IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re Venoco, LLC, *et al.*, Debtors.[1]	Chapter 11 Case No. 17-10828 (KG) (Jointly Administered)

COMBINED DISCLOSURE STATEMENT AND JOINT CHAPTER 11 PLAN OF LIQUIDATION PROPOSED BY THE DEBTORS

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Dated: March 6, 2018

[1] The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtors' 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). The Debtors' mailing address for purposes of these Chapter 11 Cases is: Venoco, LLC, 3700 Quebec Street, 100-223, Denver, CO 80207.

THIS COMBINED DISCLOSURE STATEMENT AND PLAN HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT. ACCORDINGLY, THIS IS NOT A SOLICITATION OF ACCEPTANCE OR REJECTION OF THE COMBINED DISCLOSURE STATEMENT AND PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT.

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DISCLAIMER

THIS COMBINED DISCLOSURE STATEMENT AND PLAN WAS COMPILED FROM INFORMATION OBTAINED FROM NUMEROUS SOURCES BELIEVED TO BE ACCURATE TO THE BEST OF THE DEBTORS' AND DEBTORS' REPRESENTATIVES' KNOWLEDGE, INFORMATION AND BELIEF. NO GOVERNMENTAL AUTHORITY HAS PASSED ON, CONFIRMED OR DETERMINED THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED HEREIN.

NOTHING STATED HEREIN SHALL BE (I) DEEMED OR CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY, (II) ADMISSIBLE IN ANY PROCEEDING INVOLVING THE DEBTORS OR ANY OTHER PARTY, OR (III) DEEMED CONCLUSIVE EVIDENCE OF THE TAX OR OTHER LEGAL EFFECTS OF THE COMBINED DISCLOSURE STATEMENT AND PLAN ON THE DEBTORS OR HOLDERS OF CLAIMS OR INTERESTS. CERTAIN STATEMENTS CONTAINED HEREIN, BY NATURE, ARE FORWARD-LOOKING AND CONTAIN ESTIMATES AND ASSUMPTIONS. THERE CAN BE NO ASSURANCE THAT SUCH STATEMENTS WILL REFLECT ACTUAL OUTCOMES.

THE STATEMENTS CONTAINED HEREIN ARE MADE AS OF THE DATE HEREOF, UNLESS ANOTHER TIME IS SPECIFIED. THE DELIVERY OF THIS COMBINED DISCLOSURE STATEMENT AND PLAN SHALL NOT BE DEEMED OR CONSTRUED TO CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AT ANY TIME AFTER THE DATE HEREOF.

HOLDERS OF CLAIMS OR INTERESTS SHOULD NOT CONSTRUE THE CONTENTS OF THIS COMBINED DISCLOSURE STATEMENT AND PLAN AS PROVIDING ANY LEGAL, BUSINESS, FINANCIAL OR TAX ADVICE. THEREFORE, EACH SUCH HOLDER SHOULD CONSULT WITH ITS OWN LEGAL, BUSINESS, FINANCIAL AND TAX ADVISORS AS TO ANY SUCH MATTERS CONCERNING THE COMBINED DISCLOSURE STATEMENT AND PLAN AND THE TRANSACTIONS CONTEMPLATED HEREBY.

NO PARTY IS AUTHORIZED TO GIVE ANY INFORMATION WITH RESPECT TO THE COMBINED DISCLOSURE STATEMENT AND PLAN OTHER THAN THAT WHICH IS CONTAINED IN THIS COMBINED DISCLOSURE STATEMENT AND PLAN. NO REPRESENTATIONS CONCERNING THE DEBTORS OR THE VALUE OF THEIR PROPERTY HAVE BEEN AUTHORIZED BY THE DEBTORS OTHER THAN AS SET FORTH IN THIS COMBINED DISCLOSURE STATEMENT AND PLAN. ANY INFORMATION, REPRESENTATIONS OR INDUCEMENTS MADE TO OBTAIN AN ACCEPTANCE OF THE COMBINED DISCLOSURE STATEMENT AND PLAN OTHER THAN, OR INCONSISTENT WITH, THE INFORMATION CONTAINED HEREIN SHOULD NOT BE RELIED UPON BY ANY HOLDER OF A CLAIM OR INTEREST.

THIS COMBINED DISCLOSURE STATEMENT AND PLAN HAS BEEN PREPARED IN ACCORDANCE WITH SECTIONS 1123, 1125 AND 1129 OF THE BANKRUPTCY CODE, BANKRUPTCY RULES 3016 AND 3017, AND LOCAL RULE

3017-2 AND NOT IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER NON-APPLICABLE BANKRUPTCY LAWS. THIS COMBINED DISCLOSURE STATEMENT AND PLAN HAS NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC"), NOR HAS THE SEC PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN.

SEE ARTICLE VII OF THIS COMBINED DISCLOSURE STATEMENT AND PLAN, ENTITLED "CERTAIN RISK FACTORS" FOR A DISCUSSION OF CERTAIN CONSIDERATIONS IN CONNECTION WITH A DECISION BY A HOLDER OF AN IMPAIRED CLAIM TO ACCEPT OR REJECT THE COMBINED DISCLOSURE STATEMENT AND PLAN.

INTRODUCTION

Pursuant to section 1121(a) of the Bankruptcy Code, the Debtors in the above-captioned jointly administered Chapter 11 Cases respectfully propose this Combined Disclosure Statement and Plan[2] pursuant to sections 1125 and 1129 of the Bankruptcy Code. The Combined Disclosure Statement and Plan constitutes a liquidating chapter 11 plan for the Debtors.

For disclosure statement purposes, the Combined Disclosure Statement and Plan contains, among other things: an overview of the Combined Disclosure Statement and Plan (Article II); a discussion of general information about the Debtors (Article III); details regarding events during the Chapter 11 Cases (Article IV); information regarding Confirmation (Article V) and solicitation and voting procedures (Article VI); and a summary of certain risk factors (Article VII). Otherwise, the Combined Disclosure Statement and Plan, including the remaining Articles, as set forth in Article I.B, shall be construed as a disclosure statement for purposes of section 1125 of the Bankruptcy Code and as a plan for purposes of section 1129 of the Bankruptcy Code. The Combined Disclosure Statement and Plan is being filed in this combined format pursuant to Local Rule 3017-2. All holders of Claims that are eligible to vote on the Combined Disclosure Statement and Plan are encouraged to read the Combined Disclosure Statement and Plan in its entirety before voting to accept or reject the Combined Disclosure Statement and Plan. Failure to vote on the Combined Disclosure Statement and Plan shall result in a Claim holder being bound by the release provisions contained in Article XV.E.

The Combined Disclosure Statement and Plan contemplates the liquidation and dissolution of the Debtors and the resolution of all outstanding Claims and Interests. The Combined Disclosure Statement and Plan is the product of negotiations between the Debtors and many of their stakeholders, and reflects support from many key Creditors to have their Claims treated as General Unsecured Claims to facilitate distributions on account of Allowed Claims, effect an orderly wind-down of the Debtors' operations, and authorize the formation of a Liquidating Trust as the Debtors' successor in interest following the Effective Date. The Debtors believe that the Combined Disclosure Statement and Plan is reflective of good faith negotiations with these key Creditors and will treat all holders of Claims or Interests in an economic and fair manner under the unique circumstances of the Chapter 11 Cases.

As discussed further herein, in developing the Combined Disclosure Statement and Plan the Debtors considered various issues regarding the allocation of distributable value, including, without limitation: (a) the value of the Estates on a consolidated and entity-by-entity basis, and the proper method of determining such value; (b) the value of any unencumbered assets after giving effect to a fair allocation of any Administrative Expense Claims, Priority Tax Claims, Other Priority Claims and Secured Claims; (c) the projected recoveries of the Debtors' stakeholders on a consolidated and entity-by-entity basis, (d) the nature and treatment of Intercompany Claims as of the Petition Date, and any postpetition intercompany claims; (e) the consensual treatment of any Decommissioning Liabilities as General Unsecured Claims; and (f) the avoidance of costly litigation to establish the priority of alleged Administrative Expense

[2] All capitalized terms not defined in this introduction have the meanings ascribed to them in Article I of the Combined Disclosure Statement and Plan.

Claims and the uncertainty relating to the outcome of such litigation, as well as the delays that such litigation would cause with regard to, among other things, the feasibility of a plan of liquidation and distributions to holders of Claims. The Debtors believe that the Combined Disclosure Statement and Plan strikes a fair and equitable balance between these competing factors and appropriately distributes value among their stakeholders in accordance with the Bankruptcy Code's priority scheme, and the overriding goals of the chapter 11 process.

Subject to the restrictions on modifications set forth in section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019, and those restrictions on modifications set forth in Article XVII of the Combined Disclosure Statement and Plan, the Debtors expressly reserve the right to alter, amend or modify (one or more times) or revoke or withdraw the Combined Disclosure Statement and Plan before the substantial Consummation thereof.

ARTICLE I.

DEFINED TERMS, RULES OF CONSTRUCTION, COMPUTATION OF TIME, AND GOVERNING LAW

A. Defined Terms

1. "Abandonment Order" means any Final Order authorizing the Debtors to abandon any Assets pursuant to section 554 of the Bankruptcy Code or otherwise, including those detailed in Article IV.L, which Final Orders shall remain in full force and effect notwithstanding anything in the Combined Disclosure Statement and Plan, any Plan Document or the Confirmation Order to the contrary.

2. "Adjustment Distribution" has the meaning ascribed to it in Article XIII.D.2.

3. "Administrative Expense Claim" means any Claim for payment of an administrative expense of the Chapter 11 Cases of a kind specified in section 503(b) of the Bankruptcy Code and entitled to priority pursuant to section 507(a)(2) of the Bankruptcy Code, including, without limitation (a) the actual and necessary costs and expenses incurred after the Petition Date and through the Effective Date of preserving the Estates and operating the businesses of the Debtors, including any Severance Obligations of the Debtors, (b) Professional Fee Claims, (c) KEIP/KERP Payments, (d) Surety Bond Post Petition Premium Payments, and (e) all fees and charges assessed against the Estates pursuant to sections 1911 through 1930 of chapter 128 of title 28 of the United States Code. For the avoidance of doubt, Claims for Decommissioning Liabilities shall not be treated as Administrative Expense Claims.

4. "Administrative Expense Claim Bar Date" means 4:00 p.m. (ET) on the first Business Day that is 30 days after the Effective Date.

5. "Affiliate" means an "affiliate" as defined in section 101(2) of the Bankruptcy Code.

6. "Allowed" means, with respect to Claims, any Claim that (a) is evidenced by a Proof of Claim filed by the applicable Bar Date or that is not required to be evidenced by a filed Proof of Claim under the Bankruptcy Code or a Final Order, (b) is listed on the Schedules as of

the Effective Date as not Contingent, not Unliquidated or not Disputed and for which no Proof of Claim has been timely filed, (c) has been compromised, settled or otherwise resolved pursuant to the authority granted to the Debtors by a Final Order of the Bankruptcy Court or (d) is allowed pursuant to the Combined Disclosure Statement and Plan or a Final Order; provided that with respect to any Claim described in clauses (a) or (b) above, such Claim shall be considered Allowed only if, and to the extent that, with respect to any Claim, no objection to the allowance thereof, request for estimation, motion to deem the Schedules amended or other challenge has been interposed within the applicable period of time fixed by the Combined Disclosure Statement and Plan or the Bankruptcy Court, if any, or such a challenge is so interposed and the Claim shall have been Allowed for distribution purposes only by a Final Order; provided further, that the Liquidating Trustee shall retain all claims and defenses with respect to Allowed Claims that are reinstated or otherwise Unimpaired pursuant to the Combined Disclosure Statement and Plan. Any Claim that has been or is hereafter listed on the Schedules as Contingent, Unliquidated or Disputed and for which no Proof of Claim has been timely filed is not considered Allowed and shall be expunged without further action by the Debtors or the Liquidating Trustee, as applicable, and without any further notice to or action, order or approval of the Bankruptcy Court. Notwithstanding anything to the contrary herein, no Claim of any Entity subject to section 502(d) of the Bankruptcy Code shall be deemed Allowed unless and until such Entity pays in full the amount that it owes such Debtor or to the Liquidating Trust, as applicable. In addition, "Allowed" means, with respect to any Interest, such Interest is reflected as outstanding (other than any such Interest held by any Debtor or any subsidiary of a Debtor) in the stock transfer ledger or similar register of the applicable Debtor on the Distribution Record Date and is not subject to any objection or challenge.

7. "Aspen" means Aspen American Insurance Company and Aspen Specialty Insurance Company.

8. "Assets" means all tangible and intangible assets of every kind and nature of the Debtors and their respective Estates, including, without limitation, all Causes of Action (except those released by the Combined Disclosure Statement and Plan, the Confirmation Order or other Final Order) and all proceeds thereof, existing as of the Effective Date.

9. "Avoidance Actions" means any and all avoidance, recovery, subordination or other claims, actions or remedies that may be brought by or on behalf of the Debtors or their Estates or other authorized parties in interest under the Bankruptcy Code or applicable non-bankruptcy Law, including actions or remedies under sections chapter 5 of the Bankruptcy Code. For the avoidance of doubt, on the Effective Date of the Combined Disclosure Statement and Plan any and all Avoidance Actions relating to the Debtors shall be deemed waived and released pursuant to Article XV of the Combined Disclosure Statement and Plan.

10. "Ballot" means the voting form distributed to each holder of an Impaired Claim entitled to vote on the Combined Disclosure Statement and Plan, on which the holder is to indicate acceptance or rejection of the Combined Disclosure Statement and Plan in accordance with the voting instructions and make any other elections or representations required pursuant to the Combined Disclosure Statement and Plan.

11. "Bankruptcy Code" means title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.*, as in effect as of the date of the Combined Disclosure Statement and Plan.

12. "Bankruptcy Court" means the United States Bankruptcy Court for the District of Delaware, or any other court having jurisdiction over the Chapter 11 Cases.

13. "Bankruptcy Rules" means the Federal Rules of Bankruptcy Procedure, as applicable to the Chapter 11 Cases, promulgated under 28 U.S.C. § 2075, and the general, local, and chambers rules of the Bankruptcy Court, as the context may require.

14. "Bar Date" means, with respect to any particular Claim, the specific date established by the Bankruptcy Court as the last day for filing Proofs of Claim against the Debtors or requests in the Chapter 11 Cases for that specific Claim.

15. "Bar Date Order" means the *Order (I) Establishing Bar Dates for Filing Proofs of Claim, (II) Approving Proof of Claim Form, Bar Date Notices, and Mailing and Publication Procedures, (III) Implementing Uniform Procedures Regarding 503(b)(9) Claims, and (IV) Providing Certain Supplemental Relief* [D.I. 341].

16. "Business Day" means any day other than Saturday, Sunday and any day that is a "legal holiday" (as defined in Bankruptcy Rule 9006(a)) or a day on which banking institutions in New York, New York are required or authorized by Law or governmental action to close.

17. "Cash" means legal tender of the United States of America or the equivalent thereof.

18. "Cause of Action" means any claims, interests, damages, remedies, causes of action, demands, rights, actions, suits, obligations, liabilities, accounts, defenses, offsets, powers, privileges, licenses, liens, indemnities, guaranties and franchises of any kind or character whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, Contingent or noncontingent, liquidated or unliquidated, secured or unsecured, assertable, directly or derivatively, matured or unmatured, suspected or unsuspected, in contract, tort, law, equity or otherwise. For the avoidance of doubt, Cause of Action includes: (a) all rights of setoff, counterclaim or recoupment and claims under contracts or for breaches of duties imposed by Law; (b) the right to object to or otherwise contest Claims or Interests; (c) any claims pursuant to section 362 of the Bankruptcy Code; (d) Avoidance Actions; (e) any claims and defenses such as fraud, mistake, duress and usury, and any other defenses set forth in section 558 of the Bankruptcy Code; and (f) the Plains Litigation.

19. "Chapter 11 Cases" means the chapter 11 cases initiated by the Debtors' filing on the Petition Date of voluntary petitions for relief in the Bankruptcy Court under chapter 11 of the Bankruptcy Code. The Chapter 11 Cases are jointly administered by the Bankruptcy Court under Case No. 17-10828.

20. "Claim" means any "claim" against a Debtor as defined in section 101(5) of the Bankruptcy Code.

21. "Claims Objection" means any objection, application, motion, complaint or any other legal proceeding seeking, in whole or in part, to disallow, determine, liquidate, classify, reclassify, expunge, subordinate, estimate, or establish the priority of, any Claim.

22. "Claims Objection Deadline" means 11:59 p.m. (prevailing Eastern Time) on the 180th calendar day after the Effective Date, subject to further extensions and/or exceptions as may be ordered by the Bankruptcy Court.

23. "Claims Register" means the official register of Claims in these Chapter 11 Cases maintained by the Voting Agent.

24. "Class" means a group of Claims or Interests classified by the Combined Disclosure Statement and Plan pursuant to section 1122(a) of the Bankruptcy Code.

25. "Collateral" means any property or interest in property of the Debtors or their Estates subject to a Lien to secure the payment or performance of a Claim, which Lien is not subject to avoidance and is not otherwise invalid under the Bankruptcy Code or other applicable Law.

26. "Combined Disclosure Statement and Plan" means this *Combined Disclosure Statement and Joint Chapter 11 Plan of Liquidation Proposed by the Debtors* including, without limitation, the Plan Supplement and all exhibits, supplements, appendices and schedules hereto, either in their present form or as the same may be altered, amended or modified from time to time hereunder or in accordance with applicable Law.

27. "Combined Hearing" means the hearing by the Bankruptcy Court to consider (a) approval of the Combined Disclosure Statement and Plan as providing adequate information pursuant to section 1125 of the Bankruptcy Code, and (b) Confirmation of the Combined Disclosure Statement and Plan pursuant to sections 1128 and 1129 of the Bankruptcy Code, as such hearing may be adjourned or continued from time to time.

28. "Confirmation" means Confirmation of the Combined Disclosure Statement and Plan pursuant to section 1129 of the Bankruptcy Code.

29. "Confirmation Date" means the date on which the Bankruptcy Court enters the Confirmation Order on the docket of the Chapter 11 Cases.

30. "Confirmation Order" means the order of the Bankruptcy Court confirming the Combined Disclosure Statement and Plan, as amended, supplemented, or modified, under, among others, section 1129 of the Bankruptcy Code.

31. "Consummation" means the occurrence of the Effective Date.

32. "Contingent" means, when used in reference to a Claim, any Claim, the liability for which attaches or is dependent upon the occurrence or happening of, or is triggered by, an event that has not yet occurred as of the date on which such Claim is sought to be estimated or on which an objection to such Claim is filed, whether or not such event is within the actual or

presumed contemplation of the holder of such Claim and whether or not a relationship between the holder of such Claim and the applicable Debtor now or hereafter exists or previously existed.

33. "Convenience Claim" means any Claim that would otherwise be classified as a General Unsecured Claim but, with respect to each Claim, either (a) the aggregate amount of such Claim is less than $25,000.00, or (b) the aggregate amount of such Claim is reduced to $25,000.00 by agreement of the holder of such Claim on or before the Voting Deadline.

34. "County of Santa Barbara Claim" means any Claims of the County of Santa Barbara against any of the Debtors including, without limitation the Claims alleged in the *County of Santa Barbara's Motion for Payment of Administrative Claim and, Alternative, Proof of Claim for Rejection Damages* [D.I. 692] and in Proofs of Claim numbered 112 and 114.

35. "Creditor" means a "creditor" as defined in section 101(10) of the Bankruptcy Code.

36. "D&O Policies" means all insurance policies for directors', managers' and officers' liability (including employment practices liability and fiduciary liability) maintained by the Debtors prior to the Effective Date, including as such policies may extend to employees, and any such policies that are "tail" policies.

37. "Debtors" means Venoco, TexCal Energy (LP) LLC, Whittier Pipeline Corporation, TexCal Energy (GP) LLC, Ellwood and TexCal Energy South Texas, L.P.

38. "Debtors' Case Information Website" means the website established by the Voting Agent after the Petition Date that contains information regarding the Chapter 11 Cases, available at https://cases.primeclerk.com/venoco/.

39. "Decommissioning Claimants" means any Creditor holding any Claim for Decommissioning Liabilities.

40. "Decommissioning Liabilities" means various performance-based and/or financial obligations of the Debtors required by Laws, permits, licenses, or other government approvals to perform certain activities associated with the shut-in, retirement or discontinuation of oil and gas properties or related assets upon a determination by the owner, operator, or applicable regulatory entity with jurisdictional authority that there is no longer a present or future ability to engage in operations or use of such properties or assets, for reasons such as termination, surrender, relinquishment or expiration of the associated lease(s), abandonment of the associated properties, or a lack of future production potential.

41. "Deficiency Claim" means any Secured Claim less the value of the Collateral securing such Claim, as determined in accordance with section 506(a) of the Bankruptcy Code. For the avoidance of doubt, the unsecured portion of any Surety Bond Claim that exceeds the value of the Collateral securing such Surety Bond Claim shall be treated as a Deficiency Claim.

42. "Disallowed" means, when used in reference to a Claim, all or that portion, as applicable, of any Claim that has been disallowed under the Combined Disclosure Statement and Plan, the Bankruptcy Code, applicable Law or by a Final Order.

43. "Disbursing Agent" means the Liquidating Trustee, or such other Person selected by the Debtors or the Liquidating Trustee, as applicable, to perform the function of a disbursing agent under the Combined Disclosure Statement and Plan.

44. "Disputed" means, when used in reference to a Claim, any Claim or any portion thereof that is neither an Allowed Claim nor a Disallowed Claim.

45. "Disputed Claims Reserve" means the portion of the Debtors' Cash held in the Wind-down Account that may be funded on or after the Effective Date pursuant to Article XIII.D.2 of the Combined Disclosure Statement and Plan.

46. "Distribution Date" means any of (a) the Initial Distribution Date, (b) each Interim Distribution Date and (c) the Final Distribution Date.

47. "Distribution Record Date" means the Confirmation Date.

48. "Effective Date" means (i) the Business Day selected by the Debtors that is on or after (a) the Confirmation Date and on which no stay of the Confirmation Order is in effect and (b) the date on which the conditions precedent to the Effective Date specified in Article XVI.B of the Combined Disclosure Statement and Plan have been satisfied or waived pursuant to Article XVI.C of the Combined Disclosure Statement and Plan; and (ii) for the purpose of distributions under the Combined Disclosure Statement and Plan in accordance with Article IX.B.4, any Distribution Date.

