

1 Department of Conservation, Division of Oil, Gas, and Geothermal Resources  
2 STATE OIL AND GAS SUPERVISOR  
3 801 K Street, MS 24-03 (Legal Office)  
4 Sacramento, California 95814-3530  
5 Telephone (916) 323-6733  
6 Facsimile (916) 445-9916  
7

8 **STATE OF CALIFORNIA**  
9 **NATURAL RESOURCES AGENCY**  
10 **DEPARTMENT OF CONSERVATION**  
11 **DIVISION OF OIL, GAS, AND GEOTHERMAL RESOURCES**  
12

13 **ORDER TO:**  
14 **PLUG AND ABANDON WELLS,**  
15 **DECOMMISSION ATTENDANT FACILITIES, AND**  
16 **RESTORE WELL SITES**  
17

18 **NO. 1116**

19 **Dated: May 15, 2017**

20 **Operator: Venoco, LLC [Venoco, Inc.] (V1150)**  
21

22  
23  
24 **BY**

25 **Kenneth A. Harris Jr.**

26 **STATE OIL AND GAS SUPERVISOR**  
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Based on the Division's records **Venoco, LLC** (a.k.a. Venoco, Inc.; Division operator code V1150; Operator) is the current operator (as defined in **Public Resources Code [PRC] section 3237, subdivision (c)(1)**) responsible for the plugging and abandonment of the wells on the attached list (**the Wells**), the decommissioning of the attendant production facilities (**the Facilities**), and restoration of the well sites (Attachment A [2 pages], incorporated herein; **the Wells and Facilities**). And, herein, the State Oil and Gas Supervisor (Supervisor) is ordering Operator to do so. This is because the Division has determined, based on information and belief and the credible evidence detailed below, that Operator has deserted, or is about to desert, **the Wells and Facilities**.

**II.     Definitions**

**PRC section 3008, subdivision (a)**, defines “Well” to mean “any oil or gas well or well for the discovery of oil or gas; any well on lands producing or reasonably presumed to contain oil or gas,” among others.

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1       **PRC section 3009** defines “Operator” to mean “a person who, by virtue of ownership, or  
2 under the authority of a lease or any other agreement, has the right to drill, operate, maintain, or  
3 control a well or production facility.”

4       **Regulations section 1760, subdivision (k)**, defines “Production facility” to mean “any  
5 equipment attendant to oil and gas production . . . including, but not limited to, tanks, flowlines,  
6 headers, gathering lines, wellheads, heater treaters, pumps, valves, compressors, injection  
7 equipment, production safety systems, separators, manifolds, and pipelines that are not under the  
8 jurisdiction of the State Fire Marshal pursuant to Section 51010 of the Government Code,  
9 excluding fire suppressant equipment.”

### 10                               **III. State Oil and Gas Supervisor Authority**

11       **PRC section 3106** authorizes the Supervisor to supervise the drilling, operation,  
12 maintenance, and abandonment of oil and gas wells to “prevent, as far as possible, damage to  
13 life, health, property, and natural resources; damage to underground oil and gas deposits from  
14 infiltrating water and other causes; loss of oil, gas, or reservoir energy, and damage to  
15 underground and surface waters suitable for irrigation or domestic purposes by the infiltration  
16 of, or the addition of, detrimental substances.”

17       **PRC section 3224** mandates that the Supervisor “order such tests or remedial work as in  
18 his judgment are necessary to prevent damage to life, health, property, and natural resources; to  
19 protect oil and gas deposits from damage by underground water; or to prevent the escape of  
20 water into underground formations, or to prevent the infiltration of detrimental substances into  
21 underground or surface water suitable for irrigation or domestic purposes, to the best interests of  
22 the neighboring property owners and the public.”

23       **PRC section 3226** authorizes the Supervisor, based on the Supervisor’s final or affirmed  
24 order, to appoint agents who may enter the well premises and perform necessary remedial work  
25 if the operator did not complete the remedial work as ordered. Any amount the Supervisor  
26 expends to complete the necessary remedial work constitutes a lien against the operator’s real or  
27 personal property according to **PRC section 3423**.

28       ///

**PRC section 3237** authorizes the Supervisor to “order the plugging and abandonment of a well that has been deserted whether or not any damage is occurring or threatened by reason of that deserted well.” The Supervisor or district deputy “shall determine from credible evidence whether a well is deserted.”

