, to which this certificate is attached, and not to the truthfulness, accuracy, or validity of that document.

VENOCO, LLC  
*[Signature]*  
By: Michael Wracher  
Its: Chief Operating Officer

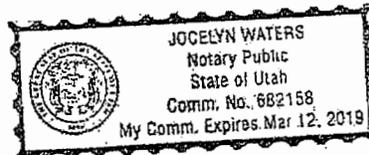
STATE OF CALIFORNIA *Utah*  
COUNTY OF SANTA BARBARA *Washington*

On April 13<sup>th</sup>, 2017, before me, *Joelyn Waters*, Notary Public, personally appeared Michael Wracher, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature *[Signature]* (Seal)



**EXHIBIT A**

**Legal Description of Property**

**PRC 3120.1**

A PARCEL OF TIDE AND SUBMERGED LAND IN SANTA BARBARA CHANNEL, SANTA BARBARA COUNTY, IN THE VICINITY OF ELWOOD OIL FIELD, SAID PARCEL BEING DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE MEAN HIGH TIDE LINE OF SANTA BARBARA CHANNEL, SAID POINT BEING THE NORTHWEST CORNER OF STATE OIL AND GAS LEASE P.R.C. 129.1 AND ALSO THE NORTHEAST CORNER OF P.R.C. 208.1, WHICH POINT BEARS N. 77° 18' 58" W. 4,865 FEET MORE OR LESS FROM A 6 INCH IRON PIPE DESIGNATED AS MONUMENT NUMBER 4 ON SHEET 3 OF 6 OF A MAP OF A "SURVEY OF THE ORDINARY HIGH WATER MARK", DATED FEBRUARY 1954 AND RECORDED IN RECORD OF SURVEY MAP BOOK 35, PAGE 89, RECORDS OF SANTA BARBARA COUNTY, SAID MONUMENT HAVING ZONE 5 CALIFORNIA COORDINATES OF X = 1,420,819.40 Y = 345,145.75; THENCE FROM SAID POINT OF BEGINNING ~~SOUTHEASTERLY ALONG THE MEAN HIGH TIDE LINE TO THE~~ INTERSECTION WITH A CALIFORNIA COORDINATE SYSTEM ZONE 5 NORTH-SOUTH GRID LINE HAVING AN X VALUE OF 1,424,750, SAID POINT OF INTERSECTION ALSO HAVING A Y VALUE OF 342,436.83, AND BEING ON THE LANDWARD BOUNDARY OF STATE OIL AND GAS LEASE P.R.C. 421.1; THENCE SOUTH ALONG SAID GRID LINE 18,227.20 FEET TO A POINT IN THE SANTA BARBARA CHANNEL; THENCE NORTHWESTERLY PARALLEL TO THE MEAN HIGH TIDE LINE TO AN INTERSECTION WITH THE SOUTHERLY PROJECTION OF THE EAST BOUNDARY LINE OF STATE OIL AND GAS LEASE P.R.C. 208.1; THENCE NORTHERLY ALONG SAID BOUNDARY LINE TO THE POINT OF BEGINNING. EXCLUDING THEREFROM THE AREA CONTAINED IN STATE OIL AND GAS LEASES P.R.C. 129.1, P.R.C. 428.1 AND A PORTION OF P.R.C. 421.1, SAID PARCEL CONTAINING 3,324 ACRES MORE OR LESS.

THE BEARINGS AND DISTANCES USED IN THE ABOVE DESCRIPTION ARE BASED ON THE CALIFORNIA COORDINATE SYSTEM ZONE 5.

**RECEIVED BY**

APR 17 2017

**OFFICE SERVICES**

RECORDING REQUESTED BY  
REQUESTED BY AND  
WHEN RECORDED MAIL TO

NAME: Venoco, LLC.  
MAILING ADDRESS: Attn: Land Department  
6267 Carpinteria Avenue  
CITY, STATE: Carpinteria, CA  
ZIP CODE: 93013

(SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE)

The Undersigned Declares:  
Documentary Transfer Tax Is None  
Documentary Transfer Tax Is Computed On The Full Value of the Property Conveyed:  
Ordinary Leases and assignments of leases of  
real property for a definite term of years

**QUITCLAIM DEED**  
(Oil and Gas Lease)

VENOCO, LLC, a Delaware limited liability company, as successor in interest to Mobil Oil Corporation, hereby surrenders and quitclaims to State of California State Lands Commission, and its heirs, successors and assigns all its right, title, and interest in and to that certain oil and gas lease described herein below:

Venoco Lease Number: CA012.0009  
Lease PRC No.: 3242.1  
Dated: April 8, 1965  
Original Lessor: State of California State Lands Commission  
Original Lessee: Richfield Oil Corporation and Socony Mobil Oil Company  
Recording Data: Doc# N/A  
County: Santa Barbara, California  
Description of Lands: See Attached Exhibit "A"

IN WITNESS WHEREOF, this Quitclaim Deed has been executed on April 13, 2017.

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document, to which this certificate is attached, and not to the truthfulness, accuracy, or validity of that document.

VENOCO, LLC  
*[Signature]*  
By: Michael Wracher  
Its: Chief Operating Officer

STATE OF CALIFORNIA *dw catch*  
COUNTY OF SANTA BARBARA *dw Washington*

On April 13, 2017, before me, *Jocelyn Waters* Notary Public, personally appeared Michael Wracher, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct. *catch dw*

WITNESS my hand and official seal.

Signature *[Signature]* (Seal)

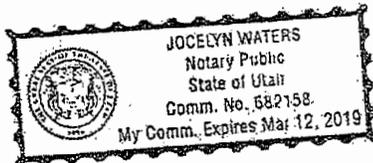


EXHIBIT A

Legal Description of Property

PRC 3242.1

A PARCEL OF TIDE AND SUBMERGED LAND IN SANTA BARBARA CHANNEL, NEAR ELWOOD, IN SANTA BARBARA COUNTY, CALIFORNIA, BEING FURTHER DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE MEAN HIGH TIDE LINE OF ABOVE-MENTIONED SANTA BARBARA CHANNEL AT THE INTERSECTION WITH A NORTH-SOUTH GRID LINE HAVING A ZONE 5 CALIFORNIA "X" COORDINATE OF 1,424,750; THENCE EASTERLY ALONG SAID MEAN HIGH TIDE LINE TO ITS INTERSECTION WITH THE WESTERN BOUNDARY OF STATE OIL AND GAS LEASE P.R.C. 308.1; THENCE SOUTHERLY ALONG SAID WESTERN BOUNDARY OF OIL AND GAS LEASE P.R.C. 308.1 AND ITS SEAWARD PROLONGATION TO AN INTERSECTION WITH AN ENVELOPE LINE EVERY POINT OF WHICH IS AT A DISTANCE OF 3 GEOGRAPHICAL MILES FROM THE NEAREST POINT ON THE MEAN HIGH TIDE LINE OF SANTA BARBARA CHANNEL; THENCE WESTERLY ALONG SAID ENVELOPE LINE TO ITS INTERSECTION WITH ABOVE-MENTIONED NORTH-SOUTH GRID LINE HAVING A ZONE 5 CALIFORNIA "X" COORDINATE OF 1,424,750; THENCE NORTH ALONG SAID GRID LINE TO THE POINT OF BEGINNING.

EXCEPTING FROM THE ABOVE-DESCRIBED PARCEL, STATE OIL AND GAS LEASE P.R.C. 424.1 AND ANY PORTION OF STATE OIL AND GAS LEASE P.R.C. 421.1 LYING WITHIN SAID PARCEL.

SAID PARCEL CONTAINING APPROXIMATELY 4,290 ACRES EXCLUDING THE EXCEPTIONS.

COORDINATES AND BEARINGS CONFORM TO CALIFORNIA COORDINATE SYSTEM ZONE 5

The lease shall be subject to the provisions of pipeline easements P.R.C. 2739.1 and P.R.C. 3073.1.

RECEIVED BY

APR 17 2017

OFFICE SERVICES

RECORDING REQUESTED BY  
REQUESTED BY AND  
WHEN RECORDED MAIL TO

NAME: Venoco, LLC  
MAILING ADDRESS: Attn: Land Department  
6267 Carpinteria Avenue  
CITY, STATE: Carpinteria, CA  
ZIP CODE: 93013

(SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE)

The Undersigned Declares:  
Documentary Transfer Tax Is None  
Documentary Transfer Tax Is Computed On The Full Value of the Property Conveyed:  
Ordinary Leases and assignments of leases of  
real property for a definite term of years.

**QUITCLAIM DEED**  
(Oil and Gas Lease)

VENOCO, LLC, a Delaware limited liability company, as successor in interest to Mobil Oil Corporation, hereby surrenders and quitclaims to State of California State Lands Commission, and its heirs, successors and assigns all its right, title, and interest in and to that certain oil and gas lease described herein below:

Venoco Lease Number: CA012.00013  
Lease PRC No.: 421.1  
Dated: October 22, 1949  
Original Lessor: State of California State Lands Commission  
Original Lessee: Bankline Oil Company  
Recording Data: Doc.# N/A  
County: Santa Barbara, California  
Description of Lands: See Attached Exhibit "A"

IN WITNESS WHEREOF, this Quitclaim Deed has been executed on April 13, 2017.

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document, to which this certificate is attached, and not to the truthfulness, accuracy, or validity of that document.

VENOCO, LLC

By: Michael Wracher  
Its: Chief Operating Officer

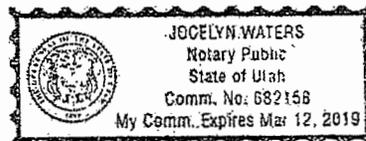
STATE OF CALIFORNIA <sup>dw</sup> )  
~~Utah~~ )  
COUNTY OF SANTA BARBARA <sup>Washington</sup> ) SS

On April 13<sup>th</sup>, 2017, before me Joelyn Waters Notary Public, personally appeared Michael Wracher, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of ~~California~~ <sup>Utah</sup> that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature [Signature] (Seal)



**EXHIBIT A**

**Legal Description of Property**

**PRC 421.1**

Beginning at a point on the ordinary high water mark of the Pacific Ocean, at the most easterly corner of the lands embraced in expired Lease No. 88 (303-1921), which point bears S. 54° 52' 30" E. 340.46 feet, S. 52° 28' 00" E. 1062.38 feet, S. 50° 34' 30" E. 258.19 feet and S. 50° 03' 30" E. 1.00 foot from Monument No. 8 as shown on a map entitled "State Leases and Permits, Elwood Oil Field," approved November 1, 1929, and filed in the office of the Division of State Lands; thence along said ordinary high water mark S. 50° 03' 30" E. 1092.33 feet to the most northerly point of the lands embraced in Lease No. 90 (303-1921); thence leaving said ordinary high water mark and running along the westerly side boundary line of the lands embraced in Lease No. 90 (303-1921), S. 39° 56' 30" W. 2730.82 feet; thence N. 50° 03' 30" W. 1092.33 feet to the easterly side boundary line of the lands embraced in expired Lease No. 88 (303-1921); thence along the said easterly side boundary line of the lands embraced in said expired Lease No. 88 (303-1921), N. 39° 56' 30" E. 2730.82 feet to the point of beginning; and containing approximately 68.48 acres.

**RECEIVED BY**

APR 17 1977

**OFFICE SERVICES**

**VENOCO, LLC**  
**Consent in Lieu of Meeting of Board of Directors<sup>1</sup>**

**April 13, 2017**

The undersigned, being at least a majority of the Board of Directors (the "Board") of Venoco, LLC, a Delaware limited liability company (the "Company"), hereby consents to and adopts, pursuant to Section 4.03(b) of the Amended and Restated Limited Liability Company Agreement of the Company (the "LLC Agreement") and the Delaware Limited Liability Company Act, the following resolutions (the "Resolutions"):

**WHEREAS**, the Board has the full powers and authority to consider, and take any actions relating to, the matters set forth in these Resolutions; and

**WHEREAS**, the Board reviewed and considered the materials presented by the Company's management team and the financial and legal advisors of the Company, including the presentations to the Board regarding the liabilities and liquidity of the Company, the strategic alternatives available to it, and the impact of the foregoing on the Company's businesses; and

**WHEREAS**, the Board has had an opportunity to consult with the Company's management team and financial and legal advisors to the Company and fully consider each of the strategic alternatives available to the Company.

**I. Relinquishment of Leases**

**NOW, THEREFORE, BE IT RESOLVED**, that in the judgment of the Board, it is desirable and in the best interests of the Company, its subsidiaries, their creditors and other parties in interest, that the Company and its subsidiaries terminate and relinquish their rights under the leases related to the South Ellwood Field, including delivering a quitclaim notice to each counterparty turning the lease back to the counterparty; and it is

**RESOLVED FURTHER**, that each officer and director of the Company, or any other person as designated by the Board (collectively, the "Authorized Officers"), acting alone or with one or more other Authorized Officers, be, and they hereby are, authorized to execute, deliver and file on behalf of the Company and its subsidiaries, all termination or quitclaim notices or documents, and to take any and all actions that each, acting alone, in such person's sole discretion, deems necessary, desirable, convenient or appropriate and consistent with the best interests of the Company, the execution and delivery thereof to be conclusive evidence of such person's authority to so act and of this approval thereof.

**II. Further Actions and Prior Actions**

**NOW, THEREFORE, BE IT RESOLVED**, that in addition to the specific authorizations heretofore conferred upon the Authorized Officers, each of them, acting alone,

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<sup>1</sup> Any capitalized term that is used, but not defined, in this Consent in Lieu of Meeting of Board of Directors has the meaning set forth in the LLC Agreement (as defined herein).

hereby is authorized, directed and empowered, in the name of, and on behalf of, the Company and its subsidiaries, to take or cause to be taken any and all such further actions, to execute and deliver any and all such agreements, certificates, instruments and other documents and to pay all expenses, including filing fees, in each case as in such Authorized Officer's judgment shall be necessary or desirable to fully carry out the intent and accomplish the purposes of the resolutions; and it is

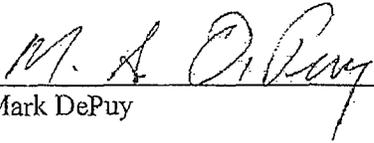
**RESOLVED FURTHER**, that all acts, actions and transactions relating to the matters contemplated by the foregoing resolutions done in the name of, and on behalf of, the Company or its subsidiaries, which acts would have been approved by the foregoing resolutions except that such acts were taken before these resolutions were certified, are hereby in all respects confirmed, approved and ratified.

The action taken by this consent shall have the same force and effect as if taken at a meeting of the Board, duly called and constituted pursuant to the LLC Agreement.

This consent may be executed in two or more counterparts, and by different parties on separate counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile or other electronic transmission of any signed original counterpart and/or retransmission of any signed facsimile or other electronic transmission shall be deemed the same as the delivery of an original counterpart.

*[Signature Page Follows]*

IN WITNESS WHEREOF, the undersigned have executed this written consent as of the date first set forth above.

  
\_\_\_\_\_  
Mark DePuy

\_\_\_\_\_  
Gene Davis

\_\_\_\_\_  
Daniel Vogel

\_\_\_\_\_  
Jeffrey Bartlett

\_\_\_\_\_  
Chris Bement

\_\_\_\_\_  
Bill Lockyer

IN WITNESS WHEREOF, the undersigned have executed this written consent as of the date first set forth above.

\_\_\_\_\_  
Mark DePuy

  
\_\_\_\_\_  
Gene Davis

\_\_\_\_\_  
Daniel Vogel

\_\_\_\_\_  
Jeffrey Bartlett

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Chris Bement

\_\_\_\_\_  
Bill Lockyer

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Gene Davis



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Daniel Vogel

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Jeffrey Bartlett

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Chris Bement

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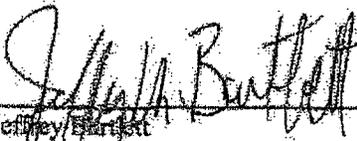
Bill Lockyer

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\_\_\_\_\_  
Mark DePuy

\_\_\_\_\_  
Gene Davis

\_\_\_\_\_  
Daniel Vogel

  
\_\_\_\_\_  
Jeffrey Barrett

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Chris Bement

\_\_\_\_\_  
Bill Lockyer

IN WITNESS WHEREOF, the undersigned have executed this written consent as of the date first set forth above.