49. "Ellwood" means Ellwood Pipeline, Inc.

50. "Entity" means an "entity" as defined in section 101(15) of the Bankruptcy Code.

51. "EOF" means the Ellwood Onshore Facility, an onshore oil and gas processing facility owned by the Debtors in Goleta, California.

52. "EOF Properties" means the EOF as well as the physical, real, and other property associated with EOF, including but not limited to equipment, pipelines, piers, access roads, seep tents, firewater lines, appurtenances, and other property; permits, easements, licenses, rights-of-way and other rights relating to access, operation, and maintenance of EOF; and other items, both physical and non-physical in nature related to EOF.

53. "Estate" means, individually, the estate of each of the Debtors and, collectively, the estates of all of the Debtors created under section 541 of the Bankruptcy Code.

54. "Exculpated Parties" means, individually and collectively, (a) the Debtors, (b) the Liquidating Trustee and, with respect to the foregoing clauses (a) and (b), such Entities' and their Affiliates' current and former officers, directors, principals, members, equity holders (regardless of whether such interests are held directly or indirectly), partners, managers, employees, agents, advisory board members, financial advisors, attorneys, accountants, investment bankers, consultants, representatives and all other professionals and retained Professionals (in each case as to the foregoing Entities and their Affiliates in clauses (a) and (b), solely in their capacity as such).

55. "Executory Contract" means a contract to which one or more of the Debtors is a party that is subject to assumption or rejection under section 365 of the Bankruptcy Code.

56. "Fee Escrow Account" means interest-bearing account(s) in an amount equal to the total estimated amount of unpaid Professional Fee Claims and KEIP/KERP Payments, and funded by the Debtors on the Effective Date prior to the transfer, and vesting, of the Liquidating Trust Assets in the Liquidating Trust.

57. "Final Distribution Date" means a date selected by the Liquidating Trustee in its sole discretion that is no earlier than 20 calendar days after the date on which all Disputed Claims have become either Allowed Claims or Disallowed Claims.

58. "Final Order" means an order or judgment of the Bankruptcy Court or any other court of competent jurisdiction that has been entered on the docket in the Chapter 11 Cases (or the docket of such other court) that is not subject to a stay and has not been modified, amended, reversed or vacated and as to which (a) the time to appeal, petition for certiorari or move for a new trial, reargument or rehearing pursuant to Bankruptcy Rule 9023 has expired and as to which no appeal, petition for certiorari or other proceedings for a new trial, reargument or rehearing shall then be pending or (b) if an appeal, writ of certiorari, new trial, reargument or rehearing thereof has been sought, such order or judgment shall have been affirmed by the highest court to which such order was timely and properly appealed, or certiorari shall have been denied or a new trial, reargument or rehearing shall have been denied or resulted in no modification of such order, and the time to take any further appeal, petition for certiorari or move for a new trial, reargument or rehearing shall have expired.

59. "General Unsecured Claim" means any unsecured Claim against a Debtor that is not an Intercompany Claim, Administrative Expense Claim, Priority Tax Claim, Other Priority Claim, Convenience Claim, or a Subordinated Claim, and that is not entitled to priority under the Bankruptcy Code or any order of the Bankruptcy Court. For the avoidance of doubt, General Unsecured Claims include any Deficiency Claims, Surety Bond Claims and Claims for any Decommissioning Liabilities of the Debtors.

60. "Governmental Unit" means a "governmental unit" as defined in section 101(27) of the Bankruptcy Code.

61. "Impaired" means, with respect to any Class, a Class that is impaired within the meaning of such term in sections 1123(a)(4) and 1124 of the Bankruptcy Code.

62. "Indemnification of D&O Obligations" means any obligation of any Debtor to indemnify directors, officers or employees of any of the Debtors who served in such capacity, with respect to or based upon any act or omission taken or omitted in any of such capacities, or for or on behalf of any Debtor, whether pursuant to agreement, the Debtors' respective articles or certificates of incorporation, corporate charters, bylaws, operating agreements or similar corporate documents or other applicable contract or Law in effect as of the Effective Date.

63. "Initial Distribution Date" means a date selected by the Debtors or the Liquidating Trustee, as applicable, that is on, or as soon as reasonably practicable after, the Effective Date,

which shall be the date on which initial distributions under the Combined Disclosure Statement and Plan are made.

64. "Insurance Contract" means all insurance policies that have been issued or provide coverage at any time to any of the Debtors or their predecessors and all agreements, documents or instruments relating thereto.

65. "Insurer" means any company or other entity that issued an Insurance Contract and any respective predecessors and/or Affiliates thereof.

66. "Intercompany Claim" means any Claim as of the Petition Date by a Debtor against another Debtor.

67. "Interest" means any "equity security" in a Debtor as defined in section 101(16) of the Bankruptcy Code, including, without limitation, all issued, unissued, authorized or outstanding ownership interests (including common and preferred) or other equity interests, together with any warrants, options, convertible securities, liquidating preferred securities or contractual rights to purchase or acquire any such equity interests at any time and all rights arising with respect thereto.

68. "Interim Approval and Procedures Order" means the order entered by the Bankruptcy Court on March [•], 2018, conditionally approving the Combined Disclosure Statement and Plan for solicitation purposes only and authorizing the Debtors to solicit the Combined Disclosure Statement and Plan.

69. "Interim Distribution Date" means the date that is no later than 180 calendar days after the Initial Distribution Date or the most recent Interim Distribution Date thereafter, which shall be the date on which interim distributions under the Combined Disclosure Statement and Plan are made, with such periodic Interim Distribution Dates occurring until the Final Distribution Date has occurred, it being understood that the Liquidating Trustee may increase or decrease the frequency of Interim Distribution Dates in their sole discretion as circumstances warrant.

70. "KEIP/KERP Claimant" means a Person entitled to a KEIP/KERP Payment.

71. "KEIP/KERP Payments" means payments made to certain employees of the Debtors pursuant to the *Order Authorizing and Approving Implementation of Key Employee Incentive Program and Key Employee Retention Program* [D.I. 200], as supplemented by the *Order Authorizing and Approving the Amendments to the Key Employee Incentive Program and Key Employee Retention Program* [D.I. 756].

72. "Laws" means any and all applicable laws, statutes, rules, regulations, ordinances, codes, and other pronouncements having the effect of law, of the United States or any state, county, city or other political subdivision thereof or of any Governmental Unit.

73. "Lien" means a "lien" as defined in section 101(37) of the Bankruptcy Code.

74. "Liquidating Trust" means the trust established pursuant to Article XI.A.2 of the Combined Disclosure Statement and Plan.

75. "Liquidating Trust Agreement" means the agreement setting forth the terms and conditions governing the Liquidating Trust, in substantially the form included in the Plan Supplement.

76. "Liquidating Trust Assets" means all of the Assets of the Debtors transferred to the Liquidating Trust on the Effective Date including, without limitation (a) the Cash in the Wind-down Account (b) the EOF Properties and (c) any Causes of Action of the Debtors that are not released, waived or transferred pursuant to the Combined Disclosure Statement and Plan or otherwise, including, without limitation the Plains Litigation.

77. "Liquidating Trust Distributable Assets" means all Liquidating Trust Assets available for distribution to the holders of Allowed Convenience Claims or Allowed General Unsecured Claims, as applicable, which amount shall be net of (a) the amounts set forth in the Wind-down Budget reserved for paying costs associated with administering the Liquidating Trust, including any reasonable fees and costs of the Liquidating Trustee and its professionals, and held in the Wind-down Account, and (b) and the Disputed Claims Reserve, until such time as final Allowance or Disallowance of any Convenience Claims or General Unsecured Claims, as applicable.

78. "Liquidating Trust Interests" means the interests distributed to holders of Convenience Claims and General Unsecured Claims, as applicable, in accordance with Article IX.B.4 of the Combined Disclosure Statement and Plan.

79. "Liquidating Trustee" means the Person selected by the Debtors and designated in the Liquidating Trust Agreement to administer the Liquidating Trust, whose identity shall be disclosed in the Plan Supplement. For the avoidance of doubt, the Liquidating Trustee may serve as the Disbursing Agent.

80. "Local Rules" means the Local Rules of Practice and Procedure of the United States Bankruptcy Court for the District of Delaware.

81. "Mediator" means such Person(s), if any, selected by the Debtors or the Liquidating Trustee, as applicable, to estimate Claims including without limitation Claims for Decommissioning Liabilities, and facilitate any settlement of Claims for the Debtors or the Liquidating Trustee, as applicable.

82. "Non-Contributing Debtors" means TexCal Energy (LP) LLC, Whittier Pipeline Corporation, TexCal Energy (GP) LLC and TexCal Energy South Texas, L.P.

83. "Other Priority Claim" means a Claim, other than an Administrative Expense Claim or a Priority Tax Claim, entitled to priority in right of payment pursuant to section 507(a) of the Bankruptcy Code.

84. "Person" means a "person" as defined in section 101(41) of the Bankruptcy Code.

85. "Petition Date" means April 17, 2017.

86. "Plains Litigation" means Venoco's claims, defenses and rights of recovery arising from or related to the Plains Line 901 rupture in 2015, including the action pending in the United States District Court for the Central District of California, captioned *Venoco, Inc. v. Plains Pipeline, L.P.*, No. 2:16-cv-02988 PSG-JEM.

87. "Plan Documents" means, collectively, (a) the Combined Disclosure Statement and Plan, including all exhibits thereto, (b) the Plan Supplement and (c) the Confirmation Order.

88. "Plan Supplement" means, individually or collectively, any documents, agreements, instruments, schedules and exhibits and forms thereof, to be filed as specified in Article XIX.C of the Combined Disclosure Statement and Plan as the Plan Supplement, as each such document, agreement, instrument, schedule and exhibit and form thereof may be altered, restated, modified or replaced from time to time, including subsequent to the filing of any such documents. Each such document, agreement, instrument, schedule or exhibit or form thereof is referred to herein as a "Plan Supplement."

89. "Priority Tax Claim" means a Claim (whether secured or unsecured) of a Governmental Unit against any Debtor entitled to priority pursuant to section 507(a)(8) or specified under section 502(i) of the Bankruptcy Code.

90. "Professional" means a Person retained in the Chapter 11 Cases by separate Bankruptcy Court order pursuant to sections 327, 363 and 1103 of the Bankruptcy Code or otherwise.

91. "Professional Fee Claim" means an Administrative Expense Claim of a Professional against any Debtor for compensation for services rendered or reimbursement of allowable fees and costs incurred in a manner consistent with such Professional's engagement, during the period from the Petition Date through and including the Effective Date.

92. "Proof of Claim" means a proof of Claim filed against any Debtor in accordance with the Bar Date Order.

93. "Ratable Share" means the ratio (expressed as a percentage) of the amount of an Allowed Claim to the sum of (a) the amount of all Allowed Claims in a particular Class on a Distribution Date, and (b) the amount of all remaining Disputed Claims in such Class.

94. "Reinstatement" means (a) leaving unaltered the legal, equitable and contractual rights to which a Claim or Interest entitles the holder thereof so as to leave such Claim or Interest Unimpaired in accordance with section 1124 of the Bankruptcy Code or (b) notwithstanding and without giving effect to any contractual provision or applicable Law that entitles a Creditor to demand or receive accelerated payment of a Claim after the occurrence of a default, (i) curing any such default that occurred before or after the Petition Date, other than a default of a kind specified in section 365(b)(2) of the Bankruptcy Code, (ii) reinstating the maturity of such Claim as such maturity existed before such default, (iii) compensating the Creditor for any damages incurred as a result of any reasonable reliance by such Creditor on such contractual provision or

such applicable Law and (iv) not otherwise altering the legal, equitable or contractual rights to which such Claim entitles the Creditor.

95. "Rejection Bar Date" means the date that is (a) with respect to an Executory Contract or Unexpired Lease that is rejected pursuant to the Combined Disclosure Statement and Plan, 30 days after the Effective Date, or (b) with respect to an Executory Contract or Unexpired Lease that is otherwise rejected, the applicable bar date established by the Bar Date Order or other order of the Bankruptcy Court.

96. "Rejection Claim" means a Claim under section 502(g) of the Bankruptcy Code

97. "Released Parties" means the Exculpated Parties.

98. "Releasing Parties" means, individually and collectively, (a) each holder of a Claim that (i) votes to accept the Combined Disclosure Statement and Plan, (ii) is conclusively deemed to have accepted the Combined Disclosure Statement and Plan, (iii) abstains from voting on the Combined Disclosure Statement and Plan, or (iv) votes to reject the Combined Disclosure Statement and Plan and does not opt out of the releases contained in the Combined Disclosure Statement and Plan, and (b) as to each of the foregoing Entities in the foregoing clause (a), each such Entities' and their Affiliates' current and former officers, directors, principals, members, partners, managers, employees, agents, advisory board members, financial advisors, attorneys, accountants, investment bankers, consultants, representatives and all other professionals and retained Professionals (in each case as to the foregoing Entities and their Affiliates in clause (a), solely in their capacity as such); provided, however, that the United States shall not be a Releasing Party, regardless of whether it votes on the Combined Disclosure Statement and Plan.

99. "Royalty and Working Interests" means the undisputed interests in the mineral estate or the oil and gas leasehold estate and related rights and interests in lands and leases where the Debtors have been granted the right to exploit oil and gas or the right to receive a portion of the oil and gas produced and saved, or a portion of the proceeds from the sale thereof, including but not limited to, undisputed (a) landowner's royalty interests, (b) overriding royalty interests, (c) net profit interests, (d) non-participating royalty interests, (e) production payments, and (f) all other undisputed rights to payment or production arising from such interests, in each case as to the foregoing clauses (a) through (f) in accordance with the terms and conditions of the agreements and instruments giving rise to such interests.

100. "Sale Order" means any order authorizing the sale of any of the Debtors' Assets pursuant to section 363 of the Bankruptcy Code or authorizing the assumption and assignment of executory contracts or unexpired leases pursuant to section 365 of the Bankruptcy Code, or otherwise, including those Final Orders listed in Article IV.E hereof, which Final Orders shall remain in full force and effect notwithstanding anything in the Combined Disclosure Statement and Plan, any Plan Document or the Confirmation Order to the contrary.

101. "Schedules" means the schedules of assets and liabilities and the statements of financial affairs filed by the Debtors pursuant to section 521 of the Bankruptcy Code, as such schedules and statements have been or may be supplemented, modified or amended from time to time.

102. "Secured Claim" means a Claim (a) secured by a Lien on Collateral to the extent of the value of such Collateral, as determined in accordance with section 506(a) of the Bankruptcy Code or (b) subject to a valid right of setoff pursuant to section 553 of the Bankruptcy Code.

103. "Severance Obligations" means any postpetition Claim of the Debtors for payment of a severance fee related to a reduction in workforce authorized by the *Final Order (I) Authorizing the Debtors to (A) Pay Certain Prepetition Wages, Other Compensation and Reimbursable Employee Expenses, and (B) Continue Employee Benefits Programs; and (II) Authorizing and Directing Financial Institutions to Honor All Obligations Related Thereto* [D.I. 193] or other Final Order.

104. "Subordinated Claim" means a Claim arising from rescission of a purchase or sale of a security of a Debtor, for damages arising from the purchase or sale of such a security, or for reimbursement or contribution Allowed under section 502 of the Bankruptcy Code on account of such Claim, or any Claim that has been otherwise subordinated by Final Order of the Bankruptcy Court.

105. "Sureties" means Aspen and USSIC.

106. "Surety Bond" means all surety bonds that have been issued to or on behalf of any of the Debtors in effect on the Effective Date by virtue of the fact that they have not been discharged or released and any agreements, documents or instruments relating thereto.

107. "Surety Bond Claim" means an unsecured Claim arising from any Surety Bonds, other than any Secured Claim arising from any Surety Bonds or any Surety Bond Post Petition Premium Payments. For the avoidance of doubt, Surety Bond Claims shall only include the Claims of the Sureties against the Debtors or their Estates, and shall not include any Governmental Unit's claims against the Sureties arising from any Surety Bonds.

108. "Surety Bond Post Petition Premium Payment" means any premium payment incurred after the Petition Date and through the Effective Date that is paid or payable by the Debtors on a Surety Bond.

109. "Tax Code" means the Internal Revenue Code of 1986, as amended.

110. "Treasury Regulations" means the Treasury regulations promulgated under the Tax Code.

111. "Unexpired Lease" means a lease to which one or more of the Debtors is a party that is subject to assumption or rejection under section 365 of the Bankruptcy Code.

112. "Unimpaired" means any Claim or Interest that is not Impaired.

113. "United States" means the United States of America, including, without limitation, its departments and agencies.

114. "Unliquidated" means, when used in reference to a Claim, any Claim, the amount of liability for which has not been fixed, whether pursuant to an agreement, applicable Law or otherwise, as of the date on which such Claim is sought to be estimated.

115. "USSIC" means U.S. Specialty Insurance Company and its affiliates.

116. "USSIC Letter of Credit" has the meaning ascribed to it in the *Order Approving Stipulation Resolving (a) Motion Of Aspen American Insurance Company & Aspen Specialty Insurance Company For An Order Granting Aspen: (I) Leave To Exercise Its Right Of Recoupment, Or, To The Extent Necessary, Relief From The Automatic Stay, For "Cause", Pursuant To 11 U.S.C. § 362(d) To Set Off Mutual Pre-Petition Obligations; (II) Adequate Protection As To Certain Surety Bonds, Pursuant To 11 U.S.C. §§ 361, 364(c) Or 364(d), Or, Alternatively, (A) Relief From The Automatic Stay, For "Cause", Pursuant To 11 U.S.C. § 362(d) To Cancel Certain Surety Bonds And (B) Requiring The Debtors To Replace Certain Surety Bonds; (III) Waiving The Stay Of Fed. R. Bankr. P. 4001(a)(3); And (IV) Such Other Or Further Relief As May Be Appropriate [D.I. 266] (the "Aspen Motion"); and (b) The Joinder Of US Specialty Insurance Company And Its Affiliates To The Aspen Motion* [D.I. 671]

117. "Venoco" means Venoco, LLC.

118. "Voting Agent" means Prime Clerk LLC, in its capacity as the Debtors' voting agent in these Chapter 11 Cases.

119. "Voting Deadline" means the date set forth in the Interim Approval and Procedures Order.

120. "Voting Record Date" means the record date for voting on the Combined Disclosure Statement and Plan, which shall be March 27, 2018.

121. "Wind-down Account" means the account(s) that holds all Cash owned by the Debtors as of the Effective Date, less (i) payment in full in Cash or such other treatment as to render Unimpaired all Administrative Expense Claims (excluding Professional Fee Claims and KEIP/KERP Payments), Priority Tax Claims, Secured Claims, and Other Priority Claims, and (ii) funding of the Fee Escrow Account under the Combined Disclosure Statement and Plan.

122. "Wind-down Budget" means a budget to be prepared by the Debtors, in consultation with the key Creditors, which may be amended from time to time following the Effective Date by the Liquidating Trustee and which shall estimate the funds necessary to administer the Combined Disclosure Statement and Plan and wind down the Estates and operate the Liquidating Trust.

B. Rules of Construction

For the purposes of the Combined Disclosure Statement and Plan: (1) any term used in capitalized form that is not defined in the Combined Disclosure Statement and Plan, but that is defined in the Bankruptcy Code or the Bankruptcy Rules, has the meaning assigned to such term in the Bankruptcy Code or the Bankruptcy Rules, as applicable; (2) in the appropriate context, each term, whether stated in the singular or the plural, includes both the singular and the plural,

and pronouns stated in the masculine, feminine, or neutral gender include the masculine, feminine, and the neutral gender; (3) unless otherwise stated herein, any reference in the Combined Disclosure Statement and Plan to an existing document or exhibit having been filed or to be filed shall mean that document or exhibit, as it may thereafter be amended, modified, or supplemented; (4) except as otherwise provided in the Combined Disclosure Statement and Plan, all references in the Combined Disclosure Statement and Plan to "Articles" are references to Articles of the Combined Disclosure Statement and Plan; (5) except as otherwise provided in the Combined Disclosure Statement and Plan, the words "herein," "hereof," and "hereto" refer to the Combined Disclosure Statement and Plan in its entirety rather than to a particular portion of the Combined Disclosure Statement and Plan; (6) the words "includes" and "including" are not limiting and mean that the things specifically identified are set forth for purposes of illustration, clarity, or specificity and do not in any respect qualify, characterize, or limit the generality of the class within which such things are included; (7) any reference to an Entity or a Person as a holder of a Claim or Interest includes that Entity's or Person's successors, assigns, and Affiliates; (8) captions and headings to Articles are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Combined Disclosure Statement and Plan; (9) the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; and (10) any immaterial effectuating provisions may be interpreted by the Debtors or the Liquidating Trustee, as applicable, in a manner that is consistent with the overall purpose and intent of the Combined Disclosure Statement and Plan, all without further order of the Bankruptcy Court.

Any reference to the "Combined Disclosure Statement and Plan" shall refer to a disclosure statement for purposes of the findings required pursuant to section 1125 of the Bankruptcy Code and shall refer to a plan for purposes of the findings required pursuant to section 1129 of the Bankruptcy Code. Without limitation, Article II through Article VII are intended for disclosure purposes under section 1125 of the Bankruptcy Code.

As to any reference in the Combined Disclosure Statement and Plan to a consent, approval or acceptance by any party, or to an issue, agreement, order or other document (or the terms thereof) that shall be reasonably acceptable to any such party, such consent, approval or acceptance shall not be unreasonably conditioned, delayed or withheld.

C. Computation of Time

In computing any period of time prescribed or allowed by the Combined Disclosure Statement and Plan, unless otherwise expressly provided, the provisions of Bankruptcy Rule 9006(a) shall apply. If any payment, distribution, act or deadline under the Combined Disclosure Statement and Plan is required to be made or performed or occurs on a day that is not a Business Day, then the making of such payment or distribution, the performance of such act or the occurrence of such deadline shall be deemed to be on the next succeeding Business Day, but shall be deemed to have been completed or to have occurred as of the required date.

D. References to Monetary Figures

All references in the Combined Disclosure Statement and Plan to monetary figures shall refer to Cash, unless otherwise expressly provided.