#### IV. Credible Evidence of Desertion

The Supervisor has determined that Operator's April 13, 2017 Consent in Lieu of Meeting of Board of Directors, quitclaim deeds for state oil and gas leases "PRC" 3120, "PRC" 3242, and "PRC" 421, and subsequent related default are credible evidence that Operator has deserted, or will soon desert, **the Wells and Facilities**. (Attachment B, collectively [16 pages], incorporated herein; **Pub. Resources Code, § 3237, subd. (a)(2).**) Moreover, the evidence indicates that Operator intends to leave **the Wells and Facilities** without plugging and abandoning, decommissioning, or otherwise restoring the well sites.

## V. Operator's Required Actions

For the reasons stated above, the Division has determined that **the Wells and Facilities** are deserted. Therefore, **IT IS HEREBY ORDERED**, that Operator plug and abandon **the Wells** and decommission **the Facilities** according to **PRC sections 3208, 3228, 3229, and 3230, Regulations sections 1722 through 1724.1, 1760, 1775, and 1776**, and the conditions included in any permit the Division may issue pursuant to **PRC section 3229** for **the Wells**.

## VI. Operator's Appeal Rights

**PRC section 3237, subdivision (b)**, entitles an operator to appeal a Supervisor's order to plug and abandon wells. A notice of appeal must be timely made, in writing, and filed with the Director. **(See Public Resources Code beginning at PRC section 3350.)** To file an appeal, a written notice of appeal may be mailed to the following address:

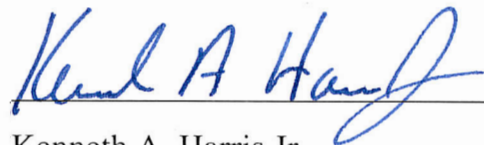
Department of Conservation  
Director's Office of Appeals  
801 K Street, MS 24-03 (Legal Office)  
Sacramento, California 95814-3530

/ / /

1 If Operator does not submit a timely written notice of appeal, this Order will become a  
2 final order and the Division may contract for performance of the work, pursuant to **PRC section**  
3 **3226**, if, within 30 days of this Order, Operator has not, in good faith, commenced the work  
4 ordered. Any costs incurred by the Supervisor to obtain compliance with this Order will  
5 constitute a lien against Operator's real or personal property per **PRC section 3423**.

6 If Operator submits a timely written notice of appeal, it, and interested parties, will  
7 receive notice of the appeal hearing date, time, and place. Following the hearing, will receive a  
8 written decision that affirms, sets aside, or modifies the appealed order.

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10  
11 DATED: May 15, 2017

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14 Kenneth A. Harris Jr.  
15 State Oil and Gas Supervisor

16 Cert. mail rec. no.: 7015 0640 0001 8380 5792  
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<b>API #</b>	<b>Lease Name</b>	<b>Well #</b>
083-20548	Elwood	W.D. 1
283-03489	State 421	1
283-03490	State 421	2
283-20033	AMES 3120	4
283-20045	AMES 3120	5
283-20055	AMES 3120	6
283-20060	AMES 3120	7
283-20071	AMES 3120	8
283-20270	AMES 3120	9
283-20285	AMES 3120	10
283-20268	AMES 3120	11
283-20290	AMES 3120	12
283-20278	AMES 3120	13
283-20282	AMES 3120	14
283-00008	AMES 3120	16
283-20279	AMES 3120	18
283-00005	AMES 3242	3
283-20002	AMES 3242	4

# ATTACHMENT A-1

API #	Lease Name	Well #
283-20039	AMES 3242	5
283-20065	AMES 3242	6
283-20067	AMES 3242	7
283-20036	AMES 3242	8
283-20262	AMES 3242	9
283-20265	AMES 3242	10
283-20286	AMES 3242	11
283-20288	AMES 3242	12
283-20289	AMES 3242	14
283-20273	AMES 3242	15
283-20274	AMES 3242	16
283-20275	AMES 3242	17
283-20276	AMES 3242	18
283-20271	AMES 3242	19
283-20020	AMES 3242	20