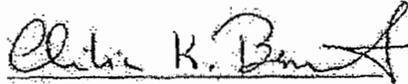
\_\_\_\_\_  
Mark DePuy



\_\_\_\_\_  
Gene Davis

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Daniel Vogel

\_\_\_\_\_  
Jeffrey Bartlett



\_\_\_\_\_  
Chris Bement

\_\_\_\_\_  
Bill Lockyer

**IN WITNESS WHEREOF**, the undersigned have executed this written consent as of the date first set forth above.

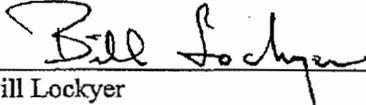
\_\_\_\_\_  
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Gene Davis

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Daniel Vogel

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Jeffrey Bartlett

\_\_\_\_\_  
Chris Bement

  
\_\_\_\_\_  
Bill Lockyer

**CALIFORNIA STATE LANDS COMMISSION**  
100 Howe Avenue, Suite 100-South  
Sacramento, CA 95825-8202



*Established in 1938*

JENNIFER LUCCHESI, Executive Officer  
(916) 574-1800 Fax (916) 574-1810  
California Relay Service TDD Phone 1-800-735-2929  
from Voice Phone 1-800-735-2922

Contact Phone: (916) 574-1850  
Contact Fax: (916) 574-1855

April 17, 2017

File Ref: PRC 3120  
PRC 3242  
PRC 421

Michael D. Wracher  
Chief Operating Officer  
Venoco, LLC  
6267 Carpinteria Ave., Suite 100  
Carpinteria, CA 93013

**RE: Receipt of quitclaims and failure to perform material obligations under state oil and gas leases PRC 3120, PRC 3242, and PRC 421 by Venoco Inc.**

Dear Mr. Wracher:

The State Lands Commission (Commission) is in receipt of Venoco Inc.'s (Venoco) quitclaim for state oil and gas leases PRC 3120, PRC 3242, and PRC 421. This letter is notice that, based on Venoco's affirmative statements to the Commission, it cannot comply with its obligations under law to properly abandon and remove improvements on state land. With the receipt of Venoco's quitclaims, the Commission considers Venoco in material breach of its obligations under those leases.

Although Venoco's quitclaim is effective as of this date of filing, pursuant to title 2, section 2124, California Code of Regulations, Public Resources Code section 6804.1, and Paragraph 5 of leases PRC 3242 and PRC 3120, and Paragraph 5(a) and (b) of lease PRC 421, and the conditions of the prior assignments of those leases to Venoco, Venoco and its surety are subject to the continued obligations of the lease, including but not limited to abandonment and decommissioning of the wells, structures, fill, pipelines and all other manner of improvements associated with the operations of the lease prior to its quitclaim, with all costs borne by Venoco. Further, the lessee and its surety are responsible to maintain the lease in a safe and environmentally prudent state until such time as said abandonment and decommissioning work can be accomplished.

With this default, and in light of your April 12, 2017 communication to our Executive Officer, Jennifer Lucchesi, wherein you state, "Venoco sees no economically viable future or market value for these assets, and the Company will soon be unable to continue meeting its obligations under the South Ellwood Field Leases," Commission

Mr. Wracher  
April 17, 2017  
Page 2

staff have no choice but to call upon Venoco's surety, Aspen American Insurance Company, to commit the total amount of its performance bond to reimburse the state for as much of Venoco's continuing liability as it will cover. Commission staff intend to file a claim against Venoco for any costs beyond the bond amount which are improperly borne by the people of the State of California.

Sincerely,

A handwritten signature in black ink, appearing to read "Seth Blackmon", with a long horizontal flourish extending to the right.

Seth Blackmon  
Senior Staff Counsel

cc: American Aspen Insurance Co.  
Exxon-Mobil Inc.

## **Exhibit B**

STATE OF CALIFORNIA  
**STANDARD AGREEMENT**  
 STD.213 (new 06/03)

AGREEMENT NUMBER <b>C2016068</b>
REGISTRATION NUMBER

- This Agreement is entered into between the State Agency and the Contractor named below:  
 STATE AGENCY'S NAME  
 California State Lands Commission (CSLC)  
 CONTRACTOR'S NAME  
 Venoco, LLC
- The term of this Agreement is: May 1, 2017 through June 30, 2017
- The maximum amount of this Agreement is: \$ 2,500,000.00
- The parties agree to comply with the terms and conditions of the following exhibits which are by this reference made a part of the Agreement:
 

Exhibit A – Scope of Work	1	Page
Exhibit B – Budget Detail and Payment Provision	1	Pages
Exhibit C* – General Terms and Conditions	GTC 4/2017	
Check mark one item below as Exhibit D:	2	Pages
<input checked="" type="checkbox"/> Exhibit D – Special Terms and Conditions (attached hereto as part of this Agreement)		
<input type="checkbox"/> Exhibit D* – Special Terms and Conditions		
Exhibit E – Scope of Work to be Performed	19	Pages

Items shown with an Asterisk (\*) are hereby incorporated by reference and made part of this Agreement as if attached hereto. These documents can be viewed at <http://www.dgs.ca.gov/ols/Resources/StandardContractLanguage.aspx>.

**IN WITNESS WHEREOF, this Agreement has been executed by parties hereto.**

**CONTRACTOR**

CONTRACTOR'S NAME (if other than individual, state whether a corporation, partnership, etc.)

Venoco, LLC

BY (Authorized Signature)

DATE SIGNED

PRINTED NAME AND TITLE OF PERSON SIGNING

Brian E. Donovan, General Counsel and Secretary

ADDRESS

370 17<sup>th</sup> Street, Suite 3900, Denver, CO 80202

**STATE OF CALIFORNIA**

AGENCY NAME

California State Lands Commission

BY (Authorized Signature)

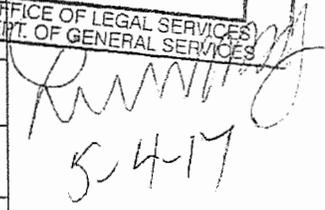
DATE SIGNED

PRINTED NAME AND TITLE OF PERSON SIGNING

Denise Cook, Fiscal Officer

ADDRESS

100 Howe Avenue, Suite 100 South, Sacramento, CA 95825-8202

CALIFORNIA Department of General Services (isd only) <b>APPROVED</b> MAY - 4 2017 OFFICE OF LEGAL SERVICES DEPT. OF GENERAL SERVICES 	<input type="checkbox"/> Exempt per _____
---	---

**EXHIBIT A**

**SCOPE OF WORK**

1. **Work to be Performed** – Venoco, LLC, hereinafter as “Contractor”, enters into this Agreement with the California State Lands Commission, hereinafter referred to as “CSLC” or the “State” (considered as the same entity), to provide temporary operational staffing for “Platform Holly” and the “Las Flores Pipeline (Line 96)” that are necessary to ensure that the facilities are secured, are made safe and do not pose risk to public health and safety and the environment. Contractor agrees to provide all labor, equipment, transportation, supplies, materials, licenses and permits necessary to perform the work specified in Exhibit E, Scope of Work to be Performed which are hereby incorporated and made a part of this Agreement.
2. **Conflict** –The parts of this Agreement are complementary, describe, and provide for the completion of the work specified herein. Any inconsistency within the terms of this Agreement, unless otherwise provided herein, shall be resolved by giving precedence in the following order:
  - a. Standard Agreement (Exhibits A through D)
  - b. Exhibit E “Contractor’s Scope of Work to be Performed”

This standard Agreement, including Exhibits A through E, makes up the entire Agreement between the parties. No document or communication passing between the parties hereto shall amend or be deemed a part of this Agreement unless mutually agreed by the parties in writing.

3. **Responsibilities of Project Managers** – The Project Managers shall be the day-to-day representatives for the administration of this Agreement. Except as otherwise expressly provided, all communications relative to this Agreement shall be given to the Project Managers. Either party shall have the right to change its Project Manager upon written notice to the other party.

The Project Managers shall agree on the work to be performed for all phases of this project prior to implementation of the project. The work to be performed may be updated as needed to account for new and revised work that may be conducted during the life of this Agreement. Revisions in the scope of work must be in writing and mutually agreed to by the Parties and the cost of the resulting modified scope of work shall not exceed the amount stated in Paragraph 3 of the Standard Agreement.

4. The Project Managers during the term of this Agreement will be:

**California State Lands Commission**  
Name: Seth Blackmon  
Phone: 916-574-0393  
Fax: 916-574-1855  
E-mail: [Seth.Blackmon@slc.ca.gov](mailto:Seth.Blackmon@slc.ca.gov)

**Contractor**  
Name: Mike Wracher  
Phone: 805-745-2272  
Fax:  
E-mail: [mwracher@venocoinc.com](mailto:mwracher@venocoinc.com)

5. Direct all Agreement inquiries to:

**California State Lands Commission**  
Name: Annabell Abeleda  
Phone: 916.574.1871  
Fax: 916.574.1875  
E-mail: [Annabell.Abeleda@slc.ca.gov](mailto:Annabell.Abeleda@slc.ca.gov)

**Contractor**  
Name:  
Phone:  
Fax:  
E-mail:

**EXHIBIT B**

**BUDGET DETAIL AND PAYMENT PROVISIONS**

1. **Invoicing and Payment** – Contractor may submit progress billings to the State on a monthly basis in arrears. Each invoice shall be accompanied by forms provided by the State, providing sufficient scope and detail to define the actual work performed and specific milestones completed, including a description of the activities of the Contractor and subcontractors; a description of the problems encountered; the status of various tasks underway and up-to-date planning and milestone schedule; a statement of tasks and milestones completed; and a statement of funds budgeted and expended to date for each task including identification of personnel used with time, compensation, and expenses paid or payable to each worker by the Contractor including expenses paid to subcontractors if any, material purchased and any other costs incurred during the payment period.

Invoices shall include the Agreement Number **C2016068** and be submitted to the State Contract Officer:

California State Lands Commission  
100 Howe Avenue, Suite 100-South  
Sacramento, CA 95825-8202  
Attn.: Annabell Abeleda

2. **Budget Contingency Clause** – It is mutually agreed that, if the Budget Act of the current year and/or any subsequent years covered under this Agreement does not appropriate sufficient funds for this Agreement, the State may cancel this Agreement and it shall be of no further force and effect. In this event, the State shall have no liability to pay any funds whatsoever to the Contractor or to furnish any other considerations under this Agreement and Contractor shall not be obligated to perform any provisions of this Agreement.

In the alternative, the State shall have the right to amend this Agreement to reflect the reduced funds available for it. In such event, State shall meet with the Contractor to negotiate a reduced scope of work.

3. **Prompt Payment Clause** – Payment of valid invoices will be made in accordance with and within the time specified in Government Code, Chapter 4.5 (commencing with Section 927).
4. **Progress Payments** – Progress payments are permitted for work performed under this Agreement. Payments of any sums under this section shall not constitute acceptance by the State of any work performed and shall not be a waiver of any claim against the Contractor.
5. **Retention** – In accordance with the requirements set forth in the State Contracting Manual, Section 7.33.B, the State may withhold, from the each invoiced payment, an amount equal to ten percent (10%) of that payment. Such retained amount shall be held by the State and only released to the Contractor upon the State's staff determination that the Contractor has satisfactorily completed all of the required services under this Agreement.

**EXHIBIT D**

**SPECIAL TERMS AND CONDITIONS**

1. Amendments – No amendment or variation of the terms of this Agreement shall be valid unless made in writing, signed by the parties and all State requirements are met, including review by the Department of General Services, Legal Office if necessary. No oral understanding or arrangement not incorporated in this Agreement is binding to either party.
2. Settlement of Disputes – In the event of a dispute, Contractor shall file a "Notice of Dispute" with the California State Lands Commission, Executive Officer or her designee within ten (10) days of discovery of the problem. Within ten (10) days, the Executive Officer or her designee shall meet with the Contractor and Project Manager for the purposes of resolving the dispute. The decision of the Executive Officer or her designee shall be final.
3. Insurance Requirements – Contractor hereby warrants that there is liability insurance presently in effect for the Contractor of not less than \$1,000,000 per occurrence for bodily injury and property damage liability combined.

The Contractor agrees that the liability insurance herein provided for shall be in effect at all times during the terms of this Agreement. In the event the Contractor fails to maintain said insurance coverage during the terms of this Agreement, the State may, in addition to any other remedies it may have, terminate this Agreement upon occurrence of such event.

4. Workers' Compensation Insurance – By signing this Agreement, the Contractor hereby warrants that it carries Workers' Compensation insurance on all of its employees who will be engaged in the performance of this Agreement.
5. Evaluation of Contractor – Performance of the Contractor under this Agreement will be evaluated. The evaluation shall be prepared on Contract/Contractor Evaluation Sheet, Std. 4 and maintained in the Agreement file. A copy of the evaluation will be sent to the Department of General Services, Office of Legal Services and Contractor, if it is negative and the Agreement amount is over \$5,000.
6. Contract Performance – All performance under this Agreement shall be completed on or before the termination date of the Agreement.
7. Release of Information by Contractor – No reports, information, discoveries, or data assembled, developed, or obtained by the Contractor pursuant to this Agreement shall be released, made available to any person, or used in any manner by the Contractor in other activities without prior written approval of the State.
8. Conflict with Existing Law – Contractor and the State agree that, if any provision of this Agreement is found to be illegal or unenforceable, such term or provision shall be deemed stricken and the remainder of this Agreement shall remain in full force and effect. Either party having knowledge of such terms or provision shall promptly inform the other of the presumed non-applicability of such provision. Should the offending provision go the heart of this Agreement, this Agreement shall be terminated in a manner commensurate with the interest of both parties, to the maximum extent reasonable.
9. Suspension of Work – The State Project Manager may, by written order, suspend the work of the Contractor, or any portion thereof for any period as they may deem necessary, for any reason. An equitable adjustment in price should be made if such suspension results in additional costs to the Contractor should the Stop Work Order issued under this clause is cancelled. The State Project Manager shall make an equitable adjustment in the delivery schedule or the Agreement price, or both, and this Agreement shall be modified, in writing, accordingly.

EXHIBIT D

**SPECIAL TERMS AND CONDITIONS**

10. Work Performance – The Contractor shall be responsible for the professional quality, technical accuracy, and the coordination of all services furnished. The Contractor shall without additional compensation, correct or revise any errors or deficiencies in its work products. All work under this Agreement shall be performed with the degree of skill and care that is required by current, good and sound professional procedures and practices and in conformance with generally accepted professional standards prevailing at the time the Work is performed so as to ensure that the services provided are correct and appropriate for the purpose contemplated in this Agreement and related provisions.
  
11. Licenses and Permits – The Contractor warrants that it is an individual or firm licensed to do business in California and have obtained, at their expense all license(s) and permit(s) required by law for accomplishing any work required in connection with this Agreement. In the event any license(s) and/or permit(s) expire at any time during the term of this Agreement, Contractor agrees to provide the State a copy of the renewed license(s) and/or permit(s) within 30 days following the expiration date. In the event the Contractor fails to keep in effect at all times all required license(s) and permit(s), the State may, in addition to any other remedies it may have, terminate this Agreement upon occurrence of such event.

The State reserves the right to modify, reject, cancel, or stop any and all plans, schedules or work in progress. In such event, the Contractor agrees to use all reasonable efforts to mitigate expenses and obligations under this Agreement. The State shall reimburse the Contractor for all satisfactory services rendered and expenses, if any, incurred prior to such notice of termination, as well as any money withheld and shall hold the Contractor harmless from commitments therefore reasonably made in performance of the duties prescribed under the terms of this Agreement.

# AGREEMENT FOR REIMBURSEMENT OF TEMPORARY SERVICES

## I. PARTIES

This Agreement for Reimbursement of Temporary Services ("Agreement") is dated as of April 14, 2017, by and among Venoco, LLC, a Delaware limited liability company ("Venoco") and the California State Lands Commission ("the Commission," and together with Venoco, "the Parties").