E. Exhibits; Schedules; Plan Supplement

All exhibits and schedules to the Combined Disclosure Statement and Plan, including the Plan Supplement, are incorporated into and are a part of the Combined Disclosure Statement and Plan as if set forth in full herein.

F. Controlling Document

In the event of an inconsistency between the Combined Disclosure Statement and Plan and the Plan Supplement, the terms of the relevant document in the Plan Supplement shall control unless otherwise specified in such Plan Supplement document. In the event of an inconsistency between the Combined Disclosure Statement and Plan and any other instrument or document created or executed pursuant to the Combined Disclosure Statement and Plan, the Combined Disclosure Statement and Plan shall control. The provisions of the Combined Disclosure Statement and Plan and of the Confirmation Order shall be construed in a manner consistent with each other so as to effectuate the purposes of each; provided that if there is determined to be any inconsistency between any provision of the Combined Disclosure Statement and Plan and any provision of the Confirmation Order that cannot be so reconciled, then, solely to the extent of such inconsistency, the provisions of the Confirmation Order shall govern, and any such provisions of the Confirmation Order shall be deemed a modification of the Combined Disclosure Statement and Plan.

G. Governing Law

Unless a rule of Law or procedure is supplied by federal Law (including the Bankruptcy Code and Bankruptcy Rules) or unless otherwise specifically stated, the Laws of the State of Delaware, without giving effect to the principles of conflict of laws that would require application of the Law of another jurisdiction, shall govern the rights, obligations, construction, and implementation of the Combined Disclosure Statement and Plan, and any agreements, securities, instruments, or other documents executed or delivered in connection with the Combined Disclosure Statement and Plan (except as otherwise set forth in those documents, in which case the governing law of such documents shall control); provided, however, that governance matters relating to the Debtors and the Liquidating Trust, shall be governed by the Laws of the State of incorporation or formation thereof.

ARTICLE II.

OVERVIEW OF COMBINED DISCLOSURE STATEMENT AND PLAN; THE DEBTORS' ASSETS; AND TREATMENT OF CLAIMS AND INTERESTS IN THE DEBTORS

A. Overview of the Combined Disclosure Statement and Plan

The Debtors filed for chapter 11 bankruptcy protection on April 17, 2017. The purpose of a chapter 11 bankruptcy case is to resolve the affairs of a debtor and distribute the proceeds of the debtor's estate pursuant to a confirmed chapter 11 plan. To that end, the Debtors filed the Combined Disclosure Statement and Plan, the terms of which are more fully described herein.

The Combined Disclosure Statement and Plan contemplates a liquidation of the Debtors and their Estates.

As set forth in more detail in Article XI hereof, the Combined Disclosure Statement and Plan provides for the creation of a Liquidating Trust to, among other things, liquidate and distribute the Liquidating Trust Distributable Assets, Cash and certain Causes of Action, for the benefit of holders of Allowed Convenience Claims and Allowed General Unsecured Claims, as applicable. As set forth herein, the Liquidating Trust will receive the Liquidating Trust Assets. In particular, the Liquidating Trust will receive and prosecute, as set forth herein, the Plains Litigation.

The primary objective of the Debtors, as further described in the Combined Disclosure Statement and Plan is to maximize the value of recoveries to all holders of Allowed Claims and to distribute all property of the Estates that is or becomes available for distribution in accordance with the Combined Disclosure Statement and Plan and the priorities established by the Bankruptcy Code. The Debtors believe that the Combined Disclosure Statement and Plan articulates this objective and is in the best interests of Creditors and the Estates. The Debtors believe that Confirmation of the Combined Disclosure Statement and Plan will avoid the lengthy delay and significant cost of conversion to and completion of a liquidation under chapter 7 of the Bankruptcy Code.

The Combined Disclosure Statement and Plan designates the Classes of Claims against and Interests in the Debtors and specifies which Classes are (a) Impaired or Unimpaired by the Combined Disclosure Statement and Plan, (b) entitled to vote to accept or reject the Combined Disclosure Statement and Plan in accordance with section 1126 of the Bankruptcy Code, or (c) deemed to accept or reject the Combined Disclosure Statement and Plan. Claims against and Interests in the Debtors are classified into six separate Classes as described herein.

B. Decommissioning Liabilities Will Be Treated As General Unsecured Claims

The Debtors have remained focused on their environmental, health and safety obligations throughout the Chapter 11 Cases, including the responsible transition of operational authority for oil and gas assets on public and private lands and, where necessary, abandonment of certain of their burdensome oil and gas assets and lease interests under section 554 of the Bankruptcy Code. Although certain key Creditors have opposed the Debtors' abandonments from time to time, including, most significantly, the Beverly Hills Unified School District (the "District") and the City of Beverly Hills (collectively, the "Beverly Hills Parties") and County of Santa Barbara, none have succeeded. As detailed in Article IV.K and Article IV.L, the Debtors have repeatedly established in the Chapter 11 Cases that they have not abandoned any property posing imminent and identifiable harm to the public health and safety and, therefore, have not triggered the exception to section 554 abandonment set forth in the United States Supreme Court decision, *Midlantic Nat'l Bank v. New Jersey Dep't of Envtl. Prot.*, 474 U.S. 494 (1986) (the "*Midlantic* Exception").

As a result of these developments and applicable Third Circuit precedent, many key Creditors holding Claims for Decommissioning Liabilities have expressed their support for the treatment of these Claims as General Unsecured Claims, as described in more detail below, only

in certain circumstances, which may or may not exist at the time of Confirmation. However, nothing herein and elsewhere in this document should be construed as stating that the key Creditors holding Claims for Decommissioning Liabilities agree with the Debtors' assertions that such claims for abandonment and/or rejection are not administrative claims or that any holdings in this case correctly interpret *Midlantic* and its related case law. The key Creditors holding Claims for Decommissioning Liabilities have expressed support for this Combined Disclosure Statement and Plan and the treatment of their Claims only based on the unique facts and circumstances of this case, and furthermore, their support for this Combined Disclosure Statement and Plan does not indicate any admission in this case or any other that their Claims are not administrative claims pursuant to *Midlantic* and its related case law.

C. Summary of Treatment of Claims and Interests and Estimated Recoveries

THE PROJECTED RECOVERIES SET FORTH IN THE TABLE BELOW ARE ESTIMATES ONLY AND ARE THEREFORE SUBJECT TO CHANGE.

In order to avoid the time delays, incremental costs and the incongruencies of converting the Non-Contributing Debtors into chapter 7 cases, the Debtors propose to merge these entities up the ownership chain into Venoco pursuant to Article XI.A.3 of the Combined Disclosure Statement and Plan. **The Non-Contributing Debtors hold no assets and have no unique Claims filed against them**. Ellwood will remain unmerged because it holds a significant postpetition intercompany Claim against Venoco for the value of certain oil inventories. Following the merger described below, holders of Claims against Venoco and Claims against the Non-Contributing Debtors are entitled to recover on Allowed Claims against Venoco, and holders of Claims against Ellwood are entitled on Allowed Claims against Ellwood.

The information in the table below is provided in summary form for illustrative purposes only and is subject to material change based on certain contingencies, including related to the claims reconciliation process. Actual recoveries may widely vary within these ranges, and any changes to any of the assumptions underlying these amounts could result in material adjustments to recovery estimates provided herein and/or the actual distribution received by Creditors. The projected recoveries are based on information available to the Debtors as of the date hereof and reflect the Debtors' estimates as of the date hereof only. In addition to the cautionary notes contained elsewhere in the Combined Disclosure Statement and Plan, it is underscored that the Debtors make no representation as to the accuracy of these recovery estimates. The Debtors expressly disclaim any obligation to update any estimates or assumptions after the date hereof on any basis (including new or different information received and/or errors discovered).

The categories of Claims and Interests listed below classify Claims and Interests for all purposes, including voting, confirmation and distribution pursuant to the Combined Disclosure Statement and Plan and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code.

Class	Designation	Treatment of Allowed Claims and Interests	Status	Projected Recovery	Estimated Allowed Claims
1	Secured Claims	Each holder of an Allowed Secured Claim shall receive, in full satisfaction of its Allowed Secured Claim, payment in full in Cash; Reinstatement of the legal, equitable and contractual rights of the holder of such Claim; a distribution of the proceeds of the sale or disposition of the Collateral securing such Claim, in each case, solely to the extent of the value of the holder's secured interest in such Collateral; return of Collateral securing such Claim; or such other treatment that will render the Claim Unimpaired.	Unimpaired	100%	$0.00[3]
2	Other Priority Claims	Each holder of an Allowed Other Priority Claim shall receive, in full satisfaction of its Allowed Other Priority Claim, payment in full in Cash or such other treatment that will render such Claim Unimpaired on the later of (a) the Effective Date or (b) the date due in the ordinary course of	Unimpaired	100%	$0.00

[3] The only Secured Claims against the Debtors are held by Aspen and Citibank N.A. With respect to Aspen's Secured Claim, the Debtors have satisfied such Secured Claim pursuant to the Surety Stipulation (as defined below). The Debtors believe that Citibank has sufficient Collateral to satisfy its Secured Claim. Any proceeds from the USSIC Letter of Credit are not property of the Estate unless and until they are in excess of USSIC's Claim. It is not anticipated that there will be any proceeds in excess of USSIC's Claim.

		business in accordance with the terms and conditions of the particular transactions giving rise to such Allowed Other Priority Claim.			
3	Convenience Claims	On the Effective Date, each holder of an Allowed Convenience Claim shall receive from the Liquidating Trust, in full satisfaction of its Allowed Convenience Claim, its share of the Liquidating Trust Interests, entitling each such holder to its share of the Liquidating Trust Distributable Assets sufficient for payment in Cash equal to 60% of such Allowed Convenience Claim. Class 3 initially shall consist of all General Unsecured Claims that total $25,000.00 or less. Payment to Class 3 is in lieu of any treatment as a Class 4 Creditor. Any unsecured creditor with a General Unsecured Claim that is above $25,000.00 electing treatment as a Convenience Claim must affirmatively do so on its Class 4 Ballot.	Impaired	60%	$220,000.00–$600,000.00[4]
4	General	On the Effective Date,	Impaired	2-5%	$[•][5]

[4] This range assumes, at the low end, that no Class 4 Creditors elect to be treated as Class 3 Convenience Claims and assumes, at the high end, that all Class 4 Creditors under a certain threshold elect to be treated as Class 3 Convenience Claims in the amount of $25,000.00.

[5] Estimated Allowed General Unsecured Claims are dependent on several factors, including, without limitation,

	Unsecured Claims	each holder of an Allowed General Unsecured Claim shall receive from the Liquidating Trust, in full satisfaction of its Allowed General Unsecured Claim, its Ratable Share of the Liquidating Trust Interests, entitling each such holder to its Ratable Share of the Liquidating Trust Distributable Assets (minus the portion of Cash held in the Liquidating Trust for payment of the Class 3 recoveries).			
5	Subordinated Claims	On the Effective Date, all Subordinated Claims shall be cancelled and released without any distribution or retention of any property on account of such Claims.	Impaired	0%	$0
6	Interests	On the Effective Date, all Interests shall be cancelled and released without any distribution or retention of any property on account of such Interests.	Impaired	0%	N/A

(a) if any claims for Decommissioning Liabilities are Allowed as Class 4 General Unsecured Claims, (b) if any Rejection Claims are filed and Allowed as Class 4 General Unsecured Claims, and (c) whether any holders of Class 4 General Unsecured Claims elect to have such Claims treated as Class 3 Convenience Claims.

ARTICLE III.

GENERAL INFORMATION ABOUT THE DEBTORS

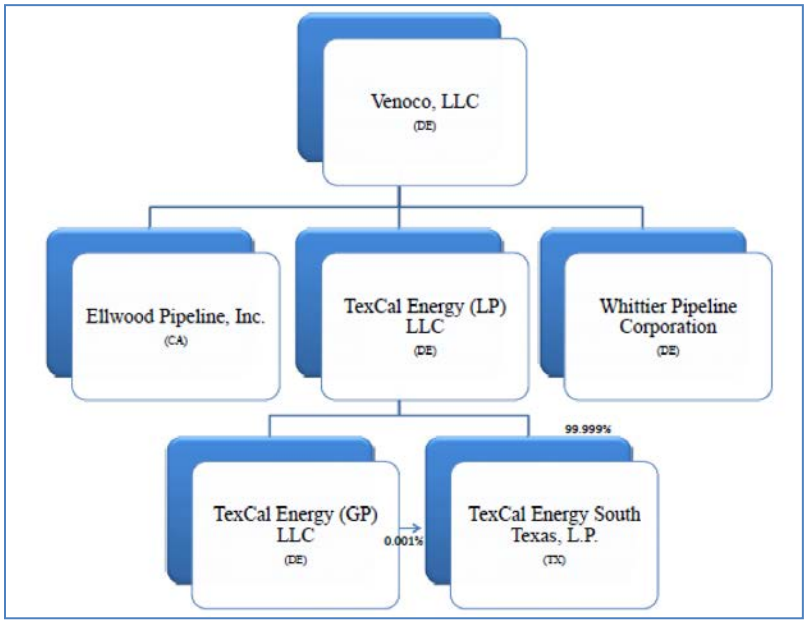
The Debtors are independent exploration and production companies based in Denver, Colorado. As of the Petition Date, the Debtors' primary oil and gas properties were located both onshore and offshore in Southern California. The Debtors have since filed the Chapter 11 Cases to dispose of their key assets, and the Debtors are in the process of winding down their operations.

A. Debtors' Management and Board of Directors

As of the filing of the Combined Disclosure Statement and Plan, Michael D. Wracher was the Chief Operating Officer of Venoco, a role he has held since 2016; Heather Hatfield was the Chief Accounting Officer of Venoco and served in that capacity since 2016; Bret Fernandes of Zolfo Cooper, LLC ("Zolfo Cooper") was the Chief Restructuring Officer of Venoco and served in that capacity since February 2017; and Brian E. Donovan was the General Counsel of Venoco and served in that position since October 2014. Venoco was, and continues to be, governed by a six-member board of directors.

B. Corporate Structure

A summary organizational chart depicting the Debtors' corporate structure as of the Petition Date is below:



C. Brief Background on 2016 Restructuring

On March 18, 2016, in the midst of a historic collapse in the oil and gas industry, Venoco, Inc. and six of Venoco, Inc.'s affiliates (the "2016 Debtors") commenced voluntary chapter 11 cases, jointly administered as *In re Venoco, Inc.*, 16-10655 (KG) (Bankr. D. Del.

March 18, 2016) (the "2016 Chapter 11 Cases") in the Bankruptcy Court to address their overleveraged capital structure. In under four months, the 2016 Debtors issued a disclosure statement and confirmed a plan eliminating more than $1 billion in funded debt and other liabilities (the "2016 Plan"). The 2016 Debtors emerged from bankruptcy on July 25, 2016. The 2016 Chapter 11 Cases were closed by order of the Bankruptcy Court on July 26, 2017. While the 2016 Debtors' restructuring successfully resolved their capital structure issues, material operational and regulatory challenges persisted and unanticipated developments occurred after the 2016 Debtors exited bankruptcy.[6]

D. Events Leading up to the Debtors' 2017 Chapter 11 Filings

Since emerging from bankruptcy in 2016, Venoco has endured significant lease operating expenses and an ongoing lack of production of Platform Holly, due to the May 2015 rupture of the Plains All American Pipeline 901 ("Plains Line 901"), which contributed to filing the 2016 Chapter 11 Cases.

Based on information available at the time, the 2016 Debtors anticipated Plains Line 901 would be back online in early 2017. However, since emerging from the 2016 Chapter 11 Cases, the Debtors received revised estimates from the owner of Plains Line 901 that the line would remain offline for between four and seven years, leaving a key component of the Debtors' production stream shut-in. Similarly, since emerging from the 2016 Chapter 11 Cases, the lease line adjustment ("LLA") application on which the 2016 Plan was highly dependent was derailed due to changes in the State of California's policies toward oil and gas activities in California state waters. These factors contributed significantly to the commencement of the 2017 Chapter 11 Cases and are further described below.

1. Plains Pipeline Rupture Keeps Platform Holly Shut-In

On May 19, 2015, Plains Line 901 ruptured, which caused a complete shut-in of producing operations in the South Ellwood Field. This rupture rendered the Debtors unable to generate the historically significant revenues from the field, so the Debtors shut in the South Ellwood Field. The associated expenses to maintain the platform during this prolonged period of inactivity eroded the Debtors' liquidity, and there were insufficient revenues from the Debtors' performing projects to offset the losses.

The Debtors filed a claim against Plains All American in the Superior Court of California, Santa Barbara County on April 1, 2016, asserting a claim for lost profits and/or impairment of earnings capacity against Plains pursuant to the Oil Pollution Act of 1990, 33 U.S.C. §§ 2701 *et seq*. The Debtors are seeking recovery of at least $20 million in damages. On May 2, 2016, Plains filed a Notice of Removal of Action with the U.S. District Court, Central District of California. It is uncertain when the litigation will be resolved, but the Debtors anticipate resolution could take years.

[6] A full description of the Debtors' business, corporate structure, prepetition indebtedness, and events leading to the Chapter 11 Cases is set forth in the *Declaration of Bret Fernandes, Chief Restructuring Officer of Venoco, LLC in Support of Chapter 11 Petitions and First Day Pleadings* [D.I. 12], which is incorporated herein by reference.

2. Fallout of the LLA

In April 2014, the Debtors submitted their LLA application with respect to their California State Lands Commission ("CSLC") Leases Nos. PRC 3242.1 and 3120.1, which are located in the South Ellwood Field (these, collectively with all of the Debtors' other leases associated with the South Ellwood Field, the "SEF Leases"). Although the LLA proposed to decrease total lease acreage, it would have opened up access to an estimated total of approximately 80 million barrels of probable oil reserves in addition to the approximately 20 million barrels of proven reserves to which the Debtors already had access under the existing SEF Leases.

The 2016 Plan materially depended on the approval of the LLA and the ability to produce the significant additional proven reserves in the fields adjacent to the existing leaseholds. At the time the Debtors emerged from the 2016 Chapter 11 Cases, there appeared to be sufficient support from the CSLC for approval of the LLA, with production in the LLA area to commence in late 2017. However, following the national elections in November 2016. Despite the Debtors' late-2016 meetings with the commissioners of the CSLC to keep the LLA project alive, the CSLC soon evidenced public opposition toward the project. First, a press release issued on January 31, 2017 by CSLC Commissioner Betty Yee indicated her opposition to the expansion of drilling in the Santa Barbara Channel, the site of the South Ellwood Field and the LLA extension area. Additionally, following a public hearing before the CSLC, CSLC Commissioner Gavin Newsome declared the project "dead." With two of the three Commissioners pronouncing that the LLA application would not be approved, the LLA was effectively doomed.

3. Aspen's Call for Additional Collateral

On April 13, 2017, the Debtors received a letter from Aspen, the issuer of the majority of the Debtors' surety bonds, for additional Collateral for the surety bonds in the amount of approximately $35 million. Under the terms of the indemnity agreement, the Debtors had ten days to deliver the additional Collateral. The Debtors lacked sufficient liquidity to comply with the Collateral demand. Due to these factors and others, it became increasingly evident to the Debtors that they could no longer sustain their operations as a going concern. The Debtors ultimately concluded that filing the Chapter 11 Cases was the best course of action.

4. South Ellwood Field Quitclaims

Before filing their petitions, on April 17, 2017, the Debtors quitclaimed all right, title and interest in and to the SEF Leases to the CSLC. First, the Debtors delivered the quitclaim to the CSLC, pursuant to which the Debtors relinquished all right, title and interest in and to the SEF Leases. Pursuant to the terms of the SEF Leases, the quitclaims were effectuated upon receipt by the CSLC of quitclaim deeds for each of the SEF Leases, which receipt was acknowledged by the CSLC prior to the filing of the petitions for relief in these Chapter 11 Cases. In order to avoid the accrual of additional postpetition liabilities associated with the SEF Leases, the Debtors filed the Chapter 11 Cases after the quitclaim deeds became effective.

ARTICLE IV.

EVENTS DURING THE CHAPTER 11 CASES

A. Overview of Chapter 11

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Chapter 11 authorizes a debtor to reorganize or liquidate its business for the benefit of its creditors, interest holders, and other parties in interest. Commencing a chapter 11 case creates an estate that comprises all of the legal and equitable interests of the debtor as of the filing date. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor in possession."

The principal objective of a chapter 11 case is to consummate a plan of reorganization or liquidation. A plan of reorganization or liquidation sets forth the means for satisfying claims against and interests in a debtor. Confirmation of a plan of reorganization or liquidation by a bankruptcy court binds a debtor, any issuer of securities thereunder, any person acquiring property under the plan, any creditor or interest holder of a debtor, and any other person or entity the bankruptcy court may find to be bound by such plan.

Subject to certain limited exceptions, the bankruptcy court order confirming a plan of reorganization or liquidation discharges a debtor from any debt that arose prior to the effective date of a plan of reorganization or liquidation, and provides for the treatment of such debt in accordance with the terms of the confirmed plan of reorganization or liquidation.

Prior to soliciting acceptances of a proposed plan of reorganization or liquidation, section 1125 of the Bankruptcy Code requires a debtor to prepare a disclosure statement containing information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor typical of the types of claims and interests in the chapter 11 case to make an informed judgment regarding acceptance of the plan of reorganization or liquidation. The Combined Disclosure Statement and Plan is submitted for that purpose in accordance with section 1125 of the Bankruptcy Code and Local Rule 3017-2.

B. Commencement of the Chapter 11 Cases

On April 17, 2017, the Debtors each commenced a chapter 11 case by filing a voluntary petition for relief under chapter 11 of the Bankruptcy Code in the Bankruptcy Court. The Chapter 11 Cases were assigned to U.S. Bankruptcy Judge Kevin Gross.

Since the Petition Date, the Debtors have operated their businesses and managed their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee, examiner, or official committee of unsecured creditors has been appointed. The Chapter 11 Cases are consolidated for procedural purposes and are administered jointly.

The filings in the Chapter 11 Cases, including all of the motions and orders for relief, can be viewed free of charge at https://cases.primeclerk.com/venoco/Home-Index.