# ATTACHMENT A-2

# ATTACHMENT B



**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

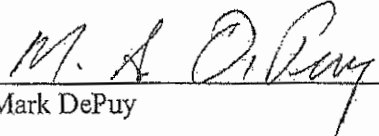
**RESOLVED FURTHER**, that all acts, actions and transactions relating to the matters contemplated by the foregoing resolutions done in the name of, and on behalf of, the Company or its subsidiaries, which acts would have been approved by the foregoing resolutions except that such acts were taken before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

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Chris Bement

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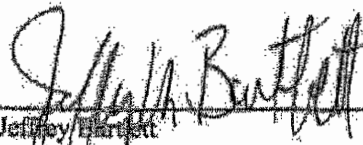
Bill Lockyer

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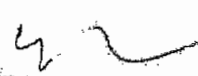
  
\_\_\_\_\_  
Jeffrey Bartlett

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Chris Bement

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

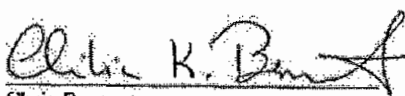
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\_\_\_\_\_  
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Bill Lockyer

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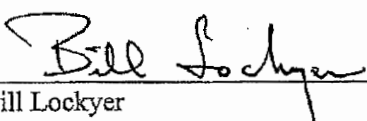
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Daniel Vogel

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Jeffrey Bartlett

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Chris Bement

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



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.

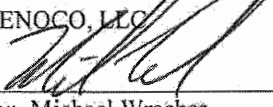
**QUITCLAIM DEED**  
(Oil and Gas Lease)

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: CA012.00013  
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 Utah )  
 ) SS

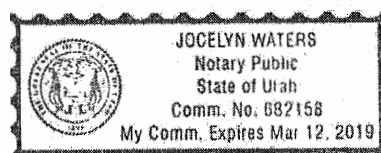
COUNTY OF SANTA BARBARA Washington

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  (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**

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 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

By: Michael Wracher  
Its: Chief Operating Officer

STATE OF CALIFORNIA *dw*

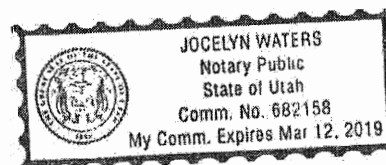
COUNTY OF SANTA BARBARA *Washington*

On April 13, 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. *dw*

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 Attn: Land Department  
ADDRESS 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: CA012.0009  
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

By: [Signature]  
Its: Chief Operating Officer

STATE OF CALIFORNIA <sup>dw</sup> Utah

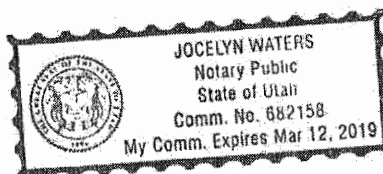
COUNTY OF SANTA BARBARA <sup>dw</sup> Washington

On April 13, 2017, before me, Jocelyn Waters <sup>SS</sup>, 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. Utah 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**

**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

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



## PROOF OF SERVICE BY CERTIFIED U.S. MAIL

- 1) I am at least 18 years of age, not a party to this action, and I am a resident of or employed in the county where the mailing took place.
- 2) My business address is: Department of Conservation, Division of Oil, Gas, and Geothermal Resources, Headquarters, 801 K Street, MS 18-05, Sacramento, CA 95814-3530
- 3) I served a copy of the following documents:  
**ORDER TO: PLUG AND ABANDON WELLS, DECOMMISSION ATTENDANT FACILITIES, AND RESTORE WELL SITES**  
**ORDER NO. 1116**  
by enclosing them in an envelope and placing the envelope for collection and mailing by certified U.S. mail on the date and at the place shown in item 4 following our ordinary business practices. I am readily familiar with this business's practice for collecting and processing correspondence for mailing. On the same day that correspondence is placed for collection and mailing, it is deposited in the ordinary course of business with the United States Postal Service in a sealed envelope with postage fully prepaid.
- 4) The envelope was addressed and mailed as follows:
  - a. Name of person served:  
Mr. Larry Huskins, Agent  
Venoco, Inc.
  - b. Address:  
6267 Carpinteria Avenue, Suite 100  
Carpinteria, CA 93013-2802
  - c. Date mailed: MAY 15, 2017
  - d. Place of mailing: Sacramento, California
- 5) I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Date: May 15, 2017

Name: RACHAEL TADLOCK

Signature: 