## II. RECITALS

WHEREAS, pursuant to a letter dated April 12, 2017, Venoco notified the Commission that it would soon no longer be capable of meeting the terms and obligations arising from Commission Oil and Gas Lease numbers PRC 421, PRC 3242 and PRC 3120 (collectively, the "Commission's Oil and Gas Leases") due to economic constraints and that it was anticipating further direction from its Board of Director's at their April 13, 2017, meeting; and

WHEREAS, pursuant to certain Quitclaim Deeds for the Commission's Oil and Gas Leases that Venoco intends to deliver on or after the date hereof (the "Quitclaim Deeds"), Venoco intends to surrender and convey to the Commission all of its rights, title, and interests to the Commission Oil and Gas Leases, covering an area generally known as the South Ellwood Field, described more fully in Exhibit A (collectively, the "Quitclaimed Assets"; and such conveyance being the "Quitclaim Conveyance"); and

WHEREAS, Venoco asserts that it has suspended performance of its oil-producing operations on the lands covered by the Commission's Oil and Gas Leases, placed the lands subject to the Commission's Oil and Gas Leases in condition for abandonment pursuant to the terms of the Commission's Oil and Gas Leases and in compliance with applicable Law; and

WHEREAS, Venoco asserts that, upon the Quitclaim Conveyance, any remaining obligations of Venoco under the Commission's Oil and Gas Leases will relate to the plugging and abandonment of the Quitclaimed Facilities (as defined below), and shortly after effectuating the Quitclaim Conveyance, Venoco expects to file a voluntary petition with the United States Bankruptcy Court for the District of Delaware for relief under chapter 11 of the Bankruptcy Code; and

WHEREAS, the Commission asserts that the Commission's Oil and Gas Leases provide that Venoco has ongoing responsibilities for securing, decommissioning and lawfully abandoning the facilities located on the Quitclaimed Assets (the "Quitclaimed Facilities"), subject to Public Resources Code Section 6804.1, which responsibilities survive and remain even if Venoco quitclaims its interests in the Commission's Oil and Gas Leases to the Commission; and

WHEREAS, the Commission asserts that it is in the interests of the people of the State of California to ensure that the Quitclaimed Facilities are secured, decommissioned and lawfully abandoned; and

WHEREAS, Venoco remains the owner and operator of certain onshore facilities that are located at 7979 Hollister Avenue, Goleta, CA 93117 in Goleta, California (the "Ellwood Onshore Facility") and the "Las Flores Pipeline (Line 96)"; together with the Quitclaimed Assets, collectively, the "Assets"; and the Ellwood Onshore Facility and the Las Flores Pipeline (Line 96) together with the Quitclaimed Facilities, collectively, the "Subject Facilities"), and are necessary for the continued operation and anticipated plugging and abandonment of the Quitclaimed Assets; and

WHEREAS, the Commission desires to ensure that the Subject Facilities are secured, are made safe and do not pose a risk to public health and safety and the environment; and

WHEREAS, Commission and Venoco seek to ensure continued operation of the Assets in a safe and responsible manner until the earlier of the termination of this Agreement or a transition to a third-party designated by the Commission (an "Approved Third Party"); and

WHEREAS, subject to the terms and provisions hereof, Commission desires to engage Venoco, and Venoco desires to be engaged by Commission, to provide certain services and support to the Commission, as described more particularly herein; and

WHEREAS, subject to the terms and provisions hereof, the Commission is willing to provide the funds necessary, on an interim basis, and Venoco is willing to carry out such responsibilities as are necessary, to secure and make safe the Subject Facilities and to protect public health and safety and the environment from harm that could result from activities with respect to the Subject Facilities, until the earlier of the termination of this Agreement or a transition to an Approved Third Party; and

WHEREAS, the Parties understand and acknowledge that by and through this Agreement the Commission takes no responsibility for the Subject Facilities and that Venoco's obligations to provide any and all Necessary Services (as defined below), consistent with past practice, persists until the earlier of the termination of this Agreement or a transition to an Approved Third Party; and

WHEREAS, this Agreement in no way waives the Commission's claims against Venoco for any costs incurred, in excess of the existing surety bonds, to fully abandon the Commission's Oil and Gas Leases; and

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

### III. AGREEMENT

In consideration for the execution of this Agreement and the foregoing recitals, (which are incorporated by reference and which shall be deemed substantive provisions of the Agreement) terms, mutual promises, and covenants contained in this Agreement, the Parties agree as follows:

**ARTICLE 1**  
**DEFINITIONS; INTERPRETATION**

1.1 **Definitions.** As used in this Agreement:

(a) "**Affiliate**" means, with respect to any Person, a Person that is controlled by, or is under common control with, such Person, with control in such context meaning the ability to direct the management or policies of a Person through ownership of voting shares or other securities, pursuant to a written agreement, or otherwise; provided, however, that, with respect to any Party, the term "Affiliate" shall not include any other Party.

(b) "**Agreed Rate**" means the lesser of (i) the "prime rate" as published from time to time in the Eastern Edition of the *Wall Street Journal* as the average prime lending rate for seventy percent (70%) of the United States' largest commercial banks; and (ii) the maximum rate allowed by applicable Law.

(c) "**Business Day**" means any day other than a Saturday, Sunday, or a day on which banks are closed for business in Los Angeles, California or Denver, Colorado.

(d) "**Governmental Authority**" means any national or state government and/or government of any political subdivision, and departments, courts, commissions, boards, bureaus, ministries, agencies, or other instrumentalities of any of them.

(e) "**Laws**" means all laws, statutes, rules, regulations, ordinances, orders, decrees, requirements, judgments and codes of Governmental Authorities.

(f) "**Necessary Services**" is defined as activities that are essential or required by Law to ensure that the Subject Facilities are safe and secure and are not the source of damage or injury to public health and safety or to the environment. Any activities that are not essential or required by Law to ensure that the Subject Facilities are safe and secure and are not the source of damage or injury to public health and safety or to the environment shall not be considered "Necessary Services."

(g) "**Person**" means any individual, corporation, partnership, Limited Liability Company, trust, estate, Governmental Authority, or any other entity.

(h) "**Services**" means activities performed by Venoco pursuant to this agreement, including the Necessary Services. "Services" is not to be construed as activities performed specifically on behalf of the State or the Commission.

(i) "**Tax**" means all taxes, including any foreign, federal, state, or local income tax, surtax, remittance tax, presumptive tax, net worth tax, special contribution, production tax, pipeline transportation tax, freehold mineral tax, value added tax, withholding tax, gross receipts tax, windfall profits tax, profits tax, severance tax, personal property tax, real property tax, sales tax, goods and services tax, service tax, transfer tax, use tax, excise tax, premium tax, stamp tax, motor vehicle tax, entertainment tax, insurance tax, capital stock tax, franchise tax, occupation tax, payroll tax, employment tax, unemployment tax, disability tax,

alternative or add-on minimum tax, and estimated tax, duties, fees, or other charges imposed by a Governmental Authority together with any interest, fine, penalty, or additional amount thereon.

1.2 **Interpretation.** In this Agreement, except as expressly set forth to the contrary, (a) references to any gender includes a reference to all other genders; (b) references to the singular includes the plural, and vice versa; (c) reference to any Article or Section means an Article or Section of this Agreement; (d) "hereunder", "hereof", "herein" and words of similar import are references to this Agreement as a whole and not any particular Section or other provision of this Agreement; (e) references to "\$" or "Dollars" means United States Dollars; (f) "include" and "including" mean include or including without limiting the generality of the description preceding such term; and (g) lists of references to Articles, Sections, or subsections are inclusive of the specific Articles, Sections, or subsections referenced.

## ARTICLE 2 SERVICES & RESPONSIBILITIES

2.1 **Provision of Services.** Subject to applicable Law, Sections 2.2 through 2.4 and Section 5.1, Venoco agrees to perform any of its surviving obligations under the Commission's Oil and Gas Leases and provide all Services in the ordinary course, consistent with past practice, which such Services include the following:

- (a) employment and assignment of such personnel essential to the operation of the Assets and activities thereon;
- (b) establishing and maintaining books and records, including accounting, land, well, production, contract, governance, and other records and files necessary and appropriate for the proper operation of the Assets;
- (c) land management, geological and geophysical services, and regulatory compliance, permitting, and filing, in each case, with respect to the Assets;
- (d) capital deployment planning, banking, and monitoring the receipts, income, and expenditures with respect to the Assets;
- (e) arranging for insurance related to the Assets;
- (f) engaging, coordinating, and supervising the engagement of third Party engineers, attorneys, auditors, brokers, advisors, and other professionals and service providers required in connection with the delivery of the financial statements, Tax returns, and engineering reports required by applicable Law;
- (g) negotiating, executing and delivering contracts, and other agreements or instruments consistent with Commission approval; and
- (h) dealing and interfacing with Commission's vendors, contract counterparties, and other third Persons with respect to the Assets.

2.2 **Approval.** All Services shall be approved by Commission staff in advance where practicable; provided, however, that, in case of explosion, fire, flood or other sudden emergency, whether of the same or different nature, Venoco may take such steps and incur such expenses as in its opinion are required to deal with the emergency to safeguard life and property (the "**Emergency Services**") but Venoco, as promptly as possible, shall report the emergency to the Commission. When a Service other than an Emergency Service is supplied and not previously approved, the Commission may challenge the payment of such Service unless and until Venoco provides reasonably adequate evidence of the necessity of such Service. The approval may be in the form of a broad delegation, but the Commission reserves the right to require specific approval for specified Services.

2.3 **Power of Delegation.** In fulfillment of this Article, Venoco shall have the power to delegate, in whole or in part, its obligations hereunder to any Affiliate or third Person, subject to the consent of the Commission, which shall not be unreasonably withheld, conditioned or delayed.

2.4 **Changes; Termination of Services.** The Parties may, at any time, mutually agree in writing to add or reduce services or change the nature, extent or duration of performance of any or all Services contemplated hereunder. Notwithstanding anything contained in this Agreement to the contrary, if any additions or modifications to the Services are requested by CSLC that would cause the scope or scale of the Services (or Venoco's responsibility to perform the same) to be expanded or enlarged or contracted or decreased in any material respect, and Venoco agrees to provide or cause to be provided such expanded or enlarged or contracted or decreased Services, the Parties will negotiate in good faith appropriate adjustments to the cost reimbursement provisions hereof.

### ARTICLE 3 PERFORMANCE OF SERVICES

3.1 **Provision of Services.** Subject to applicable Law, Venoco shall provide (a) sufficient personnel (including, as necessary or appropriate contractors, consultants, temporary employees, and agents) with the appropriate background and experience, and (b) equipment and facilities to perform the Services in a timely manner in accordance with the terms of this Agreement. There shall not be deemed or construed to be an express or implied contract of employment between the Commission and any such Persons. Subject to any requirements that may be imposed by the Commission to ensure that the Assets are operated in a safe and reasonably prudent manner in compliance with applicable Laws, Venoco shall have the sole discretion and responsibility to determine the specific manner and means by which the Services are to be performed and the authority to control, oversee, and direct the performance of the details of the Services.

3.2 **Service Support.** The Commission shall provide such information, and shall use reasonable efforts to provide such other support as may be reasonably necessary for Venoco to perform, or cause to be performed, the Services from time to time, at no cost to Venoco. Without limiting the foregoing, Venoco and its Affiliates, and its and their respective employees, contractors, and subcontractors shall (a) have the right, free of charge, to use such equipment owned or leased by or on behalf of the Commission and (b) have, free of charge, the right of

access to, and the right to be on, any property owned or leased by the Commission, in each case, as is reasonably necessary in connection with the performance of the Services in accordance with this Agreement.

3.3 **Standard of Performance.** Venoco shall provide, or cause to be provided all Necessary Services in compliance in all material respects with applicable Laws and in a good and workmanlike manner. Except as provided herein, Venoco, its Affiliates, and any respective partners, employees, contractors, subcontractors, or agents (the "SP Group"), shall be responsible for the operation of the Subject Facilities, consistent with past performance.

3.4 **Limitation on Services.**

(a) Venoco represents and warrants that it has no reason to believe that the staffing levels it anticipates maintaining, and the expenditures it anticipates incurring, in connection with the Services will be inconsistent, in any material respect, with the staffing levels maintained, and expenditures incurred, by Venoco to operate the Assets prior to the Effective Date. Notwithstanding any other provisions in this Agreement to the contrary, Venoco is not obligated to provide Services that Venoco did not perform for its own account prior to the date hereof or perform any such Services in a manner substantially different from the manner in which Venoco performed such Services for its own account prior to the date hereof. Venoco does not represent or warrant any particular outcome or result with respect to the Services.

(b) In no event shall Venoco be obligated to: (i) make modifications to its existing systems, equipment, records, or procedures; (ii) acquire or expand assets, equipment, rights, or properties (including, without limitation, computer equipment, software, furniture, fixtures, machinery, vehicles, tools, and other tangible personal property) beyond the level and location currently provided by Venoco as of the date hereof; or (iii) hire additional employees or contractors (other than replacements of existing employees or contractors used in connection with the provision of Services) unless reasonably requested by the Commission.

(c) If a Party is rendered unable, wholly or in part, by Force Majeure (as hereafter defined below) to timely carry out its obligations under this Agreement, other than obligations to make payments of money when due hereunder, such Party shall give the other Party prompt written notice of the Force Majeure with reasonably full particulars, and the obligations of the Party giving notice, so far as they are affected by Force Majeure, shall be suspended during, but no longer than, the continuance of the Force Majeure. The affected Party shall use all reasonable dispatch to remove the effects of the Force Majeure and shall resume performance as promptly as practicable following resolution of the Force Majeure event. The requirement that any Force Majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes, lockouts, or other labor difficulty by the Party involved, and the handling of such difficulties shall be entirely within the discretion of the Party concerned. The term "**Force Majeure**" for purposes of this Agreement means an act of God, strike, lockout, or other industrial disturbance, act of the public enemy, war, blockade, public riot, lightning, fire, storm, flood, explosion, governmental action, governmental delay, restraint or inaction, unavailability of equipment, and any other cause, whether of the kind specifically enumerated above or otherwise, which is not reasonably within the control of the Party that is unable, wholly or in part, to timely carry out any obligations under this Agreement.