C. First Day Motions

On or around the Petition Date, the Debtors filed numerous first-day motions (collectively, the "First Day Motions"), the object of which was to streamline the transition to operating under chapter 11, stabilize operations, and preserve the Debtors' relationships with vendors, customers, royalty interest owners and employees. These First Day Motions requested, among other things, authority to: (i) jointly administer the Chapter 11 Cases for procedural purposes only; (ii) file consolidated lists of the Debtors' creditors and a consolidated list of the Debtors' top 20 general unsecured creditors; (iii) retain Prime Clerk LLC ("Prime Clerk") as the Debtors' Voting Agent; (iv) continue to operate the Debtors' existing cash management system and continue the use of existing bank accounts and business forms; (v) pay certain prepetition compensation, wages, salaries and other reimbursable employee expenses;[7] (vi) pay certain taxes that the Debtors are required to collect and remit to appropriate taxing authorities; (vii) continue prepetition insurance and surety programs and related practices; (viii) pay certain owners of royalty and working interests in the Debtors' leaseholds and pay the costs of maintaining the leases; and (ix) continue to pay for utility services. On April 18, 2017 and May 25, 2017, the Bankruptcy Court granted the relief sought in the First Day Motions on an interim and final basis.

D. Retention of Professionals

Over the course of the Chapter 11 Cases, the Debtors filed various applications, which were each subsequently approved by the Bankruptcy Court, for employment of Professionals under sections 327, 328, 330, 331 and 363 of the Bankruptcy Code. Such applications include: (a) Bracewell, as general bankruptcy and restructuring counsel [D.I. 206]; (b) Morris, Nichols, Arsht & Tunnell LLP, as Delaware bankruptcy co-counsel [D.I. 207]; (c) Seaport Global Securities LLC ("SGS"), as investment banker [D.I. 197]; (d) Bret Fernandes and Zolfo Cooper, as Chief Restructuring Officer and additional interim management support [D.I. 192]; (e) Prime Clerk, as Voting Agent [D.I. 40] and Administrative Advisor [D.I. 165]; (f) Ernst & Young LLP, as tax consultant [D.I. 342]; and (g) Natural Resources Group, Inc., as the Debtors' exclusive real estate broker for the Debtors' Lang Tule ranch real estate ("Lang Tule") [D.I. 439].

Additionally, on May 25, 2017, the Bankruptcy Court entered the *Order Authorizing the Retention and Compensation of Certain Professionals Utilized in the Ordinary Course* [D.I. 196] (the "OCP Order"), approving the Debtors' proposed compensation procedures for the Debtors' ordinary course professionals ("OCPs"). The OCP Order authorizes the Debtors to pay OCPs up to $40,000.00 per month, on average over a rolling three-month period, up to a total of $240,000.00 per OCP, without the need to file separate fee applications. To date, the Debtors have engaged the following OCPs:

Ordinary Course Professional	**Services Rendered**
Alvarez & Marsal Taxand LLC (successor of Compensation & Benefit Solutions LLC)	Benefits

[7] The Debtors estimate that, as of the Effective Date of the Combined Disclosure Statement and Plan, they will have no outstanding Severance Obligations.

Ordinary Course Professional	**Services Rendered**
Armbruster Goldsmith & Delvac LLP	Legal Services
Buynak, Fauver, Archbald & Spray LLP	Legal Services
EKS&H LLP	401K Auditor
Goodin Macbride Squeri Day & Lamprey LLP	Legal Services
Grant, Genovese & Baratta, LLP	Legal Services
Greenberg Glusker Fields *et. al*	Legal Services
Hammock Arnold Smith & Co.	Consulting
Hicks Thomas & Lilienstern LLP	Legal Services
John & Hengerer	Legal Services
K E Andrews & Company	Property Tax Preparer
Kilpatrick Townsend & Stockton LLP	Legal Services
PGH Petroleum & Environmental Engineers	Consulting
Sacramento Advocates Inc.	Consulting
Sheppard Mullin Richter & Hampton LLP	Legal Services
Spectrum Campaigns LLC	Consulting
Stoel Rives LLP	Legal Services
Stout Risius Ross, LLC	Legal Services
Tatro Tekosky Sadwick LLP	Legal Services
Wayne Tolmachoff	Consulting

E. Sale Processes

1. Bidding Procedures and Initial Sale Process

On May 4, 2017, the Debtors filed the *Debtors' Motion for Entry of an Order (I) Establishing Bidding and Sale Procedures for the Sale of Certain of the Debtors' Assets, (II) Approving the Sale of Such Assets and (III) Granting Related Relief* [D.I. 93] (the "Bidding Procedures Motion"). The Bidding Procedures Motion proposed bidding procedures for the sale of eight lots of assets (the "Lots"). On May 25, 2017 the Bankruptcy Court entered an order granting the Bidding Procedures Motion (the "Bidding Procedures Order"), which set the deadline to submit bids on June 9, 2017, the auction for June 16, 2017, and the sale hearing for June 28, 2017.

Pursuant to the Bidding Procedures Order, the Debtors, with the help of SGS, conducted a months-long marketing and sale process to monetize their assets. On July 6, 2017, the Debtors filed notices designating successful bids for Lots 3, 4, 5 and 7, as described in the table below, along with respective purchase and sale agreements for each [D.I. 345–348], and obtained orders approving the four sales in July 2017 [D.I 392–395]. The Debtors closed these sales in August 2017.

2. Attempted Sale of the Debtors' SCU Assets

The Debtors also received single bids for each of Lots 1, 2 and 6, which included the Debtors' Santa Clara Unit ("SCU"), Dos Cuadras and Sevier assets and interests, but received only one qualified bid for all three of the Lots, from Black Raven Resources, Inc. ("Black Raven"). Although the Debtors executed an Asset Purchase Agreement for the sale of these assets to Black Raven on September 1, 2017 (the "Black Raven APA"), the sale was subsequently terminated due to Black Raven's unwillingness to go forward with the proposed transaction.

3. Sale and Transition of SCU Assets to Chevron as Legacy Owner

Chevron, as the legacy owner and operator of the SCU assets and leases, had approached the Debtors regarding a transition of the assets before the execution of the Black Raven APA, but the Debtors initially decided, in their business judgment, to pursue the Black Raven sale because a successful sale would have avoided significant Decommissioning Liabilities for the Estates, which would have resulted in a greater benefit to the Estates and Debtors' Creditors. Following Black Raven's termination of the Black Raven APA, the Debtors essentially had two options: (a) proceed with an uncoordinated abandonment of the SCU assets and rejection of the SCU leases, or (b) negotiate with Chevron to orchestrate an orderly transition of the SCU assets and leases for the benefit of the Estates.

In their business judgment, the Debtors determined that the orderly transition to Chevron was their best remaining alternative to dispose of the SCU assets and associated liabilities and to achieve a safe transition of responsibilities associated with the SCU assets. On October 3, 2017, the Debtors and Chevron entered into a settlement agreement under Bankruptcy Rule 9019 (the "Chevron Settlement Agreement"), which the Bankruptcy Court approved on October 24, 2017 [D.I. 589] (the "Chevron 9019 Order"). The Chevron Settlement Agreement provided, among other things, the framework for the sale of certain of the Debtors' SCU assets for $3.5 million, reimbursement by Chevron of up to $5 million of the Debtors' costs incurred for cessation of production, shut-down of operations, and maintenance of the SCU assets contemplated to be sold, and a bi-monthly payment of $186,500.00 for overhead related to office support of the field services.

On November 13, 2017, the Debtors and Chevron executed the (i) *Purchase and Sale Agreement for the Carpinteria Plant, the Carpinteria Pier and Certain Other Assets* (the "SCU/Carpinteria Plant PSA"), pursuant to which Venoco sold its interest in the SCU/Carpinteria Plant Assets (as defined in the SCU/Carpinteria Plant PSA) to Chevron for $3.45 million, and (ii) *Purchase and Sale Agreement for the Carpinteria Station Segment and Certain Pipeline Segments* (the "Carpinteria Station PSA"; and, with the SCU/Carpinteria Plant PSA, the "Chevron PSAs"), pursuant to which Venoco sold its interest in certain easements and pipeline segments for $50,000.00. On December 1, 2017, the Bankruptcy Court entered an order authorizing the sales to Chevron and approving the Chevron PSAs. [D.I. 696]. On January 3, 2018, the SCU/Carpinteria Plant PSA was consummated. The Debtors expect the Carpinteria Station PSA will be consummated during the second quarter of 2018.

4. Sale of Lang Tule, Assorted Oil Country Tubular Goods and Equipment, and Certain Emission Reduction Credits

The Debtors also sold certain other material assets, including Lang Tule and personal property in the form of assorted oil country tubular goods and equipment and certain emission reduction credits (the "ERCs"). On December 1, 2017, the Court entered the order approving the sale of Lang Tule to Pacific Gas and Electric Company [D.I. 700] and the sale of the tubular goods and equipment to JD Rush Company. [D.I. 701]. On January 5, 2018, the Court entered the order approving the sale of the ERCs to the Regents of the University of California. [D.I. 757]. The Lang Tule sale has not closed as of the filing of the Combined Disclosure Statement and Plan. Upon closing, however, these sales will have generated over $2 million in combined proceeds to the Debtors' Estates.

A table summarizing the various asset sales and dispositions described above is set forth below for reference.

Assets Involved	**Purchaser**	**Sale Price**	**Date Filed/ Sale Motion Docket No.**	**Sale Order Docket No.**
Sales Authorized by Section 363 Motions				
Lot 3 – Grizzly Island	Sunset Exploration Incorporated	$25,000.00	7/6/17 D.I. 93, 347	D.I. 394
Lot 4 – Hastings Field	Denbury Onshore, LLC	$500,000.00	7/6/17 D.I. 93, 346	D.I. 393
Lot 5 – Hames Valley	Trio Petroleum LLC	$25,000.00	7/6/17 D.I. 93, 348	D.I. 395
Lot 7 – Bowerbank	Oak Glen Oil, LLC	$50,000.00	7/6/17 D.I. 93, 345	D.I. 392
SCU/Carpinteria Plant	Chevron U.S.A., Inc.	$3,450,000.00	11/14/17 D.I. 644	D.I. 696
Carpinteria Station	Chevron, U.S.A., Inc.	$50,000.00	11/14/17 D.I. 644	D.I. 696
Assorted Oil Country Tubular Goods and Equipment	JD Rush Company	$548,000.00	11/17/17 D.I. 651	D.I. 701
Lang Tule Ranch real property and related interests	Pacific Gas and Electric Company	$1,545,000.00 (out of which a commission shall be paid to Seller's broker and Buyer's broker)	11/17/17 D.I. 654	D.I. 700
Certain Emission	The Regents of	$261,450.00	12/18/17	D.I. 757

Assets Involved	Purchaser	Sale Price	Date Filed/ Sale Motion Docket No.	Sale Order Docket No.
Reduction Credits	the University of California		D.I. 723	

5. *De Minimis* Asset Sales

On May 4, 2017, the Debtors filed a motion for approval of procedures for the sale or transfer of *de minimis* assets where the sale price is no more than $200,000.00 (with a $2 million case cap on the aggregate value of all *de minimis* asset transactions). [D.I. 95]. On May 25, 2017, the Court entered an order approving the motion [D.I. 202] (the "*De Minimis* Asset Transaction Order").[8] As is shown in the table below, the Debtors have completed several *de minimis* asset transactions in accordance therewith.

Assets Involved	Purchaser	Sale Price	Date Filed/ Sale Notice Docket No.	Sale Order Docket No.
Sales Pursuant to *De Minimis* Asset Transaction Order				
Midway Sunset equipment	Seneca Resources Corp.	$146,062.00	6/2/17 D.I. 220	N/A
Denver Office Equipment	Office Liquidators	$10,015.00	10/25/17 D.I. 601	N/A
Denver IT equipment	ITLiquidators.com	$1,210.00	10/27/17 D.I. 609	N/A
Carpinteria Office Equipment	Office Furniture Outlet	$3,000.00	11/3/17 D.I. 622	N/A
Sevier Equipment	AC Pipe & Equipment Co. Inc.	$50,000.00	11/3/17 D.I. 623	N/A
Federal OCS Oil and Gas Lease 215 Lease and associated assets	Channel Islands Capital, LLC	$15,000.00	11/15/17 D.I. 646	D.I. 730
Uninterruptible Power Supply Units	Baker Street Resources	$2,000.00	11/27/17 D.I. 681	N/A
Miscellaneous Equipment	Lincoln Iron & Metal Inc.	$37,000.00	12/14/17 D.I. 720	N/A
Miscellaneous vehicles and surplus	AC Pipe & Equipment Co.	$93,000.00	12/14/17 D.I. 721	N/A

[8] Additionally, on December 20, 2017, the Court entered an order supplementing the *De Minimis* Asset Transaction Order [D.I. 730], which added certain terms requested by the United States Department of the Interior for application to *de minimis* asset sales involving federal oil and gas lease interests.

Assets Involved	Purchaser	Sale Price	Date Filed/ Sale Notice Docket No.	Sale Order Docket No.
equipment	Inc.			
Dos Cuadras Interests, including 25% non-operating interest in federal OCS Oil and Gas Lease 241	Rincon Offshore Investment, LLC	$15,000.00	12/26/17 D.I. 740	D.I. 778
Company-owned automobiles	CarMax	$22,000.00	2/5/18 D.I. 795	N/A

Notably, pursuant to the Chevron 9019 Order, the Debtors are marketing the Ventura Pipeline System and related assets as well as the Carpinteria Pipeline System and related assets to a third-party buyer.

F. Key Employee Incentive Plan and Key Employee Retention Plan

On May 25, 2017, the Court entered an order approving the Debtors' key employee incentive plan (the "KEIP") and the key employee retention plan (the "KERP"). [D.I. 200]. On January 5, 2018, after receiving no objections, the Court entered an order authorizing certain amendments to the KEIP and KERP requested by the Debtors in December 2017. [D.I. 756]. Pursuant to the KEIP, the Debtors are authorized to make incentive payments to the Debtors' key executives for the purpose of providing incentives to maximize postpetition value for creditors. Pursuant to the KERP, the Debtors are authorized to pay retention payments to certain key employees to encourage them to remain with the Debtors during their liquidation process.

G. Schedules and Statements of Financial Affairs

On June 5, 2017, the Debtors filed their Schedules in compliance with section 521 of the Bankruptcy Code and Bankruptcy Rule 1007. [D.I. 222–233]. The Schedules set forth, among other things, the Debtors' assets and liabilities, current income and expenditures, and executory contracts and unexpired leases.

H. Establishment of Bar Dates

On July 6, 2017, the Bankruptcy Court entered the Bar Date Order [D.I. 341], establishing the following bar dates for filing of proofs of claim in the Chapter 11 Cases: (i) August 29, 2017 as the general bar date by which certain creditors (including, without limitation, general unsecured creditors and creditors holding claims under section 503(b)(9) of the Bankruptcy Code) must file proofs of claim in these Chapter 11 Cases (the "General Bar Date"); (ii) the later of (a) the General Bar Date and (b) 30 days after the effective date of rejection, as provided by an order of the Bankruptcy Court or pursuant to a notice under procedures approved by this Court, as the bar date by which rejection claimants must file a proof of claim relating to the Debtors' rejection of executory contracts and unexpired leases; (iii) the later of (a) the

General Bar Date and (b) 21 days after the date that notice of the amendment is served on the affected claimant as the bar date by which creditors holding claims that have been amended by the Debtors in their Schedules, if necessary; (iv) October 16, 2017 as the date by which Governmental Units must file proofs of claim in these Chapter 11 Cases.

As of the filing of the Combined Disclosure Statement and Plan, the Debtors have received 124 Proofs of Claim. The Debtors are in the process of evaluating the validity of the Claims. The largest Claims filed against the Debtors relate to Decommissioning Liabilities for a variety of the Debtors former assets. As further described in the Combined Disclosure Statement and Plan, holders of Claims for Decommissioning Liabilities have agreed to support a plan construct whereby the Claims shall be treated as General Unsecured Claims against the Debtors. The Debtors are working with these key Creditors regarding the appropriate amount of the Claims.

I. Exclusivity

Pursuant to section 1121(d) of the Bankruptcy Code and court order, the Debtors have the exclusive right to file a plan in these Chapter 11 Cases until April 12 2018, and the exclusive right to solicit acceptances until June 13, 2018. [D.I. 716].

J. Plains Litigation

As noted above, the Debtors commenced the Plains Litigation on April 1, 2016, and it was removed to the U.S. District Court, Central District of California on May 2, 2016. Upon the filing of the Chapter 11 Cases, the Plains Litigation was stayed pursuant to the automatic stay under section 362(a) of the Bankruptcy Code. Pursuing final resolution of the Plains Litigation, the Debtors and the defendants in the Plains Litigation stipulated for relief from the automatic stay, which stipulation was approved by the Bankruptcy Court on June 26, 2017. [D.I. 311]. The Debtors are claiming at least $20 million in damages. However, because the litigation is ongoing, there can be no assurance that the Debtors will recover any of their claimed damages or that any recovery will exceed the Liquidating Trust's reasonable expenses in prosecuting the Debtors' Causes of Action.

K. Beverly Hills Full and Final Settlement

Venoco is the former lessee and operator of an oil and gas-producing well site and facility (the "Drill Site") located within the City of Beverly Hills, California, which is owned by the District, pursuant to a certain Surface and Subsurface Oil and Gas Lease, originally dated June 2, 1959 (as amended, the "BH Lease"). On December 31, 2016, Venoco's rights to extract oil and gas from the Drill Site terminated under the BH Lease's terms, and Venoco was required to restore the property to its original condition, including decommissioning of the wells, within 90 days thereof. Venoco ceased drilling and production operations on December 31, 2016 in accordance with the BH Lease, but could not satisfy the 90-day restoration obligation. Instead, Venoco informed the Beverly Hills Parties of its intent to vacate the premises pursuant to a safe and orderly transition to a third-party contractor engaged by the District to monitor the Drill Site.

On May 4, 2017, the Debtors filed an omnibus rejection motion, seeking to reject, *inter alia*, the BH Lease. [D.I. 102]. On May 15, 2017 and May 16, 2017, respectively, the Division of

Oil, Gas, and Geothermal Resources ("DOGGR") and the City of Beverly Hills issued administrative compliance orders to compel decommissioning and restoration within a prescribed timeframe (collectively, the "Compliance Orders"). The Compliance Orders were subsequently consensually stayed by the parties.

On May 18, 2017, the Beverly Hills Parties instituted an adversary proceeding against Venoco in the Bankruptcy Court, Case No. 17-50483 (KG) (the "Adversary Proceeding") and filed a motion for preliminary injunction (the "MPI") to compel Venoco to continue monitoring the Drill Site and to perform decommissioning pursuant to the Compliance Orders. On May 25, 2017, after the parties conducted limited discovery, the Bankruptcy Court held an evidentiary hearing wherein both sides presented expert testimony and arguments in support of their pleadings. On May 31, 2017, the Court issued its *Opinion on Motion for Preliminary Injunction*, finding that, *inter alia*, Venoco's departure from the Drill Site did not pose an imminent and identifiable harm in contravention of state public health and safety Laws and that a third-party contractor could perform the remaining obligations at the Drill Site in lieu of Venoco. [Adv. D.I. 21]. Accordingly, the Court entered an *Order Denying Motion for Preliminary Injunction* that same day, which required Venoco to stay on the Drill Site through June 30, 2017 at its own expense before transitioning the Drill Site to a new firm. [Adv. D.I. 22]. On July 1, 2017, Venoco safely transitioned the Drill Site to ARB, Inc., the District's oilfield contractor.

On June 14, 2017, the Beverly Hills Parties filed an interlocutory appeal in the United States District Court for the District of Delaware (the "District Court"). On October 25, 2017, the parties attended court-mandated mediation at the District Court under the supervision of Chief Magistrate Judge Mary Pat Thynge in a good faith effort to settle their disputes. At mediation, the parties reached an agreement to settle all of their issues, including the Adversary Proceeding and the City and District's filed proofs of claim, each of which had been filed in the amount of approximately $11.5 million, a significant portion of which the Beverly Hills Parties initially alleged to be Administrative Expense Claims.

On November 13, 2017, the Debtors filed their *Motion to Approve Compromise under Rule 9019 Debtors Motion for Entry of an Order, Pursuant to Bankruptcy Code Sections 105(a) and 363(b) and Bankruptcy Rule 9019, Approving Full and Final Settlement Agreement by and Among the Debtors, City of Beverly Hills and Beverly Hills Unified School District* [D.I. 643] (the "BH 9019 Motion"), seeking to approve the *Full and Final Settlement Agreement* (the "BH Full and Final Settlement Agreement"), entered into by the parties on November 10, 2017. Under the BH Full and Final Settlement Agreement, the Beverly Hills Parties agreed, among other things, to drop all their claims and withdraw/forego all existing and future litigation for the Debtors' one-time payment of $760,000.00. Significantly, in the BH Full and Final Settlement Agreement, the Beverly Hills Parties stipulated that their Claims were General Unsecured Claims, and therefore did not constitute Administrative Expense Claims. On November 29, 2017, the Bankruptcy Court granted the BH 9019 Motion and approved the BH Full and Final Settlement Agreement. [D.I. 686].

The Adversary Proceeding and Appeal were dismissed with prejudice on December 19, 2017. [Adv. D.I. 35, 36]. The City of Beverly Hills dismissed its compliance order with prejudice as of December 22, 2017 and alerted Venoco of the dismissal by letter. Finally, the

District withdrew its filed proof of claim on January 19, 2018, and the City of Beverly Hills withdrew its proof of claim on January 31, 2018. [D.I. 775, 791].

L. Rejection of Executory Contracts and Unexpired Leases and Abandonment of Certain Burdensome Property and Interests

To date, the Debtors have, in their business judgment, elected to assume and assign a number of executory contracts and unexpired leases in connection with their asset sales, as well as reject a number of burdensome and/or unnecessary executory contracts and unexpired leases to best facilitate their wind down efforts.

On June 23, 2017, the Bankruptcy Court granted the Debtors' first omnibus rejection motion, authorizing the rejection of several agreements related to the Debtors' information technology programs and certain terminal agreements between the Debtors and the Regents of the University of California ("UCSB") associated with the Ellwood Marine Terminal (the "EMT"). [D.I. 305]. Some of the rejected agreements related to the Old Line 96 pipeline, which, when it was in use, connected the EMT to the EOF ("Old Line 96"). Several parties, including the City of Goleta, objected by arguing that issues with the grouting process in Old Line 96 triggered the narrow *Midlantic* Exception to abandonment. However, the Bankruptcy Court entered an order authorizing the Debtors to reject the Old Line 96 contracts and leases and abandon associated properties.

The Debtors' second omnibus rejection motion sought to reject their (i) Ellwood Pier Leases/Contracts, (ii) Sevier Leases/Contracts, (iii) Whittier Pipeline Leases/Contracts and Paredon Leases/Contracts, and (iv) New Line 96 Contracts/Leases and, pursuant to section 554 of the Bankruptcy Code, abandon certain properties associated therewith. Among other objections, the Debtors received significant opposition from the County of Santa Barbara, which filed both an objection to the Debtors' motion [D.I. 537] and its own *Motion to Require the Debtors to Properly De-Inventory and Abandon New Line 96* [D.I. 506] (the "Motion to De-Inventory New Line 96"), to which the Debtors subsequently objected. [D.I. 540]. After limited discovery and an evidentiary hearing on the merits on October 24, 2017, the Bankruptcy Court overruled Santa Barbara County's objection and denied its motion. [D.I. 611]. Pertaining to the Debtors' ability to reject and abandon New Line 96, the Bankruptcy Court explained: "I think, the test . . . is imminent and identifiable endangerment to health and safety . . . [W]ith Line 96 . . . there is *no imminent and immediate danger* -- and identifiable danger . . . . So, yes, I'm going to grant the motion for abandonment." Oct. 24, 2017 Hr'g Tr. 237:6-17 (emphasis added). Despite the favorable ruling, the Debtors nevertheless agreed to perform the de-inventorying work on New Line 96 and have since completed it.

On October 24, 2017, the Bankruptcy Court entered four separate orders granting the Debtors' second omnibus rejection motion, authorizing the Debtors' rejection of the foregoing leases and contracts and, pursuant to section 554 of the Bankruptcy Code, abandonment of certain properties associated therewith. [D.I. 593 (Ellwood Pier); D.I. 594 (Sevier); D.I. 597 (Paredon); D.I. 598 (New Line 96)].

Additionally, on October 24, 2017, the Bankruptcy Court entered an order authorizing the Debtors' rejection of their SCU leases and abandonment of their SCU properties [D.I. 595]

(the "SCU Abandonment Order"). Pursuant to the SCU Abandonment Order, the Debtors were authorized to (i) reject the SCU leases by December 31, 2017 and relinquish the same to the Bureau of Ocean Energy Management ("BOEM")/Bureau of Safety and Environmental Enforcement ("BSEE") in connection with their sale of the SCU assets to Chevron (as discussed above), and (ii) abandon their SCU properties pursuant to section 554 of the Bankruptcy Code. The SCU leases were ultimately relinquished to BOEM/BSEE on January 4, 2018 following consummation of the SCU/Carpinteria Plant PSA on January 3, 2018. Chevron has engaged a contractor to perform work regarding the SCU properties, marking a safe transition of the Debtors' only remaining oil and gas operations.

Finally, the Bankruptcy Court has also authorized the Debtors' rejection of miscellaneous other burdensome contracts and leases during the Chapter 11 Cases, including the Employment Agreement of Timothy M. Marquez [D.I. 163], the Debtors' office leases in Denver, Colorado and Carpinteria, California [D.I. 618, 690], and a grazing lease on Lang Tule. [D.I. 700].

M. Other Asset Dispositions

1. Transition of Platform Holly and the SEF Leases

As a result of the Debtors' April 17, 2017 quitclaims of its South Ellwood Field ("SEF") leases, the Debtors relinquished all their rights, interests, and liabilities in the South Ellwood Field, to include Platform Holly. Pursuant to the terms of the SEF Leases, relinquishment of the SEF leases was effective upon receipt by the CSLC, which receipt was acknowledged by the CSLC prior to the filing of the Debtors' petitions for relief. Accordingly, as of the Petition Date, the Debtors had no possessory or ownership interest in the SEF Leases, the wells or real property underlying the SEF Leases. But, pursuant to a Reimbursement for Temporary Services Agreement (the "RTSA") entered into between the Debtors and the CSLC three days before the quitclaims were filed, the CSLC agreed to reimburse the Debtors for the reasonable cost to continue operating their South Ellwood Field leases on an interim basis, and the CSLC received non-exclusive access and use rights to the EOF Properties. On September 15, 2017, the RTSA terminated and the Debtors safely transitioned operations of the South Ellwood Field to the CSLC's third-party contractor.

2. Disposition of the EOF

Following the termination of the RTSA, the Debtors entered into a "gap" agreement (the "Gap Agreement") with the CSLC on September 15, 2017 to allow the CSLC to continue its temporary, non-exclusive use of the EOF Properties as the CSLC continues its efforts to decommission Platform Holly. The parties agreed to extend the life of the gap agreement through four separate amendments, such that it remains in effect through May 31, 2018 (instead of expiring October 31, 2017, as originally contemplated). Through the gap agreement and its amendments, the CSLC agreed to pay a reasonable, to-be-determined rental value if/when the parties agreed upon a reasonable valuation of the EOF Properties. The CSLC agreed to pay the Debtors $250,000.00 as part of the third amendment. In addition, as part of the fourth amendment the CSLC agreed to pay the Debtors, by the 15th of each month beginning in March 2018, a non-refundable monthly sum of $100,000.00 in cash (the "Monthly Payment"), which may contribute to any Catch-Up Payment (as defined in the Gap Agreement) owed by the CSLC

to Venoco for certain obligations, for the Commission's continued non-exclusive use of EOF and EOF-related machinery and equipment, but the parties stipulated that each such payment may contribute to Venoco for the non-exclusive use of EOF and EOF-related 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 agreed that the gap agreement, as amended, would 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.

The Debtors have been engaged in ongoing negotiations to convey the EOF Properties, along with emission reduction credits associated with the EOF Properties to the CSLC as part of an overall resolution of CLSC's Claim against Venoco.

N. Relief from Stay Stipulation with the Sureties

In the ordinary course of business and as required by applicable nonbankruptcy Law, the Debtors maintained certain surety bonds with respect to identifiable risks related to the Debtors' operations. Their Sureties have been, or may be, called upon to make payments under the bonds on behalf of the Debtors. Specifically, Aspen issued 11 separate surety bonds, with an aggregate penal sum of $41,487,250.00. As of the Petition Date, Aspen held $6.2 million in cash collateral to secure the Debtors' obligations related to the surety bonds placed by Aspen. As of the Petition Date, USSIC issued 24 separate surety bonds on account of certain of the Debtors' obligations, with an aggregate penal sum of $8,799,974.00. USSIC held the USSIC Letter of Credit, a standby irrevocable letter of credit in the amount of $2,750,000.00 with Citibank, N.A.

On June 14, 2017, Aspen filed its *Motion of Aspen American Insurance Company & Aspen Specialty Insurance Company for an Order Granting Aspen: (I) Leave to Exercise its Right of Recoupment, or, to the Extent Necessary, Relief From the Automatic Stay, for "Cause" Pursuant to 11 U.S.C. § 362(d) to Set Off Mutual Pre-Petition Obligations; (II) Adequate Protection as to Certain Surety Bonds, Pursuant to 11 U.S.C. §§ 361, 364 (c) OR 364 (d), or, Alternatively, (A) Relief from the Automatic Stay, for "Cause", Pursuant to 11 U.S.C. § 362(d) to Cancel Certain Surety Bonds and (B) Requiring the Debtors to Replace Certain Surety Bonds; (III) Waiving the Stay of Fed. R. Bankr. P. 4001(a)(3); and (IV) Such Other or Further Relief as May Be Appropriate*, seeking relief from the automatic stay to foreclose on their collateral and terminate their surety bonds in accordance with applicable non-bankruptcy law, among other things. [D.I. 266]. On July 5, 2017, USSIC filed its joinder to the Aspen Motion. [D.I. 333].

On November 21, 2017, the Debtors and the Sureties executed a mutually agreeable stipulation (the "Surety Stipulation"): (i) allowing Aspen to draw on the $6.2 million collateral, and (ii) stipulating that the automatic stay does not apply to preclude USSIC from drawing on the USSIC Letter of Credit. On November 22, 2017, the Bankruptcy Court entered an order approving the Surety Stipulation. [D.I. 671].

O. County of Santa Barbara's Motion for Administrative Expense Payment

On November 30, 2017, the County of Santa Barbara filed a motion for payment of its claim for the decommissioning and associated costs with New Line 96. [D.I. 692] (the "Motion

for Administrative Expense Payment"). Specifically, the County of Santa Barbara requests the Bankruptcy Court grant administrative priority to its $607,730.00 New Line 96 claim. On February 28, 2018, the Debtors and the County of Santa Barbara reached an agreement in principle, subject to completion of definitive documentation, to Allow the County of Santa Barbara Claim as a General Unsecured Claim in the amount of $500,000.00, compromised down from at least $607,730.00 in alleged Administrative Expense Payment treatment, in full resolution of any Claims of the County of Santa Barbara. Pursuant to the settlement provisions of Article XV.I and in exchange for the Allowed General Unsecured Claim set forth in Article IX.B.4(a), the settlement documentation will provide for the withdrawal of the Motion for Administrative Expense Payment, and all Proofs of Claim filed by the County of Santa Barbara on the Effective Date.

P. Negotiations with Decommissioning Claimants

The Debtors expect that almost all of their estimated Allowed Claims relate to Decommissioning Liabilities. Some Decommissioning Claimants have asserted that their Claims for Decommissioning Liabilities constitute Administrative Expense Claims. The Debtors have performed recovery analyses that demonstrate, among other things, that: (i) there would be very little difference in the Decommissioning Claimants' potential respective recoveries if they all were entitled to Administrative Expense Claims versus General Unsecured Claims; (ii) traditional general unsecured Creditors, including the holders of Convenience Claims, would receive no recovery if the Decommissioning Claimants held Administrative Expense Claims for their total asserted Decommissioning Liabilities; and (iii) litigating the priority and quantum of all Claims for Decommissioning Liabilities asserted against the Debtors would be prohibitively costly to the Estates, as it would unnecessarily erode the Debtors' remaining Cash balance and thereby reduce recoveries for Creditors. Moreover, the Debtors have repeatedly received favorable rulings and factual findings that they have not disposed of any property posing imminent and identifiable harm to the public health and safety—*i.e.*, the Debtors have not triggered the narrow *Midlantic* Exception. Given the Third Circuit's interpretation of the interplay between administrative expense priority and *Midlantic*, multifaceted litigation on the issue would likely result in unfavorable precedent for the Decommissioning Claimants. And, in the unlikely event that the Decommissioning Claimants successfully demonstrated that the narrow *Midlantic* Exception was triggered, their recovery for the Decommissioning Liabilities would be undifferentiated (except reduced by the costs to litigate the matter).

Based on these factors, beginning in late 2017, the Debtors initiated discussions with the Decommissioning Claimants regarding treatment of their Claims for Decommissioning Liabilities as General Unsecured Claims. Following a series of discussions and negotiations, the Debtors received nearly uniform support from these key Creditors regarding such a construct, albeit under specific circumstances, including, without limitation, that no key Creditor be granted an Administrative Expense Claim. Specifically, the proposal involved supporting a plan of liquidation treating Claims for Decommissioning Liabilities as General Unsecured Claims and having the Decommissioning Claimants forego their rights to seek payment of Decommissioning Liabilities as Administrative Expense Claims, upon Consummation of the plan.

The Debtors believe the Combined Disclosure Statement and Plan is in the best interest of their Creditors, including the key Creditors, for several reasons. First, the Combined

Disclosure Statement and Plan is designed to reduce administrative costs for reconciling small Claims by creating a Class of Convenience Claims. Second, given the treatment of Convenience Claims, and because Decommissioning Liabilities are being treated as Class 4 General Unsecured Claims, Creditors will receive their distributions more quickly and efficiently than if there existed significant outstanding Administrative Expense Claims in amounts yet to be determined, or held up by protracted litigation and associated discovery expenses. Third, the Decommissioning Claimants will not be materially adversely impacted by the General Unsecured Claim treatment of Decommissioning Liabilities as compared to if the Claims were entitled to administrative priority, given the relatively small remaining pool of other General Unsecured Claims and the anticipated costs associated with the Debtors litigating the asserted administrative status of the Decommissioning Liabilities. Finally, the Debtors believe this construct is the only path to Confirmation of a chapter 11 plan, which, as addressed in Article V.I, is in the best interests of Creditors as compared to a chapter 7 liquidation at the hands of an unfamiliar chapter 7 trustee.

ARTICLE V.

CONFIRMATION PROCEDURES

A. Statutory Requirements for Approval of the Combined Disclosure Statement and Plan, and Purpose of the Disclosures Herein

After a chapter 11 plan has been filed, holders of certain claims against and interests in a debtor are permitted to vote to accept or reject such plan. Before soliciting acceptances of the proposed plan, however, a debtor is required under section 1125 of the Bankruptcy Code to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment about the plan.

The Debtors submit the Combined Disclosure Statement and Plan to Holders of Claims and Interests to satisfy the requirements of section 1125 of the Bankruptcy Code. The disclosures herein set forth the specific information regarding the pre-bankruptcy history of the Debtors, the nature and progress of the Chapter 11 Cases, and the anticipated organizational and capital structure after Confirmation and Consummation, the effects of Confirmation and Consummation, certain risk factors, and the manner in which distributions will be made under the Combined Disclosure Statement and Plan. In addition, the Combined Disclosure Statement and Plan discusses the solicitation and voting procedures that Holders of Claims entitled to vote must follow in order for their votes to be counted.

B. The Combined Hearing

On March [•], 2018 the Bankruptcy Court entered the Interim Approval and Procedures Order conditionally approving the Combined Disclosure Statement and Plan for solicitation purposes only and authorizing the Debtors to solicit votes to accept or reject the Combined Disclosure Statement and Plan.

CONDITIONAL APPROVAL OF THE COMBINED DISCLOSURE STATEMENT AND PLAN BY THE BANKRUPTCY COURT CONSTITUTES A DETERMINATION THAT

THE DISCLOSURES ARE SUFFICIENT FOR THE DEBTORS TO SOLICIT VOTES ON THE COMBINED DISCLOSURE STATEMENT AND PLAN, BUT DOES NOT CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT THAT SUCH DISCLOSURES CONTAIN ADEQUATE INFORMATION AS DEFINED IN SECTION 1125 OF THE BANKRUPTCY CODE. SUCH DETERMINATION SHALL BE MADE AT THE COMBINED HEARING.

The Combined Hearing has been scheduled for **May 23, 2018 at 10:00 a.m. (prevailing Eastern Time)** at the Bankruptcy Court, 824 North Market Street, 6th Floor, Courtroom 3, Wilmington, Delaware 19801 to consider (a) Confirmation of the Combined Disclosure Statement and Plan pursuant to section 1129 of the Bankruptcy Code, and (b) final approval of the Combined Disclosure Statement and Plan as providing adequate information pursuant to section 1125 of the Bankruptcy Code. The Combined Hearing may be continued from time to time without further notice other than the announcement by the Debtors of the adjourned date(s) at the Combined Hearing or any continued hearing or as indicated in any notice of agenda of matters scheduled for hearing filed with the Bankruptcy Court.

C. Procedure for Objections to Confirmation and/or Final Approval of the Combined Disclosure Statement and Plan

Any objection to final approval of the Combined Disclosure Statement and Plan as providing adequate information pursuant to section 1125 of the Bankruptcy Code and/or Confirmation of the Combined Disclosure Statement and Plan shall (a) be in writing, (b) comply with the Bankruptcy Rules and the Local Rules, and (c) be filed with the Bankruptcy Court and served on the parties registered to receive notice through the Bankruptcy Court's ECF noticing system on or before **May 4, 2018 at 4:00 p.m. (prevailing Eastern Time). Unless an objection is timely filed and served, it may not be considered by the Bankruptcy Court at the Combined Hearing.** The Debtors and any party supporting Confirmation and approval of the Combined Disclosure Statement and Plan may, in their discretion, file a reply to any such objections and/or declaration in support of Confirmation and approval of the Combined Disclosure Statement and Plan by **May 21, 2018** (or one Business Day prior to the date of any adjourned Combined Hearing).

D. Statutory Requirements for Confirmation

The Bankruptcy Court will confirm the Combined Disclosure Statement and Plan only if it meets all the applicable requirements of section 1129 of the Bankruptcy Code. Among other requirements, the Combined Disclosure Statement and Plan (a) must be accepted by all Impaired Classes of Claims or Interests or, if rejected by an Impaired Class, the Combined Disclosure Statement and Plan must not "discriminate unfairly" against, and be "fair and equitable" with respect to, such Class; and (b) must be feasible. The Bankruptcy Court must also find that:

1. the Combined Disclosure Statement and Plan has classified Claims and Interests in a permissible manner;

2. the Combined Disclosure Statement and Plan complies with the technical requirements of Chapter 11 of the Bankruptcy Code; and

3. the Combined Disclosure Statement and Plan has been proposed in good faith.

The amount of any Impaired Claim that ultimately is Allowed by the Bankruptcy Court may vary from any estimated Allowed amount of such Claim and, accordingly, the total Claims that are ultimately Allowed by the Bankruptcy Court with respect to each Impaired Class of Claims may also vary from any estimates contained herein with respect to the aggregate Claims in any Impaired Class. Thus, the actual recovery ultimately received by a particular holder of an Allowed Claim may be adversely or favorably affected by the aggregate amount of Claims Allowed in the applicable Class. Additionally, any changes to any of the assumptions underlying the estimated Allowed amounts could result in material adjustments to recovery estimates provided herein and/or the actual distribution received by Creditors. The projected recoveries are based on information available to the Debtors as of the date hereof and reflect the Debtors' views as of the date hereof only.

E. Classification of Claims and Interests

Section 1123 of the Bankruptcy Code provides that a plan must classify the claims and interests of a debtor's creditors and equity interest holders. In accordance with section 1123 of the Bankruptcy Code, the Combined Disclosure Statement and Plan separates Claims and Interests into Classes and sets forth the treatment for each Class (other than Administrative Expense Claims and Priority Tax Claims, which, pursuant to section 1123(a)(1) of the Bankruptcy Code, need not be and have not been classified).

Additionally, section 1122 of the Bankruptcy Code requires the Debtors to classify Claims and Interests into Classes that contain Claims or Interests that are substantially similar to the other Claims or Interests in such Class. The Debtors believe that the Combined Disclosure Statement and Plan classifies all Claims and Interests in compliance with the provisions of section 1122 of the Bankruptcy Code and applicable case law. A Claim or Interest is placed in a particular Class only to the extent that the Claim or Interest falls within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Interest falls within the description of such other Classes. A Claim also is placed in a particular Class for the purpose of receiving distributions pursuant to the Combined Disclosure Statement and Plan only to the extent that such Claim is an Allowed Claim in that Class and such Claim has not been paid, released or otherwise settled prior to the Effective Date.

Furthermore, the Bankruptcy Code requires that a plan provide the same treatment for each claim or interest of a particular class unless the claim holder or interest holder agrees to a less favorable treatment of its claim or interest. The Debtors believe that the Combined Disclosure Statement and Plan complies with such standard.

It is possible that a holder of a Claim or Interest may challenge the Debtors' classification of Claims or Interests and that the Bankruptcy Court may find that a different classification is required for the Combined Disclosure Statement and Plan to be confirmed. If such a situation develops, the Debtors intend, in accordance with the terms of the Combined Disclosure Statement and Plan, to make such permissible modifications to the Combined Disclosure Statement and Plan as may be necessary to permit its Confirmation. Any such reclassification could adversely affect holders of Claims by changing the composition of one or more Classes

and the vote required of such Class or Classes for approval of the Combined Disclosure Statement and Plan.

EXCEPT AS SET FORTH IN THE COMBINED DISCLOSURE STATEMENT AND PLAN, UNLESS SUCH MODIFICATION OF CLASSIFICATION MATERIALLY ADVERSELY AFFECTS THE TREATMENT OF A HOLDER OF A CLAIM AND REQUIRES RESOLICITATION, ACCEPTANCE OF THE COMBINED DISCLOSURE STATEMENT AND PLAN BY ANY HOLDER OF A CLAIM OR INTEREST PURSUANT TO THIS SOLICITATION WILL BE DEEMED TO BE A CONSENT TO THE COMBINED DISCLOSURE STATEMENT AND PLAN'S TREATMENT OF SUCH HOLDER OF A CLAIM REGARDLESS OF THE CLASS AS TO WHICH SUCH HOLDER ULTIMATELY IS DEEMED TO BE A MEMBER.

F. Impaired Claims or Interests

Pursuant to the provisions of the Bankruptcy Code, only classes of claims or interests that are "impaired" (as defined in section 1124 of the Bankruptcy Code) under a plan may vote to accept or reject such plan. Generally, a claim or interest is impaired under a plan if the holder's legal, equitable or contractual rights are changed under such plan. In addition, if the holders of claims or interests in an impaired class do not receive or retain any property under a plan on account of such claims or interests, such impaired class is deemed to have rejected such plan under section 1126(g) of the Bankruptcy Code and, therefore, such holders are not entitled to vote on such plan.

G. Confirmation Without Acceptance by All Impaired Classes; Cramdown

If any Impaired Class does not accept the Combined Disclosure Statement and Plan, the Debtors intend to seek Confirmation of the Combined Disclosure Statement and Plan pursuant to section 1129(b) of the Bankruptcy Code. Section 1129(b) of the Bankruptcy Code allows a bankruptcy court to confirm a plan, even if an impaired class entitled to vote on the plan has not accepted it, provided that the plan has been accepted by at least one impaired class. It states that, notwithstanding an impaired class's failure to accept a plan, the plan shall be confirmed, at the plan proponent's request, in a procedure commonly known as "cram down," so long as the plan does not "discriminate unfairly" and is "fair and equitable" with respect to each class of claims or equity interests that is impaired under, and has not accepted, the plan.

The condition that a plan be "fair and equitable" with respect to a non-accepting class of secured creditors includes the following requirements that either: (a) the plan provides that holders of such claims retain the liens securing such claims, whether the property subject to such liens is retained by the debtor or transferred to another entity, to the extent of the allowed amount of such claims and that each holder of a claim of such class receive on account of such claims deferred cash payments totaling at least the allowed amount of such claim, of a value, as of the effective date of the plan, of at least the value of such holder's interest in the estate's interest in such property; (b) the plan provides for the sale, subject to 363(k) of this title, of any property that is subject to the liens securing such claims, free and clear of such liens, with such liens to attach to the proceeds of such sale, and the treatment of such liens on proceeds under (a) or (c) of

this paragraph; or (c) the plan provides for the realization by such holders of the indubitable equivalent of such claims.