**ARTICLE 4**  
**COST REIMBURSEMENT, ETC.**

4.1 **Cost Reimbursement.** Venoco is not entitled to reimbursement from the Commission hereunder for Services provided on or prior to April 30, 2017. Without limiting Article 6 hereof, Venoco shall be entitled to reimbursement for the following costs (based on costs actually incurred) in respect of the provision of the Services from and after May 1, 2017:

(a) actual overhead, general and administrative, and similar indirect costs incurred by Venoco from time to time based on twenty-five percent (25%) of Venoco's total allocable overhead; provided, however, that the foregoing shall not exceed Two Hundred Fifty Thousand Dollars (\$250,000) in any one-calendar month period; and

(b) out-of-pocket costs and expenses incurred and paid by Venoco or its Affiliates in connection with the Services in accordance with Section 2.2, including:

(i) all costs attributable to (A) the acquisition, maintenance, renewal or relinquishment of any licenses, permits, approvals, or other rights acquired or held, or under applicable Law required to be acquired or held, by Venoco in respect of the Assets and (B) Venoco's compliance with any such licenses, permits, approvals, or rights or any other Law applicable to the Assets (whether or not on behalf of the Commission or in the Commission's name);

(ii) employee payments (whether calculated (at Venoco's discretion) on the basis of salary, wages, or applicable day rate amounts in respect of the nature of the work done, and including reasonable bonuses), and related costs including everything constituting an employee's total compensation, as well as the cost to Venoco of holiday, vacation, sickness, disability benefits, living and housing allowances, travel time, bonuses, and other customary allowances applicable to salaries and wages chargeable pursuant to this Section 4.1(b), as well as the costs to Venoco for employee benefits, including employee group life insurance, group medical insurance, hospitalization, retirement, severance payments required by applicable Laws with respect to employees and other Persons temporarily or permanently assigned to the Assets and directly engaged in the performance of the Services (whether or not located onsite or performing technical services), together with reasonable additional benefits and payments (including severance benefits) in excess of those required by applicable Laws, which are made in accordance with Venoco's benefit policies from time to time;

(iii) expenditures or contributions made pursuant to assessments imposed by a Governmental Authority for payments with respect to, or on account of, employees described in Section 4.1(b)(ii);

(iv) reasonable expenses (including related travel costs and mileage reimbursements) of those employees described in Section 4.1(b)(ii), and for which expenses the employees are reimbursed under the usual practice of Venoco, to the extent such expenses arise from, or relate to, the performance of the Services;

(v) cost of maintaining any offices, sub-offices, camps, warehouses, housing, and other facilities of Venoco or its Affiliates that directly relate to the performance of the Services;

(vi) cost, net of discounts taken by Venoco, of material purchased or furnished by Venoco, including transportation charges, loading and unloading fees, and license fees associated with the procurement of material and in-transit losses, if any, not covered by insurance;

(vii) charges for services provided by third Persons, including the Affiliates of Venoco, that are normally provided by third Persons; provided, however, that such charges for services by the Affiliates of Venoco shall not exceed those prevailing if performed by non-affiliated third Persons, considering quality and availability of services;

(viii) premiums paid for insurance required by Law or any agreement, to the extent such policies relate to the Assets;

(ix) all costs or expenses reasonably necessary to replace or repair damages or losses incurred by fire, flood, storm, theft, accident, or any other cause, less credits for settlements received from insurance and from others for such losses or damages, in each case, to the extent relating to the Services;

(x) all Taxes, duties, assessments and charges levied by a Governmental Authority of every kind and nature, assessed or levied upon or in connection with the performance of the Services;

(xi) all costs, fees and expenses incurred in connection with any bonds, letters of credit, guarantees or other financial assurances, if any, relating to the Assets, including any lease bonds, supplemental bonds, area-wide bonds or any other surety bonds required by Law; and

(xii) any other costs, losses, and expenses incurred by Venoco for the necessary and proper performance of the Services in accordance with this Agreement or as otherwise directed by the Commission and not otherwise covered in Section 4.1(a);

provided, however that nothing herein shall limit the terms of Section 3.3 or the obligations of the Commission pursuant to Article 6; provided further, that Venoco agrees to, upon request from the Commission, meet with representatives of the Commission from time to time to discuss expenditures that are expected to be incurred in connection with the provision of the Services such that as operational needs change the scope of the Services contemplated in this Agreement can be amended and modified by the mutual agreement of the Parties. The Commission reserves the right to determine that facilities entirely owned and operated by Venoco, including the Ellwood Onshore Facility and Line 96, are no longer necessary for the safe operation of the Commission's Oil and Gas Leases and to discontinue payment for these Services, subject to notice of not less than ten (10) days.

#### 4.2 Payment.

(a) On the fifth (5<sup>th</sup>) day of each calendar month (or if such day is not a Business Day, the first Business Day immediately following such day), commencing May 5, 2017, the Commission shall pay Venoco an initial deposit for Services of One Million, One Hundred Twenty Thousand Dollars (\$1,120,000) (the "Cost Reimbursement Prepayment Amount") via a transfer of immediately available funds in accordance with wiring instructions provided by Venoco to the Commission. Such payment shall serve as the initial cost reimbursement for the Services to be performed during the calendar month.

(b) On or before the twentieth (20<sup>th</sup>) day of each calendar month, commencing May 2017, Venoco shall invoice the Commission for actual costs and expenses of the type described in Section 4.1 that were incurred in connection with Services performed during the prior calendar month (the "Invoiced Amount"). Each invoice shall be in writing and accompanied by such documentation relating the calculation of the Invoiced Amount contained in such invoice as may be reasonably necessary to substantiate its payment.

(c) If the Invoiced Amount for Services performed during a calendar month exceed the Cost Reimbursement Prepayment Amount the Commission shall, on or before the fifth (5<sup>th</sup>) day of the calendar month following the month during which the Commission received the invoice for such Invoiced Amount, pay to Venoco, in addition to the Cost Reimbursement Prepayment Amount due on such day in accordance with Section 4.2(a), an amount equal to the difference between the Invoiced Amount for such calendar month and the Cost Reimbursement Prepayment Amount via a transfer of immediately available funds in accordance with wiring instructions provided by Venoco to the Commission; provided, however, that the Commission may reduce payment otherwise due, to the extent that such reduction is due to the manifest error in any such invoice.

(d) If the Invoiced Amount for Services performed during a calendar month are less than the Cost Reimbursement Prepayment Amount (in each case, adjusted on a pro rata basis for April 2017), the Commission shall be permitted to set-off an amount equal to the difference between the Cost Reimbursement Prepayment Amount and the Invoiced Amount for such calendar month against future amounts owed by the Commission to Venoco under this Agreement. The Commission shall provide the Venoco with reasonable advance written notice of its intent to effectuate such set-off and such notice shall be accompanied by documentation setting forth in reasonable detail the aggregate amount the Commission is entitled to set-off in accordance with the terms hereof, before and after giving effect to such set-off.

(e) If the proceeds of any reimbursement payments made by the Commission to Venoco pursuant to the terms hereof have not been used or otherwise allocated for use when termination of this Agreement occurs pursuant to Section 5.2, then Venoco shall promptly pay such proceeds to the Commission via a transfer of immediately available funds in accordance with wiring instructions provided by the Commission to Venoco.

4.3 **Commission Audit Procedures.**

(a) Payment of any invoice or part thereof by the Commission shall not prejudice the right of the Commission to protest or question the correctness thereof; provided, however, that all invoices and statements rendered during any calendar year shall be presumed to be true and correct with respect only to such expenditures, after three (3) months following the end of such calendar year, unless, within such period, the Commission takes specific exception thereto making a claim for adjustment. Venoco shall provide a written response to all written exceptions, whether or not contained in an audit report within the time periods set forth in this Section 4.3. All exceptions and responses thereto shall be supported with reasonable documentation.

(b) The Commission, upon written notice to Venoco, shall have the right to audit Venoco's accounts and records relating to the Services within the three (3) month period following the end of the calendar year in which the applicable invoice was rendered; provided, however, that conducting an audit shall not extend the time for the taking of written exception to, and the adjustment of, accounts as provided in Section 4.3(a).

(c) Venoco shall provide a written response to all exceptions in an audit report within fifteen (15) days after Venoco receives such report. Disputed exceptions shall be accompanied by a substantive response and such reasonable documentation as may be required to substantiate such response.

4.4 **Set-Off Rights.** Venoco is authorized, to the fullest extent permitted by applicable Law, to set off and apply any and all amounts due and owing by Venoco to the Commission under this Agreement (including funds held for the benefit of the Commission pursuant to Section 3.3) against all amounts due and owing by the Commission to Venoco under this Agreement or otherwise. Such rights to set-off are in addition to any other rights which Venoco may have hereunder or under applicable Law.

4.5 **Inability to Pay.** If the Commission believes in good faith that it will not be able to timely make any payments required hereunder, then, at least five (5) days prior to the date that such payment is due hereunder, the Commission shall provide written notice to Venoco of such inability to pay.

**ARTICLE 5**

**CONDITION TO EFFECTIVENESS; TERM; TERMINATION**

5.1 **Condition to Effectiveness.** Notwithstanding anything herein to the contrary, this Agreement shall only become effective and enforceable against the Parties upon the Commission's receipt of the Quitclaim Deeds.

5.2 **Term and Termination.** This Agreement shall be effective as of the date hereof and shall terminate, in whole, and not in part, upon the earliest to occur of the following:

(a) June 30, 2017; provided, however, that the term hereof may be extended on a month-to-month basis if such extension is agreed to in writing by both Parties not less than ten (10) days prior to the then current termination date hereunder.

- (b) the written agreement of the Parties to terminate this Agreement;
- (c) a determination by the Commission that Venoco's Services are no longer required, after receipt by Venoco of written notice from the Commission of such Services being no longer required;
- (d) the default by Venoco in the performance or observation of any material agreement, covenant, term, condition or obligation hereunder in any material respect, which has not been cured within thirty (30) days (or such longer period as may be required to cure such default if such default is not curable within such thirty (30) day period) after receipt by Venoco of written notice from the Commission of such default;
- (e) the failure by the Commission to perform any covenant contained in Section 4.2(a) or Section 4.2(c), and such default has not been cured within three (3) days after the date on which such payment is due; or
- (f) the default by the Commission in the performance or observation of any material agreement, covenant, term, condition or obligation hereunder in any material respect which, if such default is curable, and such default has not been cured within thirty (30) days (or such longer period as may be required to cure such default if such default is not curable within such thirty (30) day period) after receipt by the Commission of written notice from Venoco of such default;

provided, however, that the term hereof may be extended on a month-to-month basis if such extension is agreed to in writing by both Parties not less than (10) days prior to the then current termination date hereof.

### 5.3 Effect of Termination.

(a) Upon termination pursuant to Section 5.1, this Agreement shall become void and be of no further force and effect, except the provisions of Articles 1 and 7, and Sections 2.3, 3.2, 3.4, 4.2(c), 4.2(d), 4.2(e), 5.3 and 5.4 all of which shall continue in full force and effect.

(b) Venoco shall remain entitled to the compensation set forth in Sections 4.1 and 4.2 with respect to the month in which termination occurs.

5.4 Transition Obligations. Upon the termination of this Agreement pursuant to Section 5.1, Venoco shall take all actions reasonably necessary to effect the transition of the Services to a successor provider or providers of such Services designated by the Commission in an orderly and expeditious manner; provided, however, that Venoco shall not be responsible for any payments required to transfer any contracts entered into by Venoco in connection with the performance of their respective obligations hereunder. Venoco shall invoice the Commission for actual costs and expenses of the type described in Section 4.1 that were incurred in connection with such transfers, and, within fifteen (15) days of the Commission's receipt of any such invoice, the Commission shall reimburse Venoco for such invoiced amounts via a transfer of immediately available funds in accordance with wiring instructions provided by Venoco to the Commission. From and after termination of this Agreement, the Commission shall hire all

Persons used in connection with the provision of the Services and pay the reasonable costs of terminating any independent contractors or employees of Venoco that were directly involved with the provision of the Services.

## ARTICLE 6 INDEMNIFICATION

The Parties hereby acknowledge and agree that the Commission shall not indemnify Venoco or the SP Group for undertaking the responsibilities necessary to manage the Assets consistent with Venoco's ongoing obligation to ensure that the Commission's Oil and Gas Leases remain positioned for abandonment in accordance with all applicable lease terms and Laws.

## ARTICLE 7 MISCELLANEOUS

7.1 **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original instrument, but all such counterparts together shall constitute but one agreement.

7.2 **Notices.** All notices that are required or may be given pursuant to this Agreement shall be sufficient in all respects if given in writing, in English and delivered personally, by telecopy or by recognized courier service, to the address of the intended Party, as set forth on the signature page hereto. All notices shall be deemed to have been duly given at the time of receipt by the Party to which such notice is addressed.

7.3 **Governing Law.** This Agreement and the legal relations between the Parties shall be governed by and construed in accordance with the laws of the State of California, without regard to principles of conflicts of laws that would direct the application of the laws of another jurisdiction.

7.4 **Dispute Resolution.** Each Party consents to personal jurisdiction in any action brought in the United States federal courts located in the state of California with respect to any dispute, claim or controversy arising out of or in relation to or in connection with this Agreement, and each of the Parties agrees that any action instituted by it against the other with respect to any such dispute, controversy or claim will be instituted exclusively in the Western Division of the Central District of California. Each Party (a) irrevocably submits to the exclusive jurisdiction of such courts, (b) waives any objection to laying venue in any such action or proceeding in such courts, (c) waives any objection that such courts are an inconvenient forum or do not have jurisdiction over it, and (d) agrees that service of process upon it may be effected by mailing a copy thereof by registered mail (or any substantially similar form of mail), postage prepaid, to it at its address specified in Section 7.2. The foregoing consents to jurisdiction and service of process shall not constitute general consents to service of process in the state of California for any purpose except as provided herein and shall not be deemed to confer any rights on any Person other than the Parties to this Agreement. The Parties hereby waive trial by jury in any action, proceeding or counterclaim brought by any Party against another in any matter whatsoever arising out of or in relation to or in connection with this Agreement.

7.5 **Captions.** The captions in this Agreement are for convenience only and shall not be considered a part of or affect the construction or interpretation of any provision of this Agreement.

7.6 **Assignment.** Subject to Section 2.3, the rights and obligations of each Party under this Agreement shall be personal to such Party and may not be assigned, transferred, conveyed, pledged, disposed of, or otherwise alienated, in whole or in part, in any manner (whether by assignment, merger, change of control, sale of stock, assignment for the benefit of creditors, receivership, bankruptcy or otherwise) without the express written consent of each other Party, which consent may be withheld for any reason. Any purported transfer or other disposition in violation of this Section 7.6 shall be void *ab initio*.

7.7 **Waivers.** Any failure by any Party to comply with any of its obligations, agreements or conditions herein contained may be waived by the Party to whom such compliance is owed by an instrument signed by the Party to whom compliance is owed and expressly identified as a waiver, but not in any other manner. No waiver of, or consent to a change in, any of the provisions of this Agreement shall be deemed or shall constitute a waiver of, or consent to a change in, other provisions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

7.8 **Entire Agreement.** This Agreement constitutes the entire agreement among the Parties pertaining to the subject matter hereof, and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties pertaining to the subject matter hereof. In entering into this Agreement, no Party has relied on any statement, representation, warranty, covenant, or agreement of the other Parties or its representatives other than those expressly contained in this Agreement.

7.9 **Amendment.** This Agreement may be amended or modified only by an agreement in writing signed by the Parties against whom such amendment or modification is sought to be enforced and expressly identified as an amendment or modification.

7.10 **No Third-Person Beneficiaries.** The provisions of this Agreement are enforceable solely by the Parties. Nothing in this Agreement shall entitle any Person other than the Parties any claim, cause of action, remedy or right of any kind, except the rights expressly provided to the Persons described in Article 6, which rights must be enforced and claims brought, if at all, by the applicable Party.

7.11 **Severability.** If any provision of this Agreement, or any application thereof, is held invalid, illegal or unenforceable in any respect under any Law, this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention of the Parties, to such Law, and, to the extent such provision cannot be so reformed, then such provision (or the invalid, illegal or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this Agreement, as the case may be, and the validity, legality and enforceability of the remaining provisions contained herein (and any other application of such provision) shall not in any way be affected or impaired thereby.

7.12 **Time of the Essence.** Time is of the essence in this Agreement. If the date specified in this Agreement for giving any notice or taking any action is not a Business Day (or if the period during which any notice is required to be given or any action taken expires on a date which is not a Business Day), then the date for giving such notice or taking such action (and the expiration of such period during which notice is required to be given or action taken) shall be the next day which is a Business Day.

7.13 **Limitation on Damages.** Notwithstanding anything to the contrary contained herein, no Party, nor any of their respective Affiliates shall be entitled to consequential, special, or punitive damages in connection with this Agreement and the transactions contemplated hereby (other than consequential, special, or punitive damages suffered by third Persons for which responsibility is allocated between or among the Parties) and each Party, for itself and on behalf of its Affiliates, hereby expressly waives any right to consequential, special, or punitive damages in connection with this Agreement and the transactions contemplated hereby (other than consequential, special, or punitive damages suffered by third Persons for which responsibility is allocated between or among the Parties).

7.14 **Relationship of the Parties.** It is not the intention of the Parties to create, nor shall this Agreement be construed as creating, a mining or other partnership, joint venture, agency relationship, or association, or to render the parties liable as partners, co-venturers, or principals.

7.15 **Further Assurances.** Each Party shall from time to time, and without additional consideration, take such further acts, and execute and deliver such further documents, as may be reasonably requested by another Party in order to fully perform and carry out the terms of this Agreement.

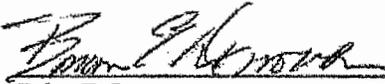
7.16 **Reservation of Rights.** Notwithstanding anything contained herein to the contrary, nothing herein shall limit, or otherwise have any impact on, any Party's claims, defenses, or other rights related to any matters or transactions not related to this Agreement and the matters contemplated thereby.

7.17 **Surety Bonds.** Venoco shall use commercially reasonable efforts to take any actions requested or required by the Commission to facilitate the Commission deriving the benefit of any existing surety bonds in connection with the Assets.

[Remainder of page intentionally left blank. Signature page to follow.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth above.

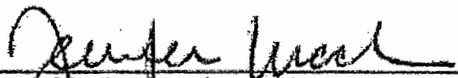
**VENOCO, LLC**

By:   
Name: Brian E. Donovan  
Title: General Counsel and Secretary

Address: 370 17th Street, Suite 3900  
Denver, CO 80202

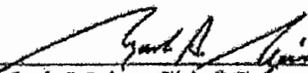
Attn: \_\_\_\_\_  
Phone: 303-626-8300

**CALIFORNIA STATE LANDS  
COMMISSION**

By:   
Name: Jennifer Lucchesi  
Title: Executive Officer

Address: 100 Howe Avenue, Suite 100-S  
Sacramento, CA 95825

Attn: \_\_\_\_\_  
Phone: 916-574-1800

Approved as to form:   
Name/Title: Mark Meier, Chief Counsel

## EXHIBIT A

### PRC 421.1

That certain State Lands Commission State of California Oil and Gas Lease with PRC No. 421.1 dated as of October 22, 1949, granted by the State of California State Lands Commission to Blackline Oil Company, which covers for the following lands located in or adjacent to Santa Barbara County, California:

Beginning at a point on the ordinary high water mark of the Pacific Ocean, at the most easterly corner of the lands embraced in expired Lease No. 88 (303-1921 ), which point bears S. 54° 52' 30" E. 340.46 feet, S. 52° 28' 00" E. 1062.38 feet. S. 50° 34' 30" E. 258.19 feet and S. 50° 03' 30" E. 1.00 foot from Monument No. 8 as shown on a map entitled "State Leases and Permits, Ellwood Oil Field, " approved November 1, 1929, and filed in the office of the Division of State Lands: thence along said ordinary high water mark S. 50° 03' 30" E. 1092.33 feet to the most northerly point of the lands embraced in Lease No. 90 (303-1921); thence, leaving said ordinary high water mark and running along the westerly side boundary line of the lands embraced in Lease No. 90 (303-1921), S. 39° 56' 30" W. 2730.82 feet; thence N. 50° 03' 30" W. 1092.33 feet to the easterly side boundary line of the lands embraced in expired Lease No. 88 (303-1921 ); thence along the said easterly side boundary line of the lands embraced in said expired Lease No. 88 (303-1921 ), N. 39° 56' 30" E. 2730.82 feet to the point of beginning; and containing approximately 68.48 acres.

**[EXHIBIT A CONTINUES ON THE FOLLOWING PAGE]**

**PRC 3120.1**

That certain State Lands Commission State of California Oil and Gas Lease with PRC No. 3120.1 dated as of April 29, 1964, granted by the State of California State Lands Commission to Richfield Oil Corporation and Socony Mobil Oil Company, which covers for the following lands located in or adjacent to Santa Barbara County, California:

A PARCEL OF TIDE AND SUBMERGED LAND IN SANTA BARBARA CHANNEL, SANTA BARBARA COUNTY, IN THE VICINITY OF ELWOOD OIL FIELD, SAID PARCEL BEING DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE MEAN HIGH TIDE LINE OF SANTA BARBARA CHANNEL, SAID POINT BEING THE NORTHWEST CORNER OF STATE OIL AND GAS LEASE P.R.C. 129.1 AND ALSO THE NORTHEAST CORNER OF P.R.C. 208.1, WHICH POINT BEARS N. 77° 18' 58" W. 4,865 FEET MORE OR LESS FROM A 6 INCH IRON PIPE DESIGNATED AS MONUMENT NUMBER 4 ON SHEET 3 OF 6 OF A MAP OF A "SURVEY OF THE ORDINARY HIGH WATER MARK", DATED FEBRUARY 1954 AND RECORDED IN RECORD OF SURVEY MAP BOOK 35, PAGE 89, RECORDS OF SANTA BARBARA COUNTY, SAID MONUMENT HAVING ZONE 5 CALIFORNIA COORDINATES OF X = 1,420,819.40 Y = 345,145.75; THENCE FROM SAID POINT OF BEGINNING SOUTHEASTERLY ALONG THE MEAN HIGH TIDE LINE TO THE INTERSECTION WITH A CALIFORNIA COORDINATE SYSTEM ZONE 5 NORTH-SOUTH GRID LINE HAVING AN X VALUE OF 1,424,750, SAID POINT OF INTERSECTION ALSO HAVING A Y VALUE OF 342,436.83, AND BEING ON THE LANDWARD BOUNDARY OF STATE OIL AND GAS LEASE P.R.C. 421.1; THENCE SOUTH ALONG SAID GRID LINE 18,227.20 FEET TO A POINT IN THE SANTA BARBARA CHANNEL; THENCE NORTHWESTERLY PARALLEL TO THE MEAN HIGH TIDE LINE TO AN INTERSECTION WITH THE SOUTHERLY PROJECTION OF THE EAST BOUNDARY LINE OF STATE OIL AND GAS LEASE P.R.C. 208.1; THENCE NORTHERLY ALONG SAID BOUNDARY LINE TO THE POINT OF BEGINNING. EXCLUDING THEREFROM THE AREA CONTAINED IN STATE OIL AND GAS LEASES P.R.C. 129.1, P.R.C. 428.1 AND A PORTION OF P.R.C. 421.1, SAID PARCEL CONTAINING 3,324 ACRES MORE OR LESS.

THE BEARINGS AND DISTANCES USED IN THE ABOVE DESCRIPTION ARE BASED ON THE CALIFORNIA COORDINATE SYSTEM ZONE 5.

**[EXHIBIT A CONTINUES ON THE FOLLOWING PAGE]**

**PRC 3242.1**

That certain State Lands Commission State of California Oil and Gas Lease with PRC No. 3242.1 dated as of April 8, 1965, granted by the State of California State Lands Commission to Richfield Oil Corporation and Socony Mobil Oil Company, which covers for the following lands located in or adjacent to Santa Barbara County, California:

A PARCEL OF TIDE AND SUBMERGED LAND IN SANTA BARBARA CHANNEL, NEAR ELWOOD, IN SANTA BARBARA COUNTY, CALIFORNIA, BEING FURTHER DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE MEAN HIGH TIDE LINE OF ABOVE-MENTIONED SANTA BARBARA CHANNEL AT THE INTERSECTION WITH A NORTH-SOUTH GRID LINE HAVING A ZONE 5 CALIFORNIA "X" COORDINATE OF 1,424,750; THENCE EASTERLY ALONG SAID MEAN HIGH TIDE LINE TO ITS INTERSECTION WITH THE WESTERN BOUNDARY OF STATE OIL AND GAS LEASE P.R.C. 308.1; THENCE SOUTHERLY ALONG SAID WESTERN BOUNDARY OF OIL AND GAS LEASE P.R.C. 308.1 AND ITS SEAWARD PROLONGATION TO AN INTERSECTION WITH AN ENVELOPE LINE EVERY POINT OF WHICH IS AT A DISTANCE OF 3 GEOGRAPHICAL MILES FROM THE NEAREST POINT ON THE MEAN HIGH TIDE LINE OF SANTA BARBARA CHANNEL; THENCE WESTERLY ALONG SAID ENVELOPE LINE TO ITS INTERSECTION WITH ABOVE-MENTIONED NORTH-SOUTH GRID LINE HAVING A ZONE 5 CALIFORNIA "X" COORDINATE OF 1,424,750; THENCE NORTH ALONG SAID GRID LINE TO THE POINT OF BEGINNING.

EXCEPTING FROM THE ABOVE-DESCRIBED PARCEL, STATE OIL AND GAS LEASE P.R.C. 424.1 AND ANY PORTION OF STATE OIL AND GAS LEASE P.R.C. 421.1 LYING WITHIN SAID PARCEL.

SAID PARCEL CONTAINING APPROXIMATELY 4,290 ACRES EXCLUDING THE EXCEPTIONS.

COORDINATES AND BEARINGS CONFORM TO CALIFORNIA COORDINATE SYSTEM ZONE 5

The lease shall be subject to the provisions of pipeline easements P.R.C. 2739.1 and P.R.C. 3073.1.

**[END OF EXHIBIT A]**

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth above.

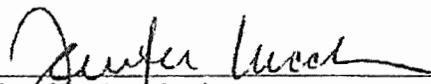
**VENOCO, LLC**

By:   
Name: Brian E. Donovan  
Title: General Counsel and Secretary

Address: 370 17th Street, Suite 3900  
Denver, CO 80202

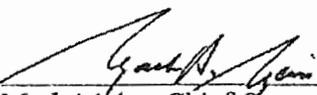
Attn: \_\_\_\_\_  
Phone: 303-626-8300

**CALIFORNIA STATE LANDS  
COMMISSION**

By:   
Name: Jennifer Lucchesi  
Title: Executive Officer

Address: 100 Howe Avenue, Suite 100-S  
Sacramento, CA 95825

Attn: \_\_\_\_\_  
Phone: 916-574-1800

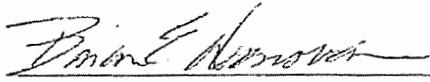
Approved as to form:   
Name/Title: Mark Meier, Chief Counsel

  
5-4-17  
Dept of Gen Services  
Chris Corbett



IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth above.

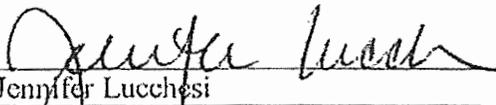
**VENOCO, LLC**

By:   
Name: Brian E. Donovan  
Title: General Counsel and Secretary

Address: 370 17th Street, Suite 3900  
Denver, CO 80202

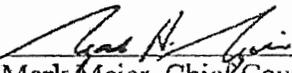
Attn: \_\_\_\_\_  
Phone: 303-626-8300

**CALIFORNIA STATE LANDS  
COMMISSION**

By:   
Name: Jennifer Lucchesi  
Title: Executive Officer

Address: 100 Howe Avenue, Suite 100-S  
Sacramento, CA 95825

Attn: \_\_\_\_\_  
Phone: 916-574-1800

Approved as to form:   
Name/Title: Mark Meier, Chief Counsel

  
CHIEF COUNSEL  
DEPT. of Gen Services



**CALIFORNIA STATE LANDS COMMISSION**  
100 Howe Avenue, Suite 100-South  
Sacramento, CA 95825-8202



*Established in 1938*

JENNIFER LUCCHESI, *Executive Officer*  
(916) 574-1800 Fax (916) 574-1810  
California Relay Service TDD Phone 1-800-735-2929  
from Voice Phone 1-800-735-2922

**Contact Phone: ()**  
**Contact Fax: ()**

June 12, 2017

File Ref: PRC 3120,  
PRC 3242,  
PRC 421

Venoco, LLC C/O  
Jason Hutt  
Partner  
Bracewell LLP  
2001 M Street NW, Suite 900  
Washington, D.C. 20036-3310

**RE: Extension of the Reimbursement Agreement for Temporary Services**

Dear Mr. Hutt:

Pursuant to Paragraph 5.2(a) of the Reimbursement Agreement for Temporary Services ("Agreement"), the Agreement will end June 30, 2017, unless the parties agree, in writing, to an extension. It is Commission staff's desire to extend the term of the Agreement by one month to end July 30, 2017, to allow for the final review and selection of a qualified contractor.

Attached please find a Standard Agreement form STD 213(a) to modify the term of the Agreement by adding one month at the agreed upon reimbursement amount (as defined in paragraph 4.2(a)). If Venoco, LLC is in agreement with the proposed extension please execute four (4) copies of the Amendment (we need 4 wet signatures returned to the Commission offices) and return them to the State Lands Commission, care of Seth Blackmon.

If you have any questions please don't hesitate to call. You can reach me at (916) 574-0393 or by email at [seth.blackmon@slc.ca.gov](mailto:seth.blackmon@slc.ca.gov).

Sincerely,

Seth Blackmon  
Senior Staff Counsel

STATE OF CALIFORNIA  
**STANDARD AGREEMENT**

STD. 213A (Rev 6/03)

CHECK HERE IF ADDITIONAL PAGES ARE ATTACHED \_\_\_\_\_ Pages

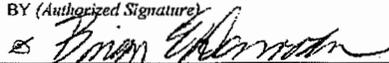
AGREEMENT NUMBER <b>C2016068</b>	AMENDMENT NUMBER <b>1</b>
CONTRACT REGISTRATION NUMBER	

- This Amendment is entered into between the State Agency and Contractor named below:  
STATE AGENCY'S NAME  
 California State Lands Commission (CSLC)  
CONTRACTOR'S NAME  
 Venoco, LLC
- The term of this Amendment is May 1, 2017 through July 31, 2017; pursuant to Section 5.2(a) of the Reimbursement of Temporary Services Agreement ("Reimbursement Agreement")
- The maximum amount that the CSLC is authorized to expend after this Amendment is: \$3,360,000.00; see below for more information
- The parties mutually agree to this Amendment as follows. All actions noted below are by this reference made a part of the Reimbursement Agreement and incorporated herein:

This Amendment amends the Reimbursement Agreement (designated by the state of California as Agreement Number C2016068) dated as of April 14, 2017, between Venoco, LLC and the California State Lands Commission ("Reimbursement Agreement"). Section 5.2(a) of the Reimbursement Agreement is amended to replace "June 30, 2017" with "July 31, 2017." State of California Agreement Number C2016068/Reimbursement Agreement authorized the CSLC to expend a total of \$2,500,000, which was greater than the \$2,240,000 anticipated for two months of operations under Section 4.2 (a) of the Reimbursement Agreement.

This Amendment *does not* modify the payment terms of Section 4.2(a) of the Reimbursement Agreement, rather it adds \$860,000 to the CSLC's existing authorization under Agreement Number C2016068 to cover one additional month of continued safe, daily operations for Venoco's Ellwood Onshore Facility and Platform Holly not budgeted for in the original contract. As such, the total amount contemplated by the Reimbursement Agreement/C2016068 amd1 is \$3,360,000.

All other terms and conditions shall remain the same.  
**IN WITNESS WHEREOF, this Amendment has been executed by the parties hereto.**

<b>CONTRACTOR</b>		CALIFORNIA Department of General Services Use Only 
CONTRACTOR'S NAME (if other than an individual, state whether a corporation, partnership, etc.) Venoco, LLC		
BY (Authorized Signature) 	DATE SIGNED (Do not type) 6/29/17	
PRINTED NAME AND TITLE OF PERSON SIGNING Brian E. Donovan, General Counsel and Secretary		
ADDRESS 370 17 <sup>th</sup> Street, Suite 3900, Denver, CO 80202		
<b>STATE OF CALIFORNIA</b>		
AGENCY NAME California State Lands Commission		
BY (Authorized Signature) 	DATE SIGNED (Do not type) 6/29/17	
PRINTED NAME AND TITLE OF PERSON SIGNING Denise Cook, Fiscal Officer		
ADDRESS 100 Howe Avenue, Suite 100 South, Sacramento, California 95825-8202		
		<input type="checkbox"/> Exempt per:

STATE OF CALIFORNIA  
**AGREEMENT SUMMARY**  
 STD 215 (Rev. 04/2017)

CHECK HERE IF ADDITIONAL PAGES ARE ATTACHED

AGREEMENT NUMBER C2016068	AMENDMENT NUMBER 2
------------------------------	-----------------------

1. CONTRACTOR'S NAME Venoco, LLC	2. FEDERAL I.D. NUMBER 77-0323555
3. AGENCY TRANSMITTING AGREEMENT State Lands Commission	4. DIVISION, BUREAU, OR OTHER UNIT Fiscal
5. AGENCY BILLING CODE 013100	6a. CONTRACT ANALYST NAME Annabell Abeleda
6b. EMAIL Annabell.Abeleda@slc.ca.gov	6c. PHONE NUMBER 916-574-1871

7. HAS YOUR AGENCY CONTRACTED FOR THESE SERVICES BEFORE?  
 No  Yes (If Yes, enter prior Contractor Name and Agreement Number)  
 PRIOR CONTRACTOR NAME: \_\_\_\_\_ PRIOR AGREEMENT NUMBER: \_\_\_\_\_

8. BRIEF DESCRIPTION OF SERVICES  
 Emergency Contract - Staffing of Platform Holly and ancillary onshore facilities to protect public health and safety.