The condition that a plan be "fair and equitable" with respect to a non-accepting class of unsecured claims includes the following requirement that either: (a) the plan provides that each holder of a claim of such class receive or retain on account of such claim property of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or (b) the holder of any claim or equity interest that is junior to the claims of such class will not receive or retain under the plan on account of such junior claim or equity interest any property.

H. Feasibility

Section 1129(a)(11) of the Bankruptcy Code requires that confirmation of a plan not be likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtors or any successor to the Debtors (unless such liquidation or reorganization is proposed in the Combined Disclosure Statement and Plan). Inasmuch as the Debtors have been liquidated and the Combined Disclosure Statement and Plan provides for the distribution of all of the proceeds of that liquidation to holders of Claims that are Allowed as of the Effective Date, for purposes of this test, the Debtors have analyzed the ability of the Liquidating Trustee to meet its obligations under the Combined Disclosure Statement and Plan. Based on the Debtors' analysis, the Liquidating Trustee will have sufficient assets to accomplish its tasks under the Combined Disclosure Statement and Plan, as projected in **Exhibit A** hereto, containing the Liquidating Trust Projections. Therefore, the Debtors believe that the liquidation pursuant to the Combined Disclosure Statement and Plan will meet the feasibility requirements of the Bankruptcy Code.

I. Best Interests Test and Liquidation Analysis

Even if a plan is accepted by the holders of each class of claims and interests, the Bankruptcy Code requires a court to determine that such plan is in the best interests of all holders of claims or interests that are impaired by that plan and that have not accepted the plan. The "best interests" test, as set forth in section 1129(a)(7) of the Bankruptcy Code, requires a court to find either that all members of an impaired class of claims or interests have accepted the plan or that the plan will provide a member who has not accepted the plan with a recovery of property of a value, as of the effective date of the plan, that is not less than the amount that such holder would recover if the debtor were liquidated under chapter 7 of the Bankruptcy Code.

To calculate the probable distribution to holders of each impaired class of claims and interests if the debtor was liquidated under chapter 7, a court must first determine the aggregate dollar amount that would be generated from a debtor's assets if its chapter 11 cases were converted to chapter 7 cases under the Bankruptcy Code. To determine if a plan is in the best interests of each impaired class, the present value of the distributions from the proceeds of a liquidation of the debtor's unencumbered assets and properties, after subtracting the amounts attributable to the costs, expenses and administrative claims associated with a chapter 7 liquidation, must be compared with the value offered to such impaired classes under the chapter 11 plan. If the hypothetical liquidation distribution to holders of claims or interests in any impaired class is greater than the distributions to be received by such parties under the plan, then such plan is not in the best interests of the holders of claims or interests in such impaired class.

Because the Debtors are proposing a liquidating plan, the "liquidation value" in the hypothetical chapter 7 liquidation analysis for purposes of the "best interests" test is substantially similar to the estimates of the results of the chapter 11 liquidation contemplated by the Combined Disclosure Statement and Plan. However, the Debtors believe that in a chapter 7 liquidation, there would be additional costs and expenses that the Estates would incur as a result of liquidating the Estates in a chapter 7 case.

A hypothetical chapter 7 liquidation analysis is attached to the Combined Disclosure Statement and Plan as **Exhibit B**. As set forth in **Exhibit B**, the costs of liquidation under chapter 7 of the Bankruptcy Code would include the compensation of a trustee, as well as the costs of counsel and other professionals retained by the trustee. The Debtors believe such amount would exceed the amount of expenses that would be incurred in implementing the Combined Disclosure Statement and Plan and winding up the affairs of the Debtors. Conversion also would likely delay the liquidation process and ultimately distribution to unsecured creditors. The Estates would also be obligated to pay all unpaid expenses incurred by the Debtors during the Chapter 11 Cases (such as compensation for professionals) that are allowed in the chapter 7 cases. Accordingly, the Debtors believe that holders of Allowed Claims would receive less than anticipated under the Combined Disclosure Statement and Plan if the Chapter 11 Cases were converted to chapter 7 cases.

In the first instance, as discussed above, the Debtors believe the Combined Disclosure Statement and Plan, which is predicated on treatment of Decommissioning Liabilities as General Unsecured Claims, is in the best interests of Decommissioning Claimants (versus a chapter 7 liquidation) because the Debtors strongly believe such Claims are properly treated as unsecured obligations that do not trigger the narrow *Midlantic* Exception and will permit a recovery on account of such Claims. In the event of a conversion to chapter 7, the Debtors believe that Decommissioning Liabilities would still constitute General Unsecured Claims. However, in the event of conversion, the chapter 7 trustee would need to incur additional administrative expenses, including those associated with becoming familiar with the complex factual and regulatory issues with Decommissioning Liabilities and possible litigation costs attendant thereto. Moreover, any Administrative Expense Claims in the Chapter 11 Cases would be primed by chapter 7 administrative expenses, resulting in little or no recovery by the General Unsecured Creditors, including the Decommissioning Claimants. In any event, in the Debtors' estimation, recovery under the Combined Disclosure Statement and Plan satisfies the best interests test for the General Unsecured Creditors, including the Decommissioning Claimants.

In addition, the appointment of a chapter 7 trustee to oversee the Chapter 11 Cases in lieu of the Debtors or, after the after the Effective Date, the Liquidating Trustee, presents a host of operational challenges to effectuate an orderly wind down of the Chapter 11 Cases. For example, with regard to the EOF Properties, a chapter 7 trustee will be ill-informed to continue working consensually with the CSLC regarding the remaining transition of operational responsibility and ultimate disposition of the EOF Properties. Moreover, the Plains Litigation may be a major asset for the Liquidating Trust, but only if prosecuted successfully. The appointment of a chapter 7 trustee would risk loss of invaluable institutional knowledge held by the Debtors' current management and/or the Liquidating Trustee, which in turn would jeopardize the success of the Plains Litigation to the detriment of Creditors. The probable diminution in value of the Liquidating Trust Assets on account of appointing a chapter 7 trustee highlights why the

Combined Disclosure Statement and Plan is the optimal resolution of the Chapter 11 Cases and is in the best interests of the Creditors.

For the foregoing reasons, the classification and treatment of Claims and Interests in the Combined Disclosure Statement and Plan complies with section 1129(a)(7) of the Bankruptcy Code.

ARTICLE VI.

SOLICITATION AND VOTING PROCEDURES

A. Deemed Consolidation

Under the Combined Disclosure Statement and Plan, only holders of Claims in Classes 3 and 4 are Impaired and entitled to vote on the Combined Disclosure Statement and Plan. The Estates of Venoco and the Non-Contributing Debtors have not been substantively consolidated; provided, however, that for purposes of voting and distribution under the Combined Disclosure Statement and Plan, Venoco and the Non-Contributing Debtors will be deemed merged and consolidated, and treated as equivalent to a single legal Entity. This "deemed" consolidation means that Claims filed against Venoco and the Non-Contributing Debtors will be considered to be a single Claim against Venoco. For the avoidance of doubt, Claims against Ellwood will be treated separately from Claims against Venoco. The Debtors believe this structure is beneficial to Creditors as a whole and will accomplish a fair distribution of value among Creditors. It will also facilitate the compromise reached among the Debtors and certain key Creditors as embodied in the Combined Disclosure Statement and Plan.

B. Eligibility to Vote on the Combined Disclosure Statement and Plan

Under the terms of the Combined Disclosure Statement and Plan, holders of Claims in Classes 3 and 4 are Impaired and entitled to vote on the Combined Disclosure Statement and Plan.

Under the terms of the Combined Disclosure Statement and Plan, holders of Claims in Classes 1 and 2 are Unimpaired and, therefore, are not entitled to vote on the Combined Disclosure Statement and Plan and are deemed to accept the Combined Disclosure Statement and Plan.

Under the terms of the Combined Disclosure Statement and Plan, holders of Interests in Classes 5 and 6 are Impaired and will not receive or retain any property under the Combined Disclosure Statement and Plan on account of such Claims or Interests and, therefore, are not entitled to vote on the Combined Disclosure Statement and Plan and deemed to reject the Combined Disclosure Statement and Plan.

ACCORDINGLY, A BALLOT FOR ACCEPTANCE OR REJECTION OF THE COMBINED DISCLOSURE STATEMENT AND PLAN IS BEING PROVIDED ONLY TO HOLDERS OF CLAIMS IN CLASSES 3 AND 4.

Further, subject to the tabulation procedures approved by the Interim Approval and Procedures Order (the "Tabulation Procedures"), in order to vote on the Combined Disclosure Statement and Plan, you must hold an Allowed Claim in Classes 3 or 4, or be the holder of a Claim in any such Class that has been temporarily Allowed for voting purposes only under Bankruptcy Rule 3018(a). The Tabulation Procedures also include the following procedures regarding calculating Claims for voting purposes[9]:

Under the Combined Disclosure Statement and Plan, only Claimholders in Voting Classes are entitled to vote on the Combined Disclosure Statement and Plan. The Estates of Venoco and the Non-Contributing Debtors have not been substantively consolidated; provided, however, that for purposes of voting and distribution under the Combined Disclosure Statement and Plan, Venoco and the Non-Contributing Debtors will be deemed merged and consolidated, and treated as equivalent to a single legal Entity. This "deemed" consolidation means that Claims filed against Venoco and the Non-Contributing Debtors will be considered to be a single Claim against Venoco, including for voting purposes. For the avoidance of doubt, Claims against Ellwood will be treated separately from Claims against Venoco.

If a Claim, for which no Proof of Claim has been timely filed is listed on the Schedules as Contingent, Unliquidated or Disputed, either in whole or in part, or if no Claim amount is specified, such Claim shall be disallowed for voting purposes; provided, however, that any undisputed portion, if any, of such Claim will be deemed temporarily allowed for voting purposes, subject to the other Tabulation Procedures.

If a Claim, for which a Proof of Claim has been timely filed, has not been disallowed and is not subject to a pending objection or adversary proceeding as of the Voting Record Date, is marked or otherwise referenced on its face as contingent, unliquidated or disputed, either in whole or in part, or if no Claim amount is specified on such Proof of Claim, such Claim shall be temporarily allowed solely for voting purposes in the amount of $1.00, irrespective of how such Claim may or may not be set forth on the Schedules; provided, however, that any undisputed portion, if any, of such Claim will be deemed temporarily allowed for voting purposes, subject to the other Tabulation Procedures; provided, further, that for voting purposes only, (i) Surety Bond Claims are temporarily allowed in an amount equal to their aggregate penal sum, and (ii) the Claims of Decommissioning Claimants are temporarily allowed in an amount equal to each such Decommissioning Claimant's estimated costs for its Decommissioning Liabilities, as agreed to by the Debtors and the respective Decommissioning Claimant, without need to file a Rule 3018 Motion (as defined in the Interim Approval and Procedures Order).

C. Solicitation Package

Accompanying the Combined Disclosure Statement and Plan for the purpose of soliciting votes on the Combined Disclosure Statement and Plan are copies of: (a) notice of the Combined

[9] The Tabulation Procedures, annexed to the Interim Approval and Procedures Order as **Exhibit 1**, are incorporated by reference as if set forth herein. The Tabulation Procedures are not exhaustively itemized, but are referenced for purposes of disclosure herein. Any description, summary, or statement made in the Combined Disclosure Statement and Plan concerning the Tabulation Procedures or the terms thereof is qualified in all respects by reference to the Tabulation Procedures. In the event of any inconsistency between the tabulation procedures described herein and the Tabulation Procedures, the Tabulation Procedures shall govern.

Hearing on the Combined Disclosure Statement and Plan, including key dates (the "Combined Hearing Notice"); (b) a copy of the Interim Approval and Procedures Order (without **Exhibits 2** through **5**); (c) an appropriate Ballot; and (d) any other documents and materials the Debtors deem appropriate (collectively, the "Solicitation Package"). Only holders of Claims or Interests eligible to vote in favor of or against the Combined Disclosure Statement and Plan will receive a Solicitation Package. Holders of Claims or Interests not entitled to vote on the Combined Disclosure Statement and Plan will receive a copy of the Combined Hearing Notice and a notice of non-voting status. All other parties in interest not entitled to vote on the Combined Disclosure Statement and Plan will only receive a copy of the Combined Hearing Notice.

D. Voting Procedures and Voting Deadline

The Voting Record Date for determining which Creditors may vote on the Combined Disclosure Statement and Plan is March 27, 2018.

Voting tabulation shall be conducted in accordance with the Tabulation Procedures for establishing claim amounts and classifications set forth in the Interim Approval and Procedures Order.

If you are entitled to vote to accept or reject the Combined Disclosure Statement and Plan, a Ballot is enclosed for the purpose of voting on the Combined Disclosure Statement and Plan. If you hold Claims in more than one Class and you are entitled to vote such Claims, you will receive separate Ballots, which must be used for each separate Class of Claims. Your vote will be counted in determining acceptance or rejection of the Plan by each particular Class of Claims only if you complete, sign, and return the Ballot labeled for that Class of Claims in accordance with the instructions on such Ballot.

After carefully reviewing the Combined Disclosure Statement and Plan, and the detailed instructions accompanying your Ballot, please indicate your acceptance or rejection of the Combined Disclosure Statement and Plan on the enclosed Ballot.

If you are a holder of a Claim in Classes 3 or 4 entitled to vote on the Combined Disclosure Statement and Plan and did not receive a Ballot, received a damaged Ballot or lost your Ballot, or if you have any questions concerning the Combined Disclosure Statement and Plan or the procedures for voting on the Combined Disclosure Statement and Plan, please contact the Voting Agent by email at VenocoBallots@PrimeClerk.com or by telephone at (844) 648-5575 (toll-free), or (347) 505-5258 (if calling from outside the U.S. or Canada).

If you have any questions about (a) the procedures for voting your Claim or with respect to the packet of materials that you have received or (b) the amount of your Claim, please contact the Voting Agent by email at VenocoBallots@PrimeClerk.com or by telephone at (844) 648-5575 (toll-free), or (347) 505-5258 (if calling from outside the U.S. or Canada). If you wish to review copies of the Interim Approval and Procedures Order or the Combined Disclosure Statement and Plan, you may obtain copies free of charge at the website maintained by the Voting Agent at https://cases.primeclerk.com/venoco/, by request to the Voting Agent via email

at VenocoBallots@PrimeClerk.com, or by requesting a copy from the Voting Agent by phone at (844) 648-5575 (toll-free), or (347) 505-5258 (if calling from outside the U.S. or Canada)

For your vote to be counted, Ballots must be properly completed, signed, and returned so that it is **actually received** by the Voting Agent, Prime Clerk LLC, before the Voting Deadline, unless such time is extended in writing by the Debtors. Ballots must be returned by (a) first-class mail (using the reply envelope provided herewith or otherwise), (b) overnight courier, or (c) personal delivery at the following address: Venoco Ballot Processing, c/o Prime Clerk, LLC, 830 Third Avenue, 3rd Floor, New York, NY 10022. In addition, Ballots will be accepted if properly completed through the online balloting portal maintained by the Voting Agent. Ballots will not be accepted by telecopy, facsimile, e-mail, or other electronic means of transmission.

Ballots received after the Voting Deadline will not be counted by the Debtors in connection with the Debtors' request for Confirmation of the Combined Disclosure Statement and Plan. The method of delivery of Ballots to be sent to the Voting Agent is at the election and risk of each holder of a Claim. Except as otherwise provided in the Combined Disclosure Statement and Plan, such delivery will be deemed made only when the original executed Ballot is **ACTUALLY RECEIVED** by the Voting Agent or submitted via the online portal maintained by the Voting Agent. In all cases, sufficient time should be allowed to assure timely delivery. For submissions via first class mail, overnight courier or personal delivery, original executed Ballots are required. No Ballot should be sent to the Debtors, their agents (other than the Voting Agent), or the Debtors' financial or legal advisors, and if so sent will not be counted. If no holders of Claims in a particular Class that is entitled to vote on the Combined Disclosure Statement and Plan vote to accept or reject the Combined Disclosure Statement and Plan, then such Class shall be deemed to accept the Combined Disclosure Statement and Plan.

The following Ballots will not be counted or considered for any purpose in determining whether the Combined Disclosure Statement and Plan has been accepted or rejected:

1. any Ballot received after the Voting Deadline (unless extended by the Debtors);

2. any Ballot received that is illegible or otherwise incomplete;

3. any Ballot cast by a person or entity that does not hold a Claim in a Class that is entitled to vote to accept or reject the Combined Disclosure Statement and Plan;

4. any Ballot cast for a Claim designated as contingent, unliquidated or disputed or as zero or unknown in amount and for which no Rule 3018(a) Motion has been filed by the Rule 3018(a) Motion Deadline (as such terms are defined in the Interim Approval and Procedures Order);

5. any Ballot that indicates neither an acceptance nor a rejection, or indicates both an acceptance and a rejection, of the Combined Disclosure Statement and Plan;

6. simultaneous duplicative Ballots voted inconsistently;

7. Ballots partially rejecting and partially accepting the Combined Disclosure Statement and Plan;

8. any form of Ballot other than the official form sent by the Voting Agent, or a copy thereof;

9. any Ballot received that the Voting Agent cannot match to an existing database record;

10. any Ballot that does not contain an original signature (unless submitted through the online electronic ballot portal); or

11. any Ballot that is submitted by facsimile, email or by other electronic means (unless submitted through the online electronic ballot portal).

E. Agreements Upon Furnishing Ballots; Releases

The delivery of an accepting Ballot to the Voting Agent by a holder pursuant to one of the procedures set forth above will constitute the agreement of such holder to accept (a) all of the terms of, and conditions to, the solicitation and voting procedures and (b) the terms of the Combined Disclosure Statement and Plan; provided, however, all parties in interest retain their right to object to Confirmation of the Combined Disclosure Statement and Plan pursuant to section 1128 of the Bankruptcy Code.

Each Ballot contains an election to opt out of the release provisions contained in Article XV.E of the Combined Disclosure Statement and Plan. Holders of Claims who receive a Ballot and vote to reject the Combined Disclosure Statement and Plan may opt out of the releases contained in Article XV.E of the Combined Disclosure Statement and Plan. For the avoidance of doubt, unless you both (a) vote to reject the Combined Disclosure Statement and Plan and (b) indicate your decision to opt out of the releases described in Article XV.E on the Ballot, you will be deemed to consent to such releases.

The Class 4 Ballot contains an election to have your General Unsecured Claim treated as a Convenience Class Claim, pursuant to Article IX.B.3.

F. Acceptance of the Combined Disclosure Statement and Plan

In order for the Combined Disclosure Statement and Plan to be accepted by an Impaired Class of Claims, a majority in number and two-thirds in dollar amount of the Claims voting in such Class must vote to accept the Combined Disclosure Statement and Plan. At least one Voting Class, excluding the votes of insiders, must actually vote to accept the Combined Disclosure Statement and Plan.

YOU ARE URGED TO COMPLETE, DATE, SIGN AND PROMPTLY MAIL THE BALLOT ENCLOSED OR COMPLETE YOUR BALLOT USING THE ONLINE PORTAL MAINTAINED BY THE VOTING AGENT. PLEASE BE SURE TO COMPLETE THE BALLOT PROPERLY AND LEGIBLY AND TO IDENTIFY THE EXACT AMOUNT OF YOUR CLAIM AND THE NAME OF THE HOLDER. IF YOU ARE A HOLDER OF A CLAIM ENTITLED TO VOTE ON THE COMBINED DISCLOSURE STATEMENT AND PLAN AND YOU DID NOT RECEIVE A BALLOT, RECEIVED A DAMAGED BALLOT OR LOST YOUR BALLOT OR IF YOU HAVE ANY QUESTIONS CONCERNING THE

COMBINED DISCLOSURE STATEMENT AND PLAN OR PROCEDURES FOR VOTING ON THE COMBINED DISCLOSURE STATEMENT AND PLAN, PLEASE CONTACT THE VOTING AGENT BY EMAIL AT VENOCOBALLOTS@PRIMECLERK.COM OR BY TELEPHONE AT (844) 648-5575 (TOLL-FREE), OR (347) 505-5258 (IF CALLING FROM OUTSIDE THE U.S. OR CANADA). THE VOTING AGENT IS NOT AUTHORIZED TO, AND WILL NOT, PROVIDE LEGAL ADVICE.

ARTICLE VII.

RISK FACTORS

THE COMBINED DISCLOSURE STATEMENT AND PLAN AND ITS IMPLEMENTATION ARE SUBJECT TO CERTAIN RISKS, INCLUDING, BUT NOT LIMITED TO, THE RISK FACTORS SET FORTH BELOW. BEFORE DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE COMBINED DISCLOSURE STATEMENT AND PLAN, HOLDERS OF CLAIMS WHO ARE ENTITLED TO VOTE ON THE COMBINED DISCLOSURE STATEMENT AND PLAN SHOULD READ AND CAREFULLY CONSIDER THE RISK FACTORS, AS WELL AS THE OTHER INFORMATION SET FORTH IN THE COMBINED DISCLOSURE STATEMENT AND PLAN AND THE DOCUMENTS DELIVERED TOGETHER HEREWITH OR REFERRED TO OR INCORPORATED BY REFERENCE HEREIN. THESE FACTORS SHOULD NOT, HOWEVER, BE REGARDED AS CONSTITUTING THE ONLY RISKS INVOLVED IN CONNECTION WITH THE COMBINED DISCLOSURE STATEMENT AND PLAN AND ITS IMPLEMENTATION.

A. The Combined Disclosure Statement and Plan May Not Be Accepted

The Debtors can make no assurances that the requisite acceptances to the Combined Disclosure Statement and Plan will be received, and the Debtors may need to propose an alternative plan of liquidation for the Debtors and/or liquidate the Estates under chapter 7 of the Bankruptcy Code. There can be no assurance that the terms of any such alternative restructuring arrangement or plan would be similar to or as favorable to Creditors as those proposed in the Combined Disclosure Statement and Plan.

B. The Combined Disclosure Statement and Plan May Not Be Confirmed

Even if the Debtors receive the requisite acceptances, there is no assurance that the Bankruptcy Court will confirm the Combined Disclosure Statement and Plan. Even if the Bankruptcy Court determines that the Combined Disclosure Statement and Plan and the balloting procedures and results were appropriate, the Bankruptcy Court could still decline to confirm the Combined Disclosure Statement and Plan if it finds that any of the statutory requirements for Confirmation have not been met. Moreover, there can be no assurance that modifications to the Combined Disclosure Statement and Plan will not be required for Confirmation or that such modifications would not necessitate the resolicitation of votes. If the Combined Disclosure Statement and Plan is not confirmed, it is unclear what distributions, if any, holders of Claims or Interests ultimately would receive with respect to their Claims or Interests.

C. Cramdown

In the event that any impaired class of claims against or interests in a debtor does not accept a chapter 11 plan, a bankruptcy court may nevertheless confirm a plan at the proponents' request if at least one impaired class has accepted the plan (with such acceptance being determined without including the vote of any insider in such class), and, as to each impaired class that has not accepted the plan, the bankruptcy court determines that the plan "does not discriminate unfairly" and is "fair and equitable" with respect to the dissenting impaired classes. The Debtors believe that the Combined Disclosure Statement and Plan satisfies these requirements, and the Debtors may request such nonconsensual Confirmation in accordance with subsection 1129(b) of the Bankruptcy Code. Nevertheless, there can be no assurance that the Bankruptcy Court will reach this conclusion. In addition, the pursuit of nonconsensual Confirmation or Consummation of the Combined Disclosure Statement and Plan may result in, among other things, increased Administrative Expense Claims.

D. Distributions to Holders of Allowed Claims under the Combined Disclosure Statement and Plan

Projected distributions are based upon good faith estimates of the total amount of Claims ultimately Allowed and the funds available for distribution. There can be no assurance that the estimated Claim amounts set forth in the Combined Disclosure Statement and Plan are correct. These estimated amounts are based on certain assumptions with respect to a variety of factors. Both the actual amount of Allowed Claims in a particular Class and the funds available for distribution to such Class may differ from the Debtors' estimates. If the total amount of Allowed Claims in a Class is higher than the Debtors' estimates, or the funds available for distribution to such Class are lower than the Debtors' estimates, the percentage recovery to holders of Allowed Claims in such Class will be less than projected.

E. Objections to Classifications of Claims

Section 1122 of the Bankruptcy Code requires that a chapter 11 plan classify claims against or interests in a debtor in the same class only if such claim or interest is substantially similar to the other claims or interests of such Class. The Debtors believe that all Claims and Interests have been appropriately classified in the Combined Disclosure Statement and Plan.

To the extent that the Bankruptcy Court finds that a different classification is required for the Combined Disclosure Statement and Plan to be confirmed, the Debtors would seek to (i) modify the Combined Disclosure Statement and Plan to provide for whatever classification might be required for Confirmation and (ii) use the acceptances received from any holder of Claims pursuant to this solicitation for the purpose of obtaining the approval of the Class or Classes of which such holder ultimately is deemed to be a member. Any such reclassification of Claims, although subject to the notice and hearing requirements of the Bankruptcy Code, could adversely affect the Class in which such holder was initially a member, or any other Class under the Combined Disclosure Statement and Plan, by changing the composition of such Class and the vote required for approval of the Combined Disclosure Statement and Plan. There can be no assurance that the Bankruptcy Court, after finding that a classification was inappropriate and

requiring a reclassification, would approve the Combined Disclosure Statement and Plan based upon such reclassification.

Except to the extent that modification of classification in the Combined Disclosure Statement and Plan requires resolicitation, the Debtors will, in accordance with the Bankruptcy Code and the Bankruptcy Rules, seek a determination by the Bankruptcy Court that acceptance of the Combined Disclosure Statement and Plan by any holder of Claims pursuant to this solicitation will constitute a consent to the Combined Disclosure Statement and Plan's treatment of such holder, regardless of the Class as to which such holder is ultimately deemed to be a member. The Debtors believe that under the Bankruptcy Rules, they would be required to resolicit votes for or against the Combined Disclosure Statement and Plan only when a modification adversely affects the treatment of the Claim or Interest of any holder.

The Bankruptcy Code also requires that the Combined Disclosure Statement and Plan provide the same treatment for each Claim or Interest of a particular Class unless the holder of a particular Claim or Interest agrees to a less favorable treatment of its Claim or Interest. The Debtors believe that the Combined Disclosure Statement and Plan complies with the requirement of equal treatment. To the extent that the Bankruptcy Court finds that the Combined Disclosure Statement and Plan does not satisfy such requirement, the Bankruptcy Court could deny confirmation of the Combined Disclosure Statement and Plan.

Issues or disputes relating to classification and/or treatment could result in a delay in the Confirmation and Consummation of the Combined Disclosure Statement and Plan and could increase the risk that the Combined Disclosure Statement and Plan will not be Consummated.

F. Failure to Consummate the Combined Disclosure Statement and Plan

The Combined Disclosure Statement and Plan provides for certain conditions that must be satisfied (or waived) prior to Confirmation and for certain other conditions that must be satisfied (or waived) prior to the Effective Date. As of the date of the Combined Disclosure Statement and Plan, there can be no assurance that any or all of the conditions in the Combined Disclosure Statement and Plan will be satisfied (or waived). Accordingly, there can be no assurance that the Combined Disclosure Statement and Plan will be confirmed by the Bankruptcy Court. Further, if the Combined Disclosure Statement and Plan is confirmed, there can be no assurance that the Combined Disclosure Statement and Plan will be Consummated.

G. Debtors May Seek to Amend, Waive, Modify or Withdraw the Combined Disclosure Statement and Plan at Any Time Prior to Confirmation

The Debtors reserve the right, prior to the Confirmation of the Combined Disclosure Statement and Plan or substantial Consummation thereof, subject to the provisions of section 1127 of the Bankruptcy Code and applicable Law, to amend the terms of the Combined Disclosure Statement and Plan or waive any conditions thereto if and to the extent such amendments or waivers are necessary or desirable for Consummation. The potential impact of any such amendment or waiver on the holders of Claims and Interests cannot presently be foreseen but may include a change in the economic impact of the applicable Combined Disclosure Statement and Plan on some or all of the proposed classes or a change in the relative

rights of such classes. All holders of Claims and Interests will receive notice of such amendments or waivers to the extent required by applicable Law or the Bankruptcy Court.

If, after receiving sufficient acceptances, but prior to Confirmation of the Combined Disclosure Statement and Plan, the Debtors seek to modify the Combined Disclosure Statement and Plan, the previously solicited acceptances will be valid only if (i) all Classes of adversely affected creditors and interest holders accept the modification in writing, or (ii) the Bankruptcy Court determines, after notice to designated parties, that such modification did not adversely change the treatment of holders of accepting Claims and Interests or is otherwise permitted by the Bankruptcy Code.

H. Releases, Exculpations and Injunctions Provisions May Not be Approved

There can be no assurance that the Combined Disclosure Statement and Plan releases, exculpations, and injunctions, as provided in Article XV.A–Article XV.F of the Combined Disclosure Statement and Plan, will be granted. Failure of the Bankruptcy Court to grant such relief may result in a plan of liquidation that differs from the Combined Disclosure Statement and Plan or the Combined Disclosure Statement and Plan not being confirmed.

I. Causes of Action, Including the Plains Litigation, May Not Result in Recovery

Pursuant to the Combined Disclosure Statement and Plan, the Liquidating Trust Assets shall be transferred to the Liquidating Trust on the Effective Date. The Liquidating Trust Assets include, without limitation, Causes of Action that are not released, waived or transferred pursuant to the Combined Disclosure Statement and Plan or otherwise, including, without limitation the Plains Litigation. There is no assurance that the Liquidating Trust will have any proceeds for distribution from these Causes of Action. In particular, there is no assurance that the Causes of Action will be successfully prosecuted and result in any proceeds distributable from the Liquidating Trust. To the extent the Liquidating Trust realizes or obtains any Cash proceeds from the Causes of Action distributable under the Liquidating Trust Agreement, the timing of any such distribution is uncertain.

J. Available Cash May Be Insufficient to Operate the Liquidating Trust

Moreover, there is no assurance that the Liquidating Trust Assets will be sufficient to fund the Liquidating Trust's expenses, set forth in the Wind-down Budget, to enable the Liquidating Trust to hold and liquidate the Liquidating Trust Assets as envisioned under the Combined Disclosure Statement and Plan and the Liquidating Trust Agreement and to make distributions. Accordingly, there is no assurance of that the Liquidating Trust will make any distributions, the amount, if any, that the Liquidating Trust will distribute under the Combined Disclosure Statement and Plan, or the timing on which any distributions will be made.

K. The Debtors Have Incurred Significant Decommissioning Liabilities

The Debtors have relinquished, rejected and/or abandoned leases, contracts, and interests associated with several oil and gas-related assets. Such assets have significant Decommissioning Liabilities. The Debtors maintain that such Decommissioning Liabilities are General Unsecured Claims. However, some parties may have alleged that certain Decommissioning Liabilities are

entitled administrative expense priority. In such an event, potential Administrative Expense Claims will be determined based upon (i) any Administrative Expense Claims asserted by the Administrative Claim Bar Date and (ii) other applicable facts and circumstances relating to particular claims asserted. Although the Debtors do not believe the Bankruptcy Court will grant the Decommissioning Liabilities administrative expense priority because, as detailed in Article II.B and Article IV.O, law of the case and Third Circuit precedent suggest such priority treatment is only warranted to prevent imminent and identifiable harms to the public health and safety not present in these Chapter 11 Cases, if the Debtors are ultimately determined to have Administrative Expense Claims on account of Decommissioning Liabilities, the Debtors may be unable to confirm the Combined Disclosure Statement and Plan.

L. Certain Environmental Claims May Not Be Discharged

The Debtors are subject to complex and stringent energy, environmental, and other Laws and governmental regulations at the federal, state, and local levels in connection with the development, ownership, and operation of the Debtors' oil and gas facilities. Any Claims not ultimately discharged in the Chapter 11 Cases could be asserted against the Liquidating Trust and may diminish available Cash.

M. Certain Tax Considerations

There are a number of material income tax considerations, risks and uncertainties associated with the plan of liquidation of the Debtors described in the Combined Disclosure Statement and Plan. Holders of Claims and other interested parties should read carefully the discussion of certain U.S. federal income tax consequences of the Combined Disclosure Statement and Plan and should consult with their own tax counsel regarding any impacts the Combined Disclosure Statement and Plan may have on them.

1. Introduction and Disclaimer

The following discussion summarizes certain material U.S. federal income tax consequences of the implementation of the Combined Disclosure Statement and Plan to certain U.S. Holders of Claims. This summary does not address the U.S. federal income tax consequences to (i) holders of Claims and Interests who are deemed to have rejected a Combined Disclosure Statement and Plan in accordance with the provisions of section 1126(g) of the Bankruptcy Code (i.e., holders of equity interests) or (ii) holders whose Claims are entitled to payment in full in Cash or otherwise unimpaired under the Combined Disclosure Statement and Plan.

This summary is based on the Tax Code, Treasury Regulations, judicial decisions and published administrative rules and pronouncements of the Internal Revenue Service ("IRS") as in effect on the date hereof, all of which are subject to change, possibly on a retroactive basis. Any such change significantly could affect the U.S. federal income tax consequences described below.

The U.S. federal income tax consequences of the Combined Disclosure Statement and Plan are complex and are subject to significant uncertainties. The Debtors have not requested a ruling from the IRS or an opinion of counsel with respect to any of the tax aspects of the

Combined Disclosure Statement and Plan. The discussion below is not binding upon the IRS or the courts. Thus, no assurance can be given the IRS would not assert, or that a court would not sustain, a different position than any position discussed in the Combined Disclosure Statement and Plan.

The following discussion does not address the U.S. federal income tax consequences to holders of Claims that are not U.S. Holders. For purposes of this discussion, a "U.S. Holder" is a holder that is: (a) an individual citizen or resident of the United States for U.S. federal income tax purposes; (b) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof or the District of Columbia; (c) an estate the income of which is subject to U.S. federal income taxation regardless of the source of such income; or (d) a trust (i) if a court within the United States is able to exercise primary jurisdiction over the trust's administration and one or more U.S. persons have authority to control all substantial decisions of the trust or (ii) that has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

This discussion does not purport to address all aspects of U.S. federal income taxation that may be relevant to certain U.S. Holders of Claims in light of their individual circumstances, nor does it purport to address the U.S. federal income tax consequences of the Combined Disclosure Statement and Plan to holders that are subject to special treatment under U.S. federal income tax laws (including, without limitation, non-U.S. Holders, brokers, dealers and traders in securities, banks, mutual funds, insurance companies, financial institutions, thrifts, small business investment companies, regulated investment companies, tax-exempt organizations, certain expatriates, or former long term residents of the United States, pass-through entities or investors in pass-through entities and those holding Claims as part of a hedge, straddle, conversion, constructive sale or conversion transaction). This discussion assumes, except where otherwise indicated, that such Claims are held as "capital assets" (generally, property held for investment) within the meaning of section 1221 of the Tax Code. In addition, this summary does not address state, local or foreign income or other tax consequences of the Combined Disclosure Statement and Plan.

If a U.S. Holder is a partnership, other pass-through entity or a disregarded entity for U.S. federal income tax purposes, the tax treatment of a partner in, or owner of, such entity generally will depend upon the status of the partner or owner and the activities of the entity. Partners in partnerships or owners of other pass-through entities, as well as non-U.S. Holders and other holders that are subject to special treatment under U.S. federal income tax law, should consult their respective tax advisors regarding the U.S. federal income tax consequences of the Combined Disclosure Statement and Plan.

ACCORDINGLY, THE FOLLOWING SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE PARTICULAR CIRCUMSTANCES PERTAINING TO A HOLDER OF A CLAIM. EACH HOLDER OF A CLAIM IS URGED TO CONSULT ITS OWN TAX ADVISORS FOR THE U.S. FEDERAL, STATE, LOCAL AND FOREIGN INCOME AND OTHER TAX CONSEQUENCES APPLICABLE TO IT UNDER THE COMBINED DISCLOSURE STATEMENT AND PLAN.

2. Treatment of the Liquidating Trust and Its Beneficial Owners

It is intended that the Liquidating Trust be treated as a "liquidating trust" under Treasury Regulation Section 301.7701-4(d). Accordingly, it is intended that the Liquidating Trust will be treated as a "grantor trust" for U.S. federal income tax purposes. In general, a grantor trust is not a separate taxable entity. In Revenue Procedure 94-45, the IRS set forth the general criteria for obtaining an advanced ruling as to the grantor trust's status as a liquidating trust under a chapter 11 plan. Consistent with these requirements, the Liquidating Trust Agreement will require all relevant parties to treat, for U.S. federal income tax purposes, the transfer of the Liquidating Trust Distributable Assets to the Liquidating Trust as (a) a transfer by the Debtors of the Liquidating Trust Assets directly (together with any liabilities) to the U.S. Holders of the beneficial interests in the Liquidating Trust in satisfaction of Claims against the Debtors (to the extent of the U.S. Holders' respective interests in the Liquidating Trust Assets) followed by (b) the transfer by such U.S. Holders to the Liquidating Trust of the Liquidating Trust Assets (together with any liabilities) in exchange for beneficial interests in the Liquidating Trust (to the extent of the value of the U.S. Holders' respective interests in the Liquidating Trust Assets). Accordingly, U.S. Holders of such Claims should be treated for U.S. federal income tax purposes as the grantors and owners of their respective shares of the Liquidating Trust Assets.

The Combined Disclosure Statement and Plan and the Liquidating Trust Agreement will provide that the Liquidating Trustee will determine the fair market value of the Liquidating Trust Assets as soon as possible after the Effective Date (or the date of the distribution of the beneficial interests in the Liquidating Trust), and the Liquidating Trust and each U.S. Holder of a Claim that receives a beneficial interest in the Liquidating Trust must consistently use this valuation for all U.S. federal income tax purposes, including for determining gain, loss or tax basis.

Consistent with the treatment of the Liquidating Trust as a grantor trust, the Liquidating Trust Agreement will require each U.S. Holder of a Claim that receives a beneficial interest in the Liquidating Trust to report on its U.S. federal income tax return an allocable share of the Liquidating Trust's income. Therefore, a U.S. Holder of a Claim that receives a beneficial interest in the Liquidating Trust may incur a U.S. federal income tax liability with respect to its share of the Liquidating Trust's income whether or not the Liquidating Trust has made any distribution to such U.S. Holder. The character of items of income, gain and deduction allocated to any such U.S. Holder and the ability of the U.S. Holder to benefit from any deduction or losses will depend on the particular situation of the U.S. Holder.

The Liquidating Trustee intends to comply with applicable U.S. federal tax return and reporting requirements. Each U.S. Holder will be required to report its share of items of the Liquidating Trust's income, gain, deduction or and credit on its own U.S. federal income tax return.

The Liquidation Trustee will comply with all applicable governmental withholding requirements. Thus, in the case of any beneficiary of the Liquidating Trust that is not a U.S. Holder, the Liquidating Trustee may be required to withhold up to 30% of the income or proceeds allocable to such persons. As indicated above, the foregoing discussion of the U.S. federal income tax consequences of the Combined Disclosure Statement and Plan does not

generally address the consequences to non-U.S. Holders; accordingly, such holders should consult their tax advisors with respect to the U.S. federal income tax consequences of the Combined Disclosure Statement and Plan, including owning an interest in the Liquidating Trust.

The discussion herein assumes that the Liquidating Trust will be respected as a liquidating trust taxable as a grantor trust for U.S. federal income tax purposes. If the IRS were to successfully challenge such classification, the U.S. federal income tax consequences to the Liquidating Trust and each U.S. Holder of a beneficial interest in the Liquidating Trust materially could differ from those discussed herein (including the potential for an entity level tax to be imposed on all income of the Liquidating Trust).

3. Consequences of the Combined Disclosure Statement and Plan to U.S. Holders of Certain Claims

The U.S. federal income tax consequences of the Combined Disclosure Statement and Plan to U.S. Holders of Claims, including the character amount and timing of income, gain or loss recognized as a consequence of the Combined Disclosure Statement and Plan and the distributions provided for under the Combined Disclosure Statement and Plan, generally will depend upon, among other things, (i) the manner in which a U.S. Holder acquired a Claim, (ii) the length of time a Claim has been held, (iii) whether the Claim was acquired at a discount, (iv) whether the U.S. Holder has taken a bad debt deduction in current or prior years, (v) whether the U.S. Holder has previously included accrued but unpaid interest with respect to its Claim; (vi) the U.S. Holder's method of tax accounting; (vii) whether the U.S. Holder will realize foreign currency exchange or loss with respect to a Claim; (viii) whether a Claim is an installment obligation for U.S. federal income tax purposes and (ix) whether the Claim is treated as a "closed transaction" for U.S. federal income tax purposes.

Pursuant to the Combined Disclosure Statement and Plan, on the Effective Date each U.S. Holder of an Allowed Convenience Claim shall receive from the Liquidating Trust, in full satisfaction of such Claim, its share of Liquidating Trust Interests entitling such U.S. Holder to its share of Cash held in the Liquidating Trust sufficient to payment in Cash equal to 60% of such Allowed Convenience Claim. Pursuant to the Combined Disclosure Statement and Plan, on the Effective Date each U.S. Holder of an Allowed General Unsecured Claim shall receive from the Liquidating Trust, in full satisfaction of such Claim, its Ratable Share of the Liquidating Trust Interests, entitling such U.S. Holder to its Ratable Share of the Liquidating Trust Distributable Assets (minus Cash held in the Liquidating Trust sufficient to fund payments on all Allowed Claims under Class 3). With respect to Allowed General Unsecured Claims, a U.S. Holder's Ratable Share of the Liquidating Trust Assets may be adjusted as Disputed Claims are allowed or expunged. As noted above, the Liquidating Trust has been or will be structured to qualify as a "grantor trust" for U.S. federal income tax purposes. Accordingly, each U.S. Holder of a Claim receiving a beneficial interest in the Liquidating Trust will be treated for U.S. federal income tax purposes as directly receiving, and as a direct owner, of its respective share of the Assets of the Liquidating Trust (consistent with its economic rights in the trust).

In general, each U.S. Holder of an Allowed Convenience Claim or Allowed General Unsecured Claim will recognize gain or loss (although any loss with respect to an Allowed General Unsecured Claim might be deferred until all Disputed Claims are resolved) in an amount

equal to the difference, between (i) such U.S. Holder's "amount realized" in respect of its Claim (other than any amounts received in respect of any Claim for accrued but unpaid interest, discussed below), which is (A) the amount of Cash received, if any, and (B) its pro rata share, if any, of the fair market value of the Assets transferred to the Liquidating Trust that are attributable to its Class and (ii) the U.S. Holder's adjusted tax basis in its Claim (other than any tax basis attributable to accrued but unpaid interest). A U.S. Holder's adjusted tax basis in a Claim generally is (A) the amount such U.S. Holder paid for such Claim, increased by the amount of any original issue discount (OID) or market discount previously included in income (including the year of the exchange pursuant to the Combined Disclosure Statement and Plan) with respect to such Claim by such U.S. Holder and decreased by the aggregate amount of payments (other than stated interest) with respect to such Claim previously made to such U.S. Holder and any bond premium with respect to such Claim that has been used by such U.S. Holder to offset interest income with respect to such Claim. Where gain or loss is recognized by a U.S. Holder, whether the gain is capital gain or loss or ordinary income or loss will depend on a number of factors, including the tax status of the U.S. Holder, whether the Claim constitutes a capital asset in the hands of the U.S. Holder,, whether the Claim was acquired at a market discount and whether and to what extent the U.S. Holder previously had claimed a bad debt deduction. See the discussions of "accrued interest" and "market discount" below. Any capital gain or loss recognized by a U.S. Holder generally should be long term capital gain or loss if the U.S. Holder has held the underlying Claim for more than a year. Long term capital gain is subject to reduced rates in the hands of noncorporate taxpayers. The deductibility of capital losses is subject to limitation. U.S. Holders of Allowed Convenience Claims and Allowed General Unsecured Claims are urged to consult their tax advisors to determine the character of any gain or loss recognized in connection with the implementation of the Combined Disclosure Statement and Plan.