9. AGREEMENT OUTLINE (Include reason for Agreement; identify specific problem, administrative requirement, program need or other circumstances making the Agreement necessary; include special or unusual terms and conditions.)  
 On April 17, 2017, Venoco, LLC quitclaimed its interests in three offshore oil and gas leases, which include Platform Holly (PRC 3120 & PRC 3242) and the Ellwood Beach Oil & Gas Piers (PRC 421), back to the Commission. On the same day, Venoco has filed for bankruptcy and plans to pursue liquidation of its assets under the United States Bankruptcy Code. Just prior to Venoco's quitclaim, the California State Lands Commission negotiated an emergency Agreement for the Reimbursement of Temporary services to ensure that certified hydrocarbon and Hydrogen Sulfide gas (H2S) operators remain on the subject facilities (which includes the Ellwood Onshore Facility within the jurisdiction of the City of Goleta) through June 30, 2017, the end date of the current emergency contract. Pursuant to the Agreement, Venoco will provide temporary staffing services on Platform Holly and the onshore facilities, as well as permit compliance requirements with the City of Goleta, County of Santa Barbara, OSPR, DOGGR and others. The Agreement has been approved by the Bankruptcy Court in re Venoco, LLC,

10. PAYMENT TERMS (More than one may apply)  
 Monthly Flat Rate  Quarterly  One-Time Payment  Progress Payment  
 Itemized Invoice  Withhold \_\_\_\_\_ %  Advanced Payment Not To Exceed  
 Reimbursement / Revenue \$ \_\_\_\_\_, 1,120,000 or \_\_\_\_\_ %  
 Other (Explain) \_\_\_\_\_

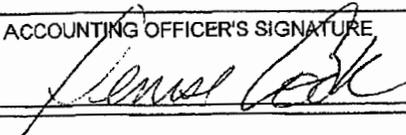
11. PROJECTED EXPENDITURES

FUND TITLE	ITEM	FISCAL YEAR	CHAPTER	STATUTE	PROJECTED EXPENDITURES
General Fund	3560-001-0001	16/17	23/2016	2016	\$ 2,500,000
General Fund	3560-001-0001	16/17	23/2016	2016	\$ 500,000
General Fund	3560-001-0001	17/18	14/2017	2017	\$ 1,480,000
					\$
					\$

OBJECT CODE 418	AGREEMENT TOTAL \$ 4,480,000
--------------------	------------------------------

OPTIONAL USE V: 10047; I: 2010; P: 10005	AMOUNT ENCUMBERED BY THIS DOCUMENT \$ 300,000
---	--

I certify upon my own personal knowledge that the budgeted funds for the current budget year are available for the period and purpose of the expenditure stated above.	PRIOR AMOUNT ENCUMBERED FOR THIS AGREEMENT \$ 3,000,000
	TOTAL AMOUNT ENCUMBERED TO DATE \$ 3,660,000

ACCOUNTING OFFICER'S SIGNATURE 	ACCOUNTING OFFICER'S NAME (Print or Type) Denise Cook, Fiscal Officer	DATE SIGNED 7/26/17
--	--	------------------------

STATE OF CALIFORNIA  
**AGREEMENT SUMMARY**

STD 215 (Rev. 04/2017)

12. AGREEMENT	TERM		TOTAL COST OF THIS TRANSACTION	BID, SOLE SOURCE, EXEMPT
	FROM	THROUGH		
Original	5-01-2017	6-30-2017	\$ 2,500,000	Emergency Contract
Amendment No. 1	5-0-2017	7-31-2017	\$ 860,000	Emergency Contract
Amendment No. 2	7-31-2017	8-31-2017	\$ 1,120,000	Emergency Contract
Amendment No. 3			\$	
<b>TOTAL</b>			\$ 4,480,000	

13. BIDDING METHOD USED

Request for Proposal (RFP) (Attach justification if secondary method is used)  Use of Master Service Agreement

Invitation for Bid (IFB)  Exempt from Bidding (Give authority for exempt status)  Sole Source Contract (Attach STD. 821)

Other (Explain) SCM 3.10 Emergency Contract

Note: Proof of advertisement in the State Contracts Register or an approved form STD. 821, Contract Advertising Exemption Request, must be attached

14. SUMMARY OF BIDS (List of bidders, bid amount and small business status) (If an amendment, sole source, or exempt, leave blank)

N/A

15. IF AWARD OF AGREEMENT IS TO OTHER THAN THE LOWER BIDDER, EXPLAIN REASON(S) (If an amendment, sole source, or exempt, leave blank)

N/A

16. WHAT IS THE BASIS FOR DETERMINING THAT THE PRICE OR RATE IS REASONABLE?

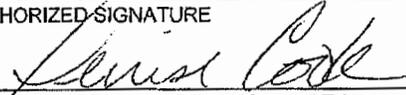
Commission staff have reviewed operational expenses for the subject facilities.

17a. JUSTIFICATION FOR CONTRACTING OUT (Check one)

Contracting out is based on cost savings per Government Code 19130(a). The State Personnel Board has been so notified.  Contracting out is justified based on Government Code 19130(b). When this box is checked, a completed JUSTIFICATION - CALIFORNIA CODE OF REGULATIONS, TITLE 2, SECTION 547.60 must be attached to this document.

17b. EMPLOYEE BARGAINING UNIT NOTIFICATION

By checking this box, I hereby certify compliance with Government Code section 19132(b)(1).

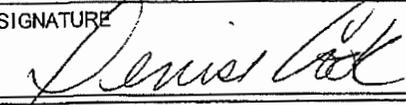
AUTHORIZED SIGNATURE 	SIGNER'S NAME (Print or Type) Denise Cook, Fiscal Officer	DATE SIGNED 7/26/17
---	--	------------------------

18. FOR AGREEMENTS IN EXCESS OF \$5,000: Has the letting of the agreement been reported to the Department of Fair Employment and Housing? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes <input type="checkbox"/> N/A	22. REQUIRED RESOLUTIONS ARE ATTACHED <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> N/A
19. HAVE CONFLICT OF INTEREST ISSUES BEEN IDENTIFIED AND RESOLVED AS REQUIRED BY THE STATE CONTRACT MANUAL SECTION 7.10? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes <input type="checkbox"/> N/A	
20. FOR CONSULTING AGREEMENTS: Did you review any contractor evaluations on file with the DGS Legal Office? <input checked="" type="checkbox"/> None on file <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> N/A	24. IS THIS A SMALL BUSINESS AND/OR A DISABLED VETERAN BUSINESS CERTIFIED BY DGS? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes SB/DVBE Certification Number:
21. IS A SIGNED COPY OF THE FOLLOWING ON FILE AT YOUR AGENCY FOR THIS CONTRACTOR? A. Contractor Certification Clauses <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes <input type="checkbox"/> N/A B. STD 204 Vendor Data Record <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes <input type="checkbox"/> N/A	

23. ARE DISABLED VETERANS BUSINESS ENTERPRISE GOALS REQUIRED? (If an amendment, explain changes if any)  No (Explain below)  Yes \_\_\_\_\_ % of Agreement

25. IS THIS AGREEMENT (WITH AMENDMENTS) FOR A PERIOD OF TIME LONGER THAN THREE YEARS?  No  Yes (If Yes, provide justification below)

I certify that all copies of the referenced Agreement will conform to the original agreement sent to the Department of General Services.

SIGNATURE 	NAME/TITLE (Print or Type) Denise Cook, Fiscal Officer	DATE SIGNED 5-3-2017 7/26/17
---	---	---------------------------------

**JUSTIFICATION - CALIFORNIA CODE OF REGULATIONS, TITLE 2, SECTION 547.60**

In the space provided below, the undersigned authorized state representative documents, with specificity and detailed factual information, the reasons why the contract satisfies one or more of the conditions set forth in Government Code section 19130(b). Please specify the applicable subsection. Attach extra pages if necessary.

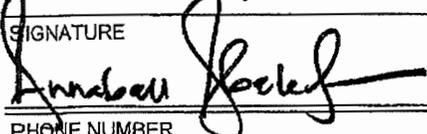
Justification for compliance with the provisions of section 19130 (b) (10) of the Government Code for contracting out.

The services are of such urgent, temporary, or occasional nature that any delay in their implementation would frustrate their very purpose. A variety of specialists will be required over a short period of time to protect against unanticipated oil spills in the marine environment and to control fugitive H2S gas emissions that could lead to lethal concentrations both offshore and onshore. This agreement is meant to support the State Lands Commission's need to protect human health and safety as well as the safety of California's offshore environment until a longer term contract can be developed and secured. Plus, the tasks within the project scope are highly specialized and intermittent in nature. The State Lands Commission staff is incapable of properly securing the facilities, as are others, due to the highly specialized nature of offshore oil and gas production and the need to properly certify all personnel, in the allotted time frame.

Failure to approve the amendment would leave the facilities without staffing and would exacerbate the current safety and control issues addressed above. The original Agreement has been approved by the Bankruptcy Court in the above mentioned matter, securing the State's monetary interests and giving rise to various administrative claims if Venoco fails to observe any element of the Agreement.

Without the amendment, Venoco will not be able to maintain staffing beyond July 31, 2017. We have not awarded the contract that will take over the staffing for this platform. One additional month of service is required from Venoco to protect the Platform against unanticipated oil spills in the marine environment and to control fugitive H2S gas emissions that could lead to lethal concentrations both offshore and onshore.

*The undersigned represents that, based upon his or her personal knowledge, information or belief the above justification correctly reflects the reasons why the contract satisfies Government Code section 19130(b).*

SIGNATURE 	NAME/TITLE (Print or Type) Annabell Abeleda, Contract Officer	DATE SIGNED 7-26-2017	
PHONE NUMBER 916-574-1871	STREET ADDRESS 100 Howe Avenue, Suite 100-South		
EMAIL Annabell.Abeleda@slc.ca.gov	CITY Sacramento	STATE CA	ZIP 95825

STATE OF CALIFORNIA  
**STANDARD AGREEMENT**  
 STD. 213A (Rev 6/03)

CHECK HERE IF ADDITIONAL PAGES ARE ATTACHED \_\_\_\_\_ Pages

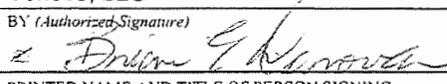
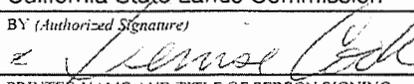
AGREEMENT NUMBER <b>C2016068</b>	AMENDMENT NUMBER <b>2</b>
CONTRACT REGISTRATION NUMBER	

- This Amendment is entered into between the State Agency and Contractor named below:  
 STATE AGENCY'S NAME  
California State Lands Commission (CSLC)  
 CONTRACTOR'S NAME  
Venoco, LLC
- The term of this Amendment is May 1, 2017 through August 31, 2017; pursuant to Section 5.2(a) of the Reimbursement of Temporary Services Agreement ("Reimbursement Agreement")
- The maximum amount that the CSLC is authorized to expend after this Amendment is: \$4,480,000.00; see below for more information
- The parties mutually agree to this Amendment as follows. All actions noted below are by this reference made a part of the Reimbursement Agreement and incorporated herein:

This Amendment amends the Reimbursement Agreement (designated by the state of California as Agreement Number C2016068) dated as of April 14, 2017, between Venoco, LLC and the California State Lands Commission ("Reimbursement Agreement") and Amendment 1 to the Reimbursement Agreement, dated June 29, 2017 (Amendment 1). Section 5.2(a) of the Reimbursement Agreement, as amended by Amendment 1, is amended to replace "July 31, 2017" with "August 31, 2017."

This Amendment *does not* modify the payment terms of Section 4.2(a) of the Reimbursement Agreement, rather it adds \$1,120,000 to the CSLC's existing authorization under Agreement Number C2016068, as amended by Amendment 1, to cover one additional month of continued safe, daily operations for Venoco's Ellwood Onshore Facility and Platform Holly not budgeted for in the original contract. As such, the total amount contemplated by the Reimbursement Agreement/C2016068 under this Amendment 2 is \$4,480,000.

All other terms and conditions shall remain the same.  
 IN WITNESS WHEREOF, this Amendment has been executed by the parties hereto.

<b>CONTRACTOR</b>		CALIFORNIA Department of General Services Use Only
CONTRACTOR'S NAME (If other than an individual, state whether a corporation, partnership, etc.) <u>Venoco, LLC</u>		
BY (Authorized Signature) 	DATE SIGNED (Do not type) <u>7/25/17</u>	
PRINTED NAME AND TITLE OF PERSON SIGNING <u>Brian E. Donovan, General Counsel and Secretary</u>		
ADDRESS <u>370 17<sup>th</sup> Street, Suite 3900, Denver, CO 80202</u>		
<b>STATE OF CALIFORNIA</b>		
AGENCY NAME <u>California State Lands Commission</u>		
BY (Authorized Signature) 	DATE SIGNED (Do not type) <u>7/26/17</u>	
PRINTED NAME AND TITLE OF PERSON SIGNING <u>Denise Cook, Fiscal Officer</u>		
ADDRESS <u>100 Howe Avenue, Suite 100 South, Sacramento, California 95825-8202</u>		
		<input type="checkbox"/> Exempt per:

**SHORT FORM CONTRACT****(For agreements up to \$9,999.99)**

STD. 210 (Revised 7/2009)

CONTRACT NUMBER	AM. NO.	FEDERAL TAXPAYER ID. NUMBER
C2016037		20-3573155
REGISTRATION NUMBER		

Invoice must show contract number, itemized expenses, service dates, vendor name, address and phone number.  
SUBMIT INVOICE IN TRIPLICATE TO:

State Lands Commission  
100 Howe Avenue, Suite 100-South  
Sacramento, CA 95825

**FOR STATE USE ONLY**

STD. 204  N/A  ON FILE  ATTACHED  
 CCCs  N/A  ON FILE  ATTACHED  
 DVBE %  N/A  GFE \_\_\_\_\_  
 Late reason \_\_\_\_\_  
 Public Works Contractor's License \_\_\_\_\_  
 Exempt from bidding \_\_\_\_\_

## 1. The parties to this agreement are:

STATE AGENCY'S NAME, hereafter called the **State**.

California State Lands Commission

CONTRACTOR'S NAME, hereafter called the **Contractor**.

Krummrich Engineering

2. The agreement term is from April 21, 2017 through June 30, 2017.3. The maximum amount payable is \$ 4,999.00 pursuant to the following charges:

Wages/Labor \$ 4,999.00 Parts/Supplies \$ \_\_\_\_\_ Taxes \$ \_\_\_\_\_ Other \$ \_\_\_\_\_ (Attach list if applicable.)

4. Payment Terms (**Note:** All payments are in arrears.)  ONE TIME PAYMENT (Lump sum)  MONTHLY  QUARTERLY ITEMIZED INVOICE  OTHER \_\_\_\_\_

## 5. The Contractor agrees to furnish all labor, equipment and materials necessary to perform the services described herein and agrees to comply with the terms and conditions identified below which are made a part hereof by this reference. (Outline in exact detail what is to be done, where it is to be done and include work specifications, if applicable.)

 ADDITIONAL PAGES ATTACHED

California State Lands Commission (Commission) is requesting a rough cost estimate to plug and abandon (P&A) the 30 wells on Platform Holly, in Santa Barbara County, all of which have been operated by Venoco LLC since 1997. The work will likely require a site visit to Platform Holly and review of existing well and facilities reports. In addition to the cost estimate to for the P&A work on Platform Holly's wells and facilities, the Commission requests the development of a simple priority matrix to assist Commission staff in identifying complex and critical wells.

EXHIBITS (Items checked in this box are hereby incorporated by reference and made a part of this Agreement by this reference as if attached hereto.)

 GTC 610 \_\_\_\_\_  GIA\* \_\_\_\_\_ \*If not attached, view at<http://www.dgs.ca.gov/ols/Resources/StandardContractLanguage.aspx> Other Exhibits (List)**In Witness Whereof, this agreement has been executed by the parties identified below:**

STATE OF CALIFORNIA		CONTRACTOR			
AGENCY NAME		CONTRACTOR'S NAME (If other than an individual, state whether a corporation, partnership, etc.)			
California State Lands Commission		Krummrich Engineering			
BY (Authorized Signature)	DATE SIGNED	BY (Authorized Signature)	DATE SIGNED		
					
PRINTED NAME AND TITLE OF PERSON SIGNING		PRINTED NAME AND TITLE OF PERSON SIGNING			
Colin Connor, Chief of Administrative Services		Craig Krummrich, President			
ADDRESS		ADDRESS			
100 Howe Avenue, Suite 100-South Sacramento, CA 95825-8202		590 Poli St, Ventura, CA 93001			
FUND TITLE	ITEM	FISCAL YEAR	CHAPTER	STATUTE	OBJECT CODE
General Fund	3560-0001-001	2016	23/2016	2016	498
I hereby certify upon my own personal knowledge that budgeted funds are available for the period and purpose of the expenditure stated above.		SIGNATURE OF ACCOUNTING OFFICER			DATE SIGNED
					

Platform Holly- PRC 3120 & 3242- P&A Matrix

WELL	COMPLETION	Open formations	Angle	DIFFICULTY (1-LEAST, 5-MOST)	REASON FOR DIFFICULTY (BEST CASE SCENARIO)	P81D	TOP PERF	DOW (EXPECTED CASE)	DOW (EST WORST CASE)	\$ (EXPECTED CASE)	\$ (WORST CASE)	UNKNOWN (WORST CASE DRIVER)	WELL HEAD	WBD
3120-4	GL / Cuttings injector	{Sisquoc / Monterey} / Rincon	39.45 / 3,943'	3	TRSCSSV. Three packers. Fish completion	6,050'	3,200'	11.3	12.3	\$917,700	\$993,100	Casing pressure issues		3120-4 WBD.pdf
3120-5	Gas Injector	Rincon	31.00 / 5,609'	4	Check valve. Coated 2-3/8" tubing. One packer.	5,655'	5,414'	11.3	14.1	\$956,900	\$1,181,300	Casing pressure issues. Cut two casings?	Conventional	3120-5 WBD.pdf
3120-6	GL	Monterey	51.15 / 5,473'	4	Coated 2-3/8" tubing. Two packers.	4,450'	4,150'	11.3	14.1	\$956,900	\$1,181,300	SCSSV installed? Casing pressure issues. Cut two casings?	Conventional	3120-6 WBD.pdf
3120-7	GL	Monterey	46 / 2,284'	5	TRSCSSV. 2-3/8" tubing. One packer.	5,221'	4,066'	11.3	16.9	\$956,900	\$1,405,700	Casing pressure issues. Cut three casings?	Conventional	3120-7 WBD.pdf
3120-8	GL	Monterey	No data file available	4	Junk in tbg @300'. 2-3/8" tubing. One packer.	4,989'	3,325'	11.3	14.1	\$917,700	\$1,142,100	SCSSV installed under junk? Casing pressure issues. Cut two casings?	Conventional	3120-8 WBD.pdf
3120-9	GL	Monterey	60 / 2,926'	1	TRSCSSV. One packer	6,584'	5,320'	10.3	13.1	\$842,300	\$1,066,700	Casing pressure issues. Cut two casings?	Conventional	3120-9 WBD.pdf
3120-10	Water injector	Monterey	35.75 / 4,084'	2	Check valve. One packer.	5,040'	3,780'	10.3	13.1	\$842,300	\$1,066,700	May not be able to run cement retainer. Casing pressure issues. Cement in protection string? Cut two casings?	Utilized w/spool	3120-10 WBD.pdf
3120-11	GL	Sisquoc / Monterey	No data file available	3	TRSCSSV. One packer.	7,489'	5,270'	10.3	18.7	\$842,300	\$1,515,500	May not be able to run cement retainer. Cement in protection string? Casing pressure issues. Cut three casings?	Utilized w/spool	3120-11 WBD.pdf
3120-12	ESP	Monterey	65.15 / 3,536'	1	ESP cable and 2 ea 3/8" lines. No packer.	6,575'	6,010'	10.6	13.4	\$859,300	\$1,083,700	Casing pressure issues. Cut two casings?	Utilized w/spool	3120-12 WBD.pdf
3120-13	GL	Monterey	48 / 2,214'	2	Coated tubing. One packer.	4,730'	4,545'	11.3	14.1	\$956,900	\$1,181,300	SCSSV installed? Casing pressure issues. Cut two casings?	Conventional	3120-13 WBD.pdf
3120-14	ESP	Monterey	No data file available	4	ESP cable. TRSCSSV. No packer.	11,367'	5,973'	10.6	16.2	\$859,300	\$1,308,100	SCSSV installed? Chemical injection lines? Casing pressure issues. Cut three casings?	Conventional	3120-14 WBD.pdf
3120-16	ESP + GL	Monterey	No data file available	3	ESP cable. No packer.	7,675'	6,680'	10.6	16.2	\$859,300	\$1,308,100	SCSSV installed? Chemical injection lines? Casing pressure issues. Cut three casings?		3120-16 WBD.pdf
3120-18	GL / Water injector	Monterey	87.5 / 11,181'	4	Two packers. Open hole section. Tubing perforated.	10,097'	6,407'	12.3	16.1	\$993,100	\$1,292,900	All of completion retrievable? Tubing perfs & formation perfs. Casing pressure issues. Cut two casings?		3120-18 WBD.pdf
3242-3	GL / Gas Injector	Rincon	35.15 / 3,756'	2	One packer. Will not be able to run cement retainer. Casing restriction.	6,445'	5,374'	10.6	10.6	\$859,300	\$859,300	SCSSV installed? Casing pressure issues?	Conventional	3242-3 WBD.pdf
3242-4	GL	Monterey	88 / 8,000'	2	TRSCSSV. One packer.	10,372'	8,981'	10.3	10.3	\$842,300	\$842,300	Casing pressure issues.?	Conventional	3242-4 WBD.pdf
3242-5	GL	Monterey	Unable to locate directional	2	TRSCSSV. 2-3/8" tubing. One packer.	4,491'	3,880'	11.3	14.1	\$956,900	\$1,181,300	Casing pressure issues. Cut two casings?		3242-5 WBD.pdf
3242-6	P&A			NA	ABANDONNED	353						Casing pressure issues?	Conventional	3242-6 WBD.pdf
3242-7	GL	Monterey	75.2 / 7,410'	2	TRSCSSV. One packer.	9,434'	7,160'	10.3	13.1	\$842,300	\$1,066,700	Casing pressure issues. Cut two casings?	Utilized	3242-7 WBD.pdf
3242-8	Water injector / GL	Monterey	44.30 / 4,828'	2	One packer.	5,420'	3,984'	10.3	13.1	\$842,300	\$1,066,700	SCSSV installed? Casing pressure issues. Cut two casings?		3242-8 WBD.pdf
3242-9	ESP	Monterey	69 / 6,472'	1	ESP cable and 2 ea 3/8" lines. No packer	7,371'	6,100'	10.6	11.6	\$859,300	\$934,700	SCSSV installed? Loose junk in well. Casing pressure issues.		3242-9 WBD.pdf
3242-10	GL	Monterey	No data file available	2	One packer.	4,130'	3,850'	10.3	13.1	\$842,300	\$1,066,700	SCSSV installed? Casing pressure issues. Cut two casings?	Conventional	3120-10 WBD.pdf
3242-11	GL	Monterey	44 / 2,790'	2	Coated tubing. One packer.	4,330'	4,145'	11.3	14.1	\$917,700	\$1,142,100	SCSSV installed? Casing pressure issues. Cut two casings?		3120-11 WBD.pdf
3242-12	GL	Monterey	88 / 5,137'	2	TRSCSSV. One packer.	9,743'	8,540'	10.3	13.1	\$842,300	\$1,066,700	Casing pressure issues. Cut two casings?		3120-12 WBD.pdf
3242-14	GL	Monterey	54 / 2,215'	4	One packer. 1 ea 1/4" CIL. Barite, CaCO & CMT plugs above packer. Tubing cut.	6,084'	3,954'	13.3	16.1	\$1,068,500	\$1,292,900	SCSSV installed? Casing pressure issues. Cut two casings?	Utilized	3120-14 WBD.pdf
3242-15	GL	Monterey	85 / 7,789'	2	TRSCSSV. One packer.	4,330'	8,521'	10.3	13.1	\$842,300	\$1,066,700	Casing pressure issues. Cut two casings?	Utilized	3242-15 WBD.pdf
3242-16	GL	Monterey	54 / 4,047'	2	One packer.	5,031'	4,670'	10.3	13.1	\$842,300	\$1,066,700	SCSSV installed? Casing pressure issues. Cut two casings?	Utilized	3242-16 WBD.pdf
3242-17	Cuttings injector	Monterey	51.26 / 2,269'	2	TRSCSSV. One packer.	5,150'	4,590'	10.3	13.1	\$842,300	\$1,066,700	Casing pressure issues. Cut two casings?	Utilized	3242-17 WBD.pdf
3242-18	ESP / GL	Monterey	73 / 3,298'	1	ESP cable and 2 ea 3/8" CILs. No packer	8,240'	6666	10.6	13.4	\$859,300	\$1,083,700	Casing pressure issues.		3242-18 WBD.pdf
3242-19	GL	Monterey	86 / 4,183'	4	TRSCSSV. CIL down to packer. One packer.	9,550'	8,421'	11.3	15.1	\$956,900	\$1,256,700	Casing pressure issues. Casing program mess.	Conventional	3242-19 WBD.pdf
3242-20	GL	Monterey	No data file available	3	TRSCSSV. CIL down to packer. Two packers. Perforated tubing.	10,768'	8,028'	11.3	15.1	\$917,700	\$1,217,500	Casing pressure issues. Cut two casings?		3242-20 WBD.pdf

\*note that this matrix does not assess the two wells associated with State Lease PRC 421 or provide an estimate.

316 405 \$25,894,900 33,003,900  
 +20% contingency for weather/equip failure/staffing issues, etc. \$5,178,980 \$6,600,780  
 \$31,073,880 \$39,604,680

## **Exhibit C**



September 14, 2017

**BY EMAIL – RETURN RECEIPT REQUESTED**

California State Lands Commission  
Attn: Jennifer Lucchesi  
100 Howe Avenue, Suite 100 South  
Sacramento, CA 95825

Re: Use of Ellwood Onshore Facility

Ms. Lucchesi:

Pursuant to the Agreement for Reimbursement for Temporary Services (“Reimbursement Agreement”) dated an April 14, 2017 between the California State Lands Commission (“Commission”) and Venoco, LLC (“Venoco” (collectively “the Parties”), Venoco agreed to carry out such responsibilities as were necessary, on an interim basis, to secure and make safe the onshore facilities located at 7979 Hollister Avenue, Goleta, CA 93117 in Goleta, California (the “Ellwood Onshore Facility” or “EOF”) and the Commission agreed to provide funds necessary, on an interim basis, to reimburse Venoco, as the debtor in possession, for such work.

As of September 15, 2017 (the “Transition Date”), the Reimbursement Agreement will expire and operations related to EOF and other facilities covered by the Reimbursement Agreement will be transitioned to a designated contractor of the Commission. While Venoco and the Commission have not yet agreed upon a payment amount for the Commission’s continued non-exclusive use of EOF, the parties recognize that an uninterrupted transition of operations should be accomplished to ensure that the Quitclaimed Facilities (as defined in the Reimbursement Agreement) remain secured and maintained for use during the anticipated Plug and Abandonment Program and the subsequent decommissioning project and lawful abandonment.

Accordingly, pursuant to this letter, Venoco agrees to allow the Commission and its designated contractor to continue non-exclusive use of the EOF, EOF-related machinery or equipment, which is further described on Exhibit A, and the upland access easement to the Ellwood Pier solely in connection with securing, decommissioning and abandoning the Quitclaimed Facilities, so long as the Commission agrees to the following conditions:

Jennifer Lucchesi  
September 14, 2017  
Page 2

(a) The Commission continues to negotiate in good faith with Venoco regarding a reasonable payment amount for the Commission's continued non-exclusive use of EOF and the EOF-related equipment and machinery.

(b) Any periodic payment amount that the Commission agrees to pay Venoco shall be payable retroactive to the Transition Date (the "Catch-Up Payment"). In the event Venoco and the Commission cannot agree upon a payment amount, any payment amount or other consideration determined by a court of law for the Commission's use of the EOF, EOF-related equipment and machinery, and as necessary the upland access easement to the Ellwood Pier shall be payable by the Commission retroactive to the Transition Date as the Catch-Up Payment. The Commission's payment commitments contained in this Letter Agreement shall be assignable by Venoco to any subsequent owner of EOF and the EOF-related equipment.

(c) In addition to the payment contemplated in (a) and (b), above, the Commission agrees to reimburse Venoco for any actual expenses incurred after the Transition Date in relation to ownership of EOF, EOF-related machinery and equipment, and use of the upland access easement to the Ellwood Pier which shall include property taxes, insurance, equipment maintenance costs, fuel costs, equipment operator service costs, waste disposal costs, regulatory and compliance costs, and any similar costs or expenses related to Venoco's continuing ownership of EOF and the EOF-related machinery and equipment; provided, however, that any amounts paid by the Commission to Venoco pursuant to this clause shall be credited against the Catch-Up Payment.

(d) The Commission, individually and on behalf of any respective agents, related entities, commissioners, representatives, staff, administrators, beneficiaries, trustees, directors, officers, managers, members, employees, advisors, successors, predecessors, insurers, and assigns (if any), and any and all persons or entities acting by, through, under or in concert with any of them, past, present and future each hereby releases, acquits, discharges and covenants not to sue Venoco, LLC (Venoco), including but not limited to Venoco's subsidiaries, affiliated entities, divisions, and all of Venoco's respective past, present and future agents, servants, representatives, employees, officers, directors, shareholders, members, managers, attorneys, insurers, executors, heirs, beneficiaries, administrators, and any and all persons acting by, through, under or in concert with any of them and each of them (collectively, the "Venoco Released Parties"), from any and all claims, rights, liabilities, fines, penalties, obligations, demands, debts, costs, actions, causes of actions, suits, damages, expenses, rents, royalties, attorney fees, and compensation of every kind and nature whatsoever, whether arising in contract or tort, that any of them ever had, or now have, whether asserted or unasserted, contingent or absolute, anticipated or unanticipated that SLC has had, now has, or may in the future have against the Venoco Released Parties arising from the Commission's

Jennifer Lucchesi  
September 14, 2017  
Page 3

use and operation of EOF and the EOF-related equipment and machinery, or that of its designated contractor or representatives, after the Transition Date.

(e) The Commission expressly reserves its rights under California Civil Code Section 1542 (and all similar ordinances and statutory, regulatory, or judicially created laws or rules of any other jurisdiction), which provides:

A general release does not extend to claims which the [Commission] does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

(f) ~~The Commission's continued use of EOF, EOF-related equipment and the upland access easement to the Ellwood Pier shall terminate on the earlier of (i) the effective date of a fully executed use or similar agreement providing for the Commission's continued use of EOF and the EOF-related equipment, or (ii) October 31, 2017, subject to amendment by agreement of the parties.~~

(g) The Parties agree to take any and all actions and to execute and deliver, from time to time and at any time, such further documents as may reasonably be requested by any other Party in order to carry out and effectuate completely the purposes and intent of this Agreement.