After the Effective Date, a U.S. Holder's share of any collections received on the Assets of the Liquidating Trust (other than as a result of the subsequent disallowance of Disputed Claims, or the redistribution of U.S. Holders of Allowed Claims of undeliverable distributions from a Disputed Claims Reserve, to the extent established) should not be included, for U.S. federal income tax purposes, in the U.S. Holder's amount with respect to its Claim, but should be treated as amounts realized in respect of such U.S. Holder's ownership interest in the underlying Assets of the Liquidating Trust.

4. Accrued Interest

A portion of the beneficial interests in the Liquidating Trust, Cash and/or other non-Cash property received (or deemed received) by U.S. Holders of certain Claims may be attributable to accrued but unpaid interest for U.S. federal income tax purposes. Such amount should be taxable to a U.S. Holder as interest income if such accrued interest has not previously been included in the U.S. Holder's gross income for U.S. federal income tax purposes.

If the fair market value of the beneficial interest in the Liquidating Trust, Cash and/or other non-Cash property received (or deemed received) by a U.S. Holder is not sufficient to satisfy in full all principal and interest on its Claim, the extent to which such interest, Cash and property will be attributable to accrued and unpaid interest is unclear. Under the Combined Disclosure Statement and Plan, the aggregate consideration to be distributed to U.S. Holders of

Claims in each Class will be treated as first satisfying an amount equal to the stated principal amount of the Allowed Claim of such U.S. Holders and any remaining consideration as satisfying accrued but unpaid interest, if any. Certain legislative history indicates that an allocation of consideration as between principal and interest provided in a Chapter 11 plan of reorganization is binding for U.S. federal income tax purposes. The Debtors intend to take this position and follow the Combined Disclosure Statement and Plan for such purposes, but certain Treasury Regulations treat payments as allocated first to accrued and unpaid interest. Thus, the IRS could take the position that the consideration received by a U.S. Holder should be allocated other than as provided under the Combined Disclosure Statement and Plan. Each U.S. Holder of a Claim should consult its own tax advisor regarding the allocation of the consideration received under the Combined Disclosure Statement and Plan.

5. Market Discount

U.S. Holders that exchange or are deemed to exchange Claims for consideration under the Combined Disclosure Statement and Plan may be affected by the "market discount" rules. Under these rules, some or all of the gain recognized by a U.S. Holder may be treated as ordinary income (instead of capital gain) to the extent of accrued market discount.

In general, a U.S. Holder will have market discount on a claim to the extent the "stated redemption price at maturity" of the Claim exceeds the U.S. Holder's initial tax basis in such Claim by more than a statutorily defined de minimis amount. Such U.S. Holder would be required to treat as ordinary income any principal payment on, or any gain on the sale, exchange, retirement or other disposition of, such Claim to the extent of accrued market discount. Market discount generally accrues ratably from the date of acquisition of the Claim to the maturity date thereof, unless the U.S. Holder elects to accrue the market discount on a constant yield basis. Such an election, if made, is irrevocable. U.S. Holders should consult their own tax advisors regarding the application of the market discount rules to their Claims.

6. Medicare Tax

Certain U.S. Holders that are individuals, estates or trusts are subject to a 3.8% tax (1.4% for certain exempt organizations) on all or a portion of their "net investment income," which may include all or a portion of their income arising as the result of an exchange of their Claim for consideration under the Combined Disclosure Statement and Plan. U.S. Holders should consult their own tax advisors regarding the effect, if any, of this tax on their receipt, ownership or disposition of any consideration received pursuant to the Combined Disclosure Statement and Plan.

7. Information Report and Backup Withholding

All distributions to U.S. Holders of Allowed Claims under the Combined Disclosure Statement and Plan are subject to any applicable information reporting unless the U.S. Holder can demonstrate it is exempt from such requirements. Under U.S. federal income tax law, interest, dividends and other reportable payments may, under certain circumstances, be subject to backup withholding at the applicable withholding tax rate. Backup withholding applies if the U.S. Holder (a) fails to furnish its social security number or other taxpayer identification number;

(b) furnishes an incorrect taxpayer identification number, (c) fails properly to report interest and dividend income; or (d) under certain circumstances, fails to provide a certified statement, signed under penalties of perjury, that the tax identification number provided is its correct number and that it is not subject to backup withholding. Backup withholding is not an additional tax. Any amount withheld generally will be allowed as a refund or credit against the U.S. Holder's U.S. federal income tax liability if the required information is furnished to the IRS on a timely basis.

Treasury Regulations generally require disclosure by a taxpayer on its U.S. federal income tax return of certain types of transactions in which the taxpayer participated, including certain transactions that result in the taxpayer claiming a loss in excess of certain thresholds. U.S. Holders are urged to consult their own advisors regarding these regulations and whether the contemplated transactions under the Combined Disclosure Statement and Plan would be subject to these regulations and require disclosure.

THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE COMBINED DISCLOSURE STATEMENT AND PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER OF A CLAIM OR INTEREST IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCE AND INCOME TAX SITUATION. ALL HOLDERS OF CLAIMS OR INTERESTS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE TRANSACTIONS CONTEMPLATED BY THE COMBINED DISCLOSURE STATEMENT AND PLAN, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL OR FOREIGN TAX LAWS, AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

ARTICLE VIII.

ADMINISTRATIVE EXPENSE CLAIMS, PROFESSIONAL FEE CLAIMS, KEIP/KERP PAYMENTS AND PRIORITY TAX CLAIMS

In accordance with section 1123(a)(1) of the Bankruptcy Code, any Administrative Expense Claims (including, without limitation, Professional Fee Claims and the KEIP/KERP Payments) and Priority Tax Claims have not been classified and, therefore, are excluded from the Classes of Claims and Interests set forth in Article IX of the Combined Disclosure Statement and Plan and shall have the following treatment:

A. Administrative Expense Claims (Other than Professional Fee Claims and KEIP/KERP Payments)

1. Treatment

Except to the extent that the applicable holder of an Allowed Administrative Expense Claim agrees to such other treatment with the Debtors or the Liquidating Trustee, as applicable, each holder of an Allowed Administrative Expense Claim shall receive, in full satisfaction of its Allowed Administrative Expense Claim, payment in full in Cash (a) on the later of the Effective Date or the due date in the ordinary course of business in accordance with the terms and conditions of the particular transaction giving rise to such Allowed Administrative Expense

Claim (for Claims Allowed as of the Effective Date), (b) on or as soon as practicable after the date such Claim is Allowed (or upon such other terms as may be agreed upon by such holder and the applicable Debtor or the Liquidating Trustee, as applicable) or (c) as otherwise ordered by the Bankruptcy Court.

Any payments made on account of Allowed Administrative Expense Claims (other than Professional Fee Claims and KEIP/KERP Payments) shall be paid from the Wind-down Account by the Debtors or the Liquidating Trustee, as applicable, from the Wind-down Account without any further action or order of the Bankruptcy Court.

2. Administrative Expense Claims Bar Date

All requests for payment of Administrative Expense Claims that accrued on or before the Effective Date (other than Administrative Expense Claims that (a) previously have been Allowed by Final Order of the Bankruptcy Court, (b) are Professional Fee Claims, which are subject to the provisions of Article VIII.B of the Combined Disclosure Statement and Plan, (c) KEIP/KERP Payments, Severance Obligations and Surety Bond Post Petition Premium Payments, (d) the Debtors have otherwise agreed in writing do not require such a filing, (e) arise pursuant to 28 U.S.C. § 1930 or (f) are postpetition Intercompany Claims) must be filed and served on the Debtors and the Liquidating Trust on or before the Administrative Expense Claim Bar Date, or be forever barred, estopped, and enjoined, without further order from the Bankruptcy Court, from asserting such Claims against the Debtors, the Liquidating Trust or their respective assets or properties, and such Claims shall be deemed released as of the Effective Date. The Liquidating Trustee, in its sole discretion, shall have exclusive authority to settle Administrative Expense Claims without further Bankruptcy Court approval. Unless the Debtors or the Liquidating Trustee object to a timely filed and properly served Administrative Expense Claim by the Claims Objection Deadline, such Administrative Expense Claim shall be deemed Allowed in the amount requested. If the Debtors or the Liquidating Trustee object to an Administrative Expense Claim, the parties may confer to try to reach a settlement and, failing that, the Bankruptcy Court shall determine whether such Administrative Expense Claim should be Allowed and, if so, in what amount.

B. Professional Fee Claims and KEIP/KERP Payments

1. Treatment

Except to the extent that the applicable holder of an Allowed Professional Fee Claim or KEIP/KERP Claimant agrees to such other treatment with the Debtors or the Liquidating Trustee, as applicable, each holder of a Professional Fee Claim or KEIP/KERP Claimant shall be paid in full in Cash pursuant to the provisions of this Article VIII.B.

2. Final Fee Applications

All requests for payment of Professional Fee Claims must be filed with the Bankruptcy Court by the date that is 60 calendar days after the Effective Date; provided that if any Professional is unable to file its own request with the Bankruptcy Court, such Professional may deliver an original, executed copy and an electronic copy to the Debtors' attorneys and the Liquidating Trustee at least three Business Days before the deadline, and the Debtors' attorneys

shall file such request with the Bankruptcy Court. **The objection deadline relating to a request for payment of Professional Fee Claims shall be 4:00 p.m. (prevailing Eastern Time) on the date that is 20 calendar days after the filing of such request**. Distributions on account of Allowed Professional Fee Claims shall be made as soon as reasonably practicable after such Claims become Allowed. For the avoidance of doubt, KEIP/KERP Claimants do not need to file fee applications or any other request for payment on behalf of the KEIP/KERP Payments and shall not be subject to any Bar Date or Bar Date Order.

3. Post-Effective Date Fees and Expenses

Upon the Effective Date, any requirement that Professionals comply with sections 327 through 331 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date shall terminate, and the Liquidating Trustee may employ and pay all Professionals without any further notice to, action by or order or approval of the Bankruptcy Court or any other party. Post-Effective Date fees will be paid from the Liquidating Trust Assets.

4. Fee Escrow Account

On the Effective Date, the Debtors shall establish and fund the Fee Escrow Account with Cash equal to the Debtors' good faith estimate of the Professional Fee Claims and KEIP/KERP Payments. For the avoidance of doubt, the Fee Escrow Account shall not be a Liquidating Trust Asset; provided, however, the Liquidating Trustee shall authorize payment of unpaid Professional Fee Claims (once Allowed pursuant to a Final Order) and KEIP/KERP Payments. To receive payment for unbilled fees and expenses incurred through the Effective Date, all Professionals shall (a) estimate their accrued Professional Fee Claims prior to and as of the Effective Date and (b) estimate for expected fees and expenses for professional services rendered or costs incurred on account of these Chapter 11 Cases following the Effective Date and shall deliver such estimates to the Debtors on or before the Effective Date. Funds held in the Fee Escrow Account shall revert to the Liquidating Trust only after all Allowed Professional Fee Claims and KEIP/KERP Payments have been paid in full. Fees owing to the applicable holder of a Professional Fee Claim or KEIP/KERP Claimant shall be paid in Cash to such holder from funds held in the Fee Escrow Account when such Claims are Allowed by an order of the Bankruptcy Court or authorized to be paid under the Combined Disclosure Statement and Plan or authorized to be paid under the *Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Retained Professionals* [D.I. 199]; provided that the Debtors' obligations with respect to Professional Fee Claims and KEIP/KERP Payments shall not be limited by nor deemed limited to the balance of funds held in the Fee Escrow Account. To the extent that funds held in the Fee Escrow Account are insufficient to satisfy the amount of accrued Professional Fee Claims and KEIP/KERP Payments, the holders of Professional Fee Claims and KEIP/KERP Claimants shall have an Allowed Administrative Expense Claim for any such deficiency, which shall be satisfied in accordance with Article VIII.A of the Combined Disclosure Statement and Plan. No Liens, claims or interests shall encumber the Fee Escrow Account in any way.

C. Priority Tax Claims

Except to the extent that a holder of an Allowed Priority Tax Claim and the Debtors agree to such other treatment for such holder, each holder of an Allowed Priority Tax Claim shall receive, in full satisfaction of its Allowed Priority Tax Claim, treatment in a manner consistent with section 1129(a)(9)(C) of the Bankruptcy Code. For the avoidance of doubt, any payments made on account of Allowed Priority Tax Claims shall be paid from the Wind-down Account.

The Liquidating Trustee shall have the right, in their sole discretion, to pay any Allowed Priority Tax Claim or any remaining balance of an Allowed Priority Tax Claim (together with accrued but unpaid interest) in full at any time on or after the Effective Date without premium or penalty.

ARTICLE IX.

CLASSIFICATION, CONSOLIDATION, TREATMENT, AND VOTING OF CLAIMS AND INTERESTS

Pursuant to sections 1122 and 1123 of the Bankruptcy Code, Claims and Interests are classified for all purposes, including, without express or implied limitation, voting, Confirmation and distribution pursuant to the Combined Disclosure Statement and Plan, as set forth herein. A Claim or Interest shall be deemed classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class, and shall be deemed classified in a different Class to the extent that any remainder of such Claim or Interest qualifies within the description of such different Class. A Claim or Interest is in a particular Class only to the extent that such Claim or Interest is Allowed in that Class and has not been paid or otherwise satisfied prior to the Effective Date. Any Claim or Interest that has been paid or satisfied, or any Claim or Interest that has been amended or superseded, may be adjusted or expunged on the Claims Register without a Claims Objection having to be filed and without any further notice to or action, order or approval of the Bankruptcy Court.

Except as otherwise specifically provided for in the Combined Disclosure Statement and Plan, the Confirmation Order or other order of the Bankruptcy Court, in no event shall any holder of an Allowed Claim be entitled to receive payments that in the aggregate exceed the Allowed amount of such holder's Claim. For the purpose of classification and treatment under the Combined Disclosure Statement and Plan, any Claim in respect of which multiple Debtors are jointly liable shall be treated as a separate Claim against each of the jointly liable Debtors.

A. Classes and Treatment of Claims and Interests

The Combined Disclosure Statement and Plan groups the Debtors together solely for the purposes of describing treatment under the Combined Disclosure Statement and Plan, Confirmation of the Combined Disclosure Statement and Plan, and making distributions in accordance with the Combined Disclosure Statement and Plan in respect of Claims against and Interests in the Debtors under the Combined Disclosure Statement and Plan. Under the terms of the Combined Disclosure Statement and Plan, these Entities will merge up the ownership chain into Venoco pursuant to Article XI.A.3 of the Combined Disclosure Statement and Plan. The

Non-Contributing Debtors hold no assets and have no unique Claims filed against them. Ellwood will remain unmerged because it holds a significant, postpetition intercompany Claim against Venoco for the value of certain oil inventories.

The following table designates the Classes of Claims and Interests and specifies which of those Classes are (i) Impaired or Unimpaired by the Combined Disclosure Statement and Plan and (ii) entitled to vote to accept or reject the Combined Disclosure Statement and Plan in accordance with section 1126 of the Bankruptcy Code or deemed to accept or reject the Combined Disclosure Statement and Plan.

Class	Designation	Impairment	Voting Rights
1	Secured Claims	Unimpaired	Deemed to Accept
2	Other Priority Claims	Unimpaired	Deemed to Accept
3	Convenience Claims	Impaired	Entitled to Vote
4	General Unsecured Claims	Impaired	Entitled to Vote
5	Subordinated Claims	Impaired	Deemed to Reject
6	Interests	Impaired	Deemed to Reject

B. Treatment of Claims and Interests

1. Class 1 – Secured Claims

Each holder of an Allowed Secured Claim shall receive, in full satisfaction of its Allowed Secured Claim, payment in full in Cash; Reinstatement of the legal, equitable and contractual rights of the holder of such Claim; a distribution of the proceeds of the sale or disposition of the Collateral securing such Claim, in each case, solely to the extent of the value of the holder's secured interest in such Collateral; return of Collateral securing such Claim; or such other treatment that will render the Claim Unimpaired.

On satisfaction of a Secured Claim, the Liens securing such Secured Claim shall be deemed released without further action by any party. Each holder of an Allowed Secured Claim shall take all actions to effectuate and confirm such termination, release and discharge as reasonably requested by the Debtors or the Liquidating Trustee, as applicable.

Any distributions made pursuant to this Article IX.B.1 shall be made on or as soon as reasonably practicable after the latest of (a) the Effective Date, (b) 20 calendar days after the date such Claim becomes Allowed, and (c) the date for payment provided by any agreement between the applicable Debtor and the holder of such Claim.

2. Class 2 – Other Priority Claims

Each holder of an Allowed Other Priority Claim shall receive, in full satisfaction of its Allowed Other Priority Claim, payment in full in Cash or such other treatment that will render such Claim Unimpaired on the later of (a) the Effective Date or (b) the date due in the ordinary course of business in accordance with the terms and conditions of the particular transactions giving rise to such Allowed Other Priority Claim.

3. Class 3 – Convenience Claims

On the Effective Date, each holder of an Allowed Convenience Claim shall receive from the Liquidating Trust, in full satisfaction of its Allowed Convenience Claim, its share of the Liquidating Trust Interests, entitling each such holder to its share of the Liquidating Trust Distributable Assets sufficient for payment in Cash equal to 60% of such Allowed Convenience Claim. Class 3 initially shall consist of all General Unsecured Claims that total $25,000.00 or less. Payment to Class 3 is in lieu of any treatment as a Class 4 Creditor. Any unsecured creditor with a General Unsecured Claim that is above $25,000.00 electing treatment as a Convenience Claim must affirmatively do so on its Class 4 Ballot.

4. Class 4 – General Unsecured Claims

(a) Allowance: Subject to the terms of a settlement agreement between the parties, the County of Santa Barbara Claim shall be an Allowed General Unsecured Claim in the amount of $500,000.00.

(b) Treatment: On the Effective Date, each holder of an Allowed General Unsecured Claim shall receive from the Liquidating Trust, in full satisfaction of its Allowed General Unsecured Claim, its Ratable Share of the Liquidating Trust Interests, entitling each such holder to its Ratable Share of the Liquidating Trust Distributable Assets (minus the portion of Cash held in the Liquidating Trust for payment of the Class 3 recoveries).

5. Class 5 – Subordinated Claims

On the Effective Date, all Subordinated Claims shall be cancelled and released without any distribution or retention of any property on account of such Claims.

6. Class 6 – Interests

On the Effective Date, all Interests shall be cancelled and released without any distribution or retention of any property on account of such Interests.

C. Treatment of Intercompany Claims

In accordance with and giving effect to the provisions of section 1124(1) of the Bankruptcy Code, Intercompany Claims are Unimpaired by the Combined Disclosure Statement and Plan. The Debtors, however, retain the right to eliminate or adjust any Intercompany Claims as of the Effective Date by offset, cancellation, contribution or otherwise. The Intercompany Claims do not constitute General Unsecured Claims or Convenience Claims under the Combined Disclosure Statement and Plan and will not receive any distributions of Cash.

D. Special Provisions Regarding Unimpaired Claims

Except as otherwise provided in the Combined Disclosure Statement and Plan, the Confirmation Order, any other order of the Bankruptcy Court or any document or agreement enforceable pursuant to the terms of the Combined Disclosure Statement and Plan, nothing shall affect the rights and defenses, both legal and equitable, of the Debtors and the Liquidating

Trustee with respect to any Unimpaired Claims, including, but not limited to, all rights with respect to legal and equitable defenses to setoffs or recoupments against Unimpaired Claims and the rights to assert all Causes of Action against the holders of such Unimpaired Claims that the Debtors had immediately prior to the Petition Date as if the Chapter 11 Cases had not been commenced.

E. Distributions on Account of Allowed Claims and Interests

Notwithstanding any provision herein to the contrary, the Debtors and the Liquidating Trustee, as applicable, shall only make distributions to holders of Allowed Claims. No holder of a Disputed Claim shall receive any distribution on account thereof until (and then only to the extent that) its Disputed Claim becomes an Allowed Claim. The Debtors and the Liquidating Trustee, as applicable, shall hold sufficient funds in reserve to pay any and all Disputed Claims when they become Allowed Claims. The Debtors and the Liquidating Trustee, as applicable, may, in their discretion, withhold distributions otherwise due hereunder to any holder until the Claims Objection Deadline to enable a timely objection thereto to be filed. Any holder of a Claim that becomes an Allowed Claim after the Effective Date shall receive its distribution in accordance with the terms and provisions of the Combined Disclosure Statement and Plan.

ARTICLE X.

ACCEPTANCE OR REJECTION OF COMBINED DISCLOSURE STATEMENT AND PLAN

A. Voting of Claims

Each holder of a Claim in an Impaired Class shall be entitled to vote to accept or reject the Combined Disclosure Statement and Plan.

B. Presumed Acceptance of the Combined Disclosure Statement and Plan

Secured Claims (Class 1) and Other Priority Claims (Class 2) are Unimpaired by the Combined Disclosure Statement and Plan. Pursuant to section 1126(f) of the Bankruptcy Code, the holders of Claims or Interests in such Classes are conclusively presumed to have accepted the Combined Disclosure Statement and Plan, and the votes of such holders will not be solicited.

C. Deemed Rejection of the Combined Disclosure Statement and Plan

Section 510(b) Claims (Class 5) and Interests (Class 6) shall not receive any distribution under the Combined Disclosure Statement and Plan on account of such Claims or Interests. Pursuant to section 1126(g) of the Bankruptcy Code, the holders of Claims or Interests in such Classes are deemed to have rejected the Combined Disclosure Statement and Plan, and the votes of such holders will not be solicited.

D. Acceptance by Impaired Classes

Pursuant to section 1126(c) of the Bankruptcy Code, and except as otherwise provided in section 1126(e) of the Bankruptcy Code, an Impaired Class of Claims shall have accepted the

Combined Disclosure Statement and Plan if the holders of at least two-thirds in dollar amount and more than one-half in number of the Claims of such Class entitled to vote that actually vote on the Combined Disclosure Statement and Plan have voted to accept the Combined Disclosure Statement and Plan. Convenience Claims (Class 3) and General Unsecured Claims (Class 4) are Impaired, and the votes of holders of Claims in such Classes will be solicited.

E. Elimination of Vacant Classes

Any Class of Claims or Interests that does not contain as of the date of the commencement of the Combined Hearing at least one Allowed Claim or Allowed Interest, as applicable, or at least one Claim or Interest, as applicable, provisionally Allowed under Bankruptcy Rule 3018, shall be deemed eliminated from the Combined Disclosure Statement and Plan for all purposes, including for purposes of (i) voting on the acceptance or rejection of the Combined Disclosure Statement and Plan and