(h) This Agreement shall not be construed to be a statement by the Commission in support or opposition of any plan or disposition of property held by Venoco, LLC, in the bankruptcy matter of *In re: Venoco, LLC*, case no. 17-10828.

(i) The Parties reserve all rights and remedies, including the Commission's right to object to any plan or disposition of property within the bankruptcy matter.

(j) During the term of this letter agreement the Parties covenant to forgo unilaterally seeking modifications to any permits associated with the operation of the EOF or EOF-related equipment. Any permit modifications shall require consultation among the parties and receipt of written approval and agreement to seek any potential modification, which shall not be unreasonably conditioned, withheld or delayed.

(k) The Parties agree that all data, electronic or otherwise, required to operate and maintain the Quitclaimed Facilities, the EOF and any EOF-related equipment, will remain Venoco's personal property, with the final disposition to be negotiated in the subsequent Use Agreement, but that the Commission, and its contractors, shall have access to said data as needed in the interim.

Jennifer Lucchesi  
September 14, 2017  
Page 4

(l) The Parties agree that the use of the EOF and upland access easement to the Ellwood Pier by the Commission, or its contractor, shall be non-exclusive, wherein Venoco expressly reserves a right to access the EOF premises and associated improvements to carry out any functions required by law or management responsibilities required by the bankruptcy court. Venoco shall have a right of reasonable access to the EOF premises and the upland access easement, upon reasonable notice to the Commission. The Commission, through its contractor, shall have the right to exclude persons from the EOF premises to ensure public health and safety and when the presence or activity constitutes a material interference with the anticipated use of the premises.

(m) The Commission, or its contractor, shall ensure that the EOF premises is operated in compliance with applicable law and that any waste generated in relation to the Commission's, or its contractor's, use of the EOF premises shall be stored and disposed of by the Commission or its contractor. Actions taken by the Commission or its contractor to plug and abandon the Quitclaimed Facilities shall be the responsibility of the Commission and Venoco shall have no other regulatory responsibilities related to those activities.

Please indicate the Commission's agreement to the above conditions by counter-signing the letter below. Your counter-signature shall also serve as a representation that you are an authorized representative of the Commission for the purposes of entering into this agreement.

Thank you for your continued efforts to ensure a safe transition of Platform Holly.

Sincerely,



Brian Donovan  
General Counsel  
Venoco, LLC

AGREED AND ACCEPTED:



Jennifer Lucchesi, Executive Officer  
California State Lands Commission

cc: Seth Blackmon  
Jason Hutt



**BY EMAIL**

December 1, 2017

California State Lands Commission  
Attn: Jennifer Lucchesi  
100 Howe Avenue, Suite 100 South  
Sacramento, CA 95825

Re: Second Amendment to Gap Agreement – Extended Use of EOF

Dear Ms. Lucchesi:

The California State Lands Commission (“Commission”) and Venoco, LLC (“Venoco”) (collectively, the “Parties”) executed a letter agreement dated September 14, 2017 for the use of the Ellwood Onshore Facility (the “Gap Agreement”). On November 1, 2017, the Parties entered into an amendment to the Gap Agreement (the “First Amendment”), which amended only paragraph (f) of the Gap Agreement by replacing “October 31, 2017” with “November 30, 2017.” The First Amendment did not change any of the other terms or conditions of the Gap Agreement. Pursuant to this letter further amending the Gap Agreement (the “Second Amendment”), the Parties agree to amend paragraph (f) of the Gap Agreement by replacing “November 30, 2017” with “December 15, 2017.” All other terms and conditions of the Gap Agreement remain unchanged.

Please acknowledge your agreement with this Second Amendment by counter-signing this amendment below. Venoco remains committed to working diligently with the Commission to develop a longer-term solution for the Commission’s use of EOF. The bankruptcy process for Venoco will be winding down in the next few months and so time is of the essence.

Sincerely,

Brian E. Donovan  
General Counsel

AGREED AND ACCEPTED:

Jennifer Lucchesi, Executive Officer  
California State Lands Commission

cc: Seth Blackmon  
Jason Hutt



**BY EMAIL**

December 15, 2017

California State Lands Commission  
Attn: Jennifer Lucchesi  
100 Howe Avenue, Suite 100 South  
Sacramento, CA 95825

Re: Third Amendment to Gap Agreement – Extended Use of EOF

Dear Ms. Lucchesi:

The California State Lands Commission (“Commission”) and Venoco, LLC (“Venoco”) (collectively, the “Parties”) executed a letter agreement dated September 14, 2017 for the use of the Ellwood Onshore Facility (the “Gap Agreement”). On November 1, 2017, the Parties entered into an amendment to the Gap Agreement (the “First Amendment”), which amended only paragraph (f) of the Gap Agreement by replacing “October 31, 2017” with “November 30, 2017.” The First Amendment did not change any of the other terms or conditions of the Gap Agreement. On November 29, 2017, the Parties entered into a second amendment to the Gap Agreement (the “Second Amendment”), which amended only paragraph (f) of the Gap Agreement by replacing “November 30, 2017” with “December 15, 2017.”

Pursuant to this letter amending the Second Amendment (the “Third Amendment”), the Parties agree to amend paragraph (f) of the Gap Agreement by replacing “December 15, 2017” with “February 28, 2018.” As was true with the First and Second Amendments, all other terms and conditions of the Gap Agreement remain unchanged and the Parties’ rights are otherwise reserved and preserved in all other respects. As part of this Third Amendment, the Commission agrees to pay Venoco within 21 calendar days a non-refundable sum of \$250,000 in cash (the “Payment”) for the Commission’s use of EOF from December 15, 2017 to February 28, 2018. The Parties hereby stipulate that the Payment may be contributed toward any final settlement the Parties may reach.

Please acknowledge your agreement with this Third Amendment by counter-signing this amendment below. Venoco remains committed to working diligently with the Commission to develop a longer-term solution for the Commission’s use of EOF as well as resolution of the Commission’s claims in the bankruptcy process.

Jennifer Lucchesi  
December 15, 2017  
Page 2

Sincerely,

A handwritten signature in black ink that reads "Brian E. Donovan". The signature is written in a cursive, flowing style.

Brian E. Donovan  
General Counsel

AGREED AND ACCEPTED:

A handwritten signature in blue ink that reads "Jennifer Lucchesi". The signature is written in a cursive, flowing style.

Jennifer Lucchesi, Executive Officer  
California State Lands Commission

cc: Seth Blackmon  
Jason Hutt



**BY EMAIL**

February 27, 2018

California State Lands Commission  
Attn: Jennifer Lucchesi  
100 Howe Avenue, Suite 100 South  
Sacramento, CA 95825

Re: Fourth Amendment to Gap Agreement – Extended Use of EOF

Dear Ms. Lucchesi:

The California State Lands Commission (“Commission”) and Venoco, LLC (“Venoco”) (collectively, the “Parties”) executed a letter agreement dated September 14, 2017 (the “Gap Agreement”) for the use of the Ellwood Onshore Facility (the “EOF”). On November 1, 2017, the Parties entered into an amendment to the Gap Agreement (the “First Amendment”), which amended only paragraph (f) of the Gap Agreement by replacing “October 31, 2017” with “November 30, 2017.” The First Amendment did not change any of the other terms or conditions of the Gap Agreement. On November 29, 2017, the Parties entered into a second amendment to the Gap Agreement (the “Second Amendment”), which amended only paragraph (f) by replacing “November 30, 2017” with “December 15, 2017.” On December 15, 2017, the Parties entered into a third amendment to the Gap Agreement (the “Third Amendment”), which (1) amended paragraph (f) by replacing “December 15, 2017” with “February 28, 2018”; (2) stipulated that the Commission agreed to pay Venoco a non-refundable sum of \$250,000 in cash for the Commission’s use of the EOF from December 15, 2017 to February 28, 2018; and (3) stated that the \$250,000 payment may be contributed toward any final settlement the Parties may reach.

Pursuant to this amendment (the “Fourth Amendment”), the Parties agree to amend paragraph (f) by replacing “February 28, 2018” with “May 31, 2018.” In addition, as part of this Fourth Amendment, the Commission agrees to pay Venoco, by the 15th of each month beginning in March, 2018, a non-refundable monthly sum of \$100,000 in cash (the “Monthly Payment”) for the Commission’s continued non-exclusive use of EOF and EOF-related machinery and equipment. The Parties hereby stipulate that the Monthly Payment may contribute to any Catch-Up Payment (as defined in the Gap Agreement) owed by the Commission to Venoco for the non-exclusive use of EOF and EOF-related

Jennifer Lucchesi  
February 27, 2018  
Page 2

machinery and equipment for the period of September 14, 2017 until any final disposition of EOF and the EOF-related machinery and equipment. After May 31, 2018, the Parties agree that the Gap Agreement, as amended, will remain in effect on a month-to-month basis (including the Monthly Payment) provided that either party may unilaterally terminate any further month-to-month use of EOF and the EOF-related machinery upon prior written notice of 45 days. All other terms and conditions of the Gap Agreement remain unchanged and the Parties' rights are otherwise reserved and preserved in all other respects.

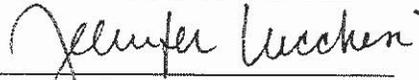
Please acknowledge your agreement with this Fourth Amendment by counter-signing this amendment below. Venoco remains committed to working diligently with the Commission to develop a longer-term solution for the Commission's use of EOF as well as resolution of the Commission's claims in the bankruptcy process.

Sincerely,



Brian E. Donovan  
General Counsel

AGREED AND ACCEPTED:



Jennifer Lucchesi, Executive Officer  
California State Lands Commission

cc: Seth Blackmon  
Jason Hutt

## **Exhibit D**

# BRACEWELL

August 22, 2018

**BY E-MAIL**

California State Lands Commission  
Attn: Jennifer Lucchesi  
100 Howe Avenue, Suite 100 South  
Sacramento, CA 95825

Re: Ellwood Onshore Facility

Dear Ms. Lucchesi:

On September 14, 2017, the California State Lands Commission (“Commission”) and Venoco, LLC (“Venoco”) (collectively, the “Parties”) executed a letter agreement (the “Gap Agreement”) for the use of the Ellwood Onshore Facility and its associated machinery and equipment (the “EOF”). Four amendments to the Gap Agreement were subsequently entered into by the Parties. In the Third Amendment, the Commission agreed to pay Venoco a non-refundable sum of \$250,000 in cash for the Commission’s non-exclusive use of the EOF from December 15, 2017 to February 28, 2018. In the Fourth Amendment, the Commission agreed to pay Venoco, by the 15<sup>th</sup> day of each month beginning in March 2018, a non-refundable monthly sum of \$100,000 in cash (the “Monthly Payment”) for the Commission’s continued non-exclusive use of EOF. The Parties agreed that after May 31, 2018, the Gap Agreement, as amended, would remain in effect on a month-to-month basis (including the Commission’s obligation to pay Venoco the Monthly Payment), provided that either Party could unilaterally terminate any further month-to-month use of EOF upon prior written notice of 45 days.

The total fees accumulated from December 15, 2017 through August 15, 2018 are \$850,000.<sup>1</sup> Venoco’s records show that Venoco has received only \$350,000 in cash from the Commission to date for use of the facility – a cash payment of \$250,000 for the period from December 15, 2017 to February 28, 2018 pursuant to the Third Amendment; and a cash payment of \$100,000 pursuant to the Fourth Amendment – which leaves a balance payable to Venoco of \$500,000. The Commission’s use of EOF from September 15, 2017 to December 15, 2017 also remains unpaid. Venoco asserts that \$100,000 per month is owed for that period, for a total of \$300,000. **Please make arrangements for the Commission to satisfy all unpaid amounts (\$800,000) on or before September 15, 2018.** If the Commission would like an invoice in addition to the agreement itself, please let me know.

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<sup>1</sup> A \$100,000 payment became due upon the 15<sup>th</sup> day of each of the following six months of 2018: March, April, May, June, July, and August, for a total of \$600,000, plus a one-time payment of \$250,000 pursuant to the Third Amendment, equals \$850,000 total.

**Jason B. Hutt**  
Partner

T: +1.202.828.5850 F: +1.202.857.2114  
2001 M Street NW, Suite 900, Washington, DC 20036-3310  
jason.hutt@bracewell.com bracewell.com

# BRACEWELL

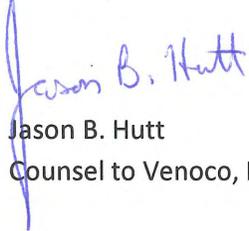
Jennifer Lucchesi  
August 22, 2018  
Page 2

In addition, notwithstanding concerted efforts by the Commission's representatives, the Parties have made little progress negotiating a sale of EOF to the Commission. The Commission has indicated the market value of EOF is zero based on its salvage value. Venoco invites the Commission to submit a non-zero offer to purchase EOF from Venoco, which may include a proposal to offset claims, to purchase EOF and secure the Commission's long-term need to access and use EOF in connection with the Commission's efforts to decommission Platform Holly.

It remains Venoco's position that EOF holds significant monetary value, which Venoco's California counsel has confirmed. Salvage value is not equivalent to fair market value or just compensation under the circumstances. EOF is a functional onshore gas processing facility with a valid air permit, which makes EOF a unique asset in the marketplace. Moreover, the Commission (and ExxonMobil) intend to process and sell unknown quantities of gas during the decommissioning process. Accordingly, under California law, the valuation of EOF is determined by any method that is just and equitable. In Venoco's view, EOF would be characterized as a special use property, and as such, Venoco's valuation methodologies are probative to the ultimate valuation the Parties should agree upon for EOF.

Venoco appreciates the Commission's continued efforts to work cooperatively with Venoco regarding EOF, but Venoco must begin to set time limits on this process to facilitate a final resolution amongst the Parties. **Pursuant to the Fourth Amendment to the Gap Agreement, Venoco hereby notifies the Commission of its intent to terminate the Gap Agreement on October 15, 2018 if (i) the past due payments set forth above are not made, and (ii) the parties are unable to make substantial progress towards settlement beforehand.** Venoco reserves all of its rights at law and in equity.

Sincerely,



Jason B. Hutt  
Counsel to Venoco, LLC

cc: Seth Blackmon  
Bret Fernandes  
Robert G. Burns  
Mark E. Dendinger

## **Exhibit E**

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**From:** Susan A. Austin <Susan.Austin@doj.ca.gov>  
**Sent:** Tuesday, October 16, 2018 1:14 PM  
**To:** Dendinger, Mark; Hutt, Jason  
**Cc:** Mitchell E. Rishe; Andrew Vogel; Carlos Mejia; Wyatt Evan Sloan-Tribe; Judith Ross; Eric Soderlund; David M. Fournier (fournierd@pepperlaw.com)  
**Subject:** Follow up to phone call on October 8

Mark and Jason,

Thank you for talking with me on October 8 and exchanging emails regarding what, if anything, will change at the EOF when the Gap Agreement expires on October 15.

I understand that the Venoco Liquidating Trust has no present intention of removing the Commission from the EOF, subject to the Trust's reservation of all of its rights at law and in equity. Please confirm that this statement accurately reflects the Venoco Liquidating Trust's intentions.

It is the Commission's position that an interruption in the daily maintenance and operation of the EOF would threaten public health and safety. The Trust may disagree. Regardless, I'm sure you, like the state's attorneys, would like to be assured that there will be no threat to public health and safety regarding the EOF moving forward. I have confirmed with the Commission and can assure you that the Commission intends to continue to manage and operate the EOF until the Venoco Liquidating Trust agrees to fulfill Venoco's obligations to operate and maintain the EOF in compliance with regulatory requirements.

I further understand that the Trust and the Commission each intend to provide the other with 45 days' advance notice of any change in the status quo outlined above. The Commission understands such mutual notice not as the basis for any kind of contractual or legal obligation, but rather as a courtesy and a prudent step to protect public health and safety in the event of a transition.

Susan

Susan A. Austin  
Deputy Attorney General  
California Department of Justice  
Office of the Attorney General  
1515 Clay Street, 20<sup>th</sup> Floor  
Oakland, CA 94612-0550  
Phone: (510) 879-0006  
Fax: (510) 622-2270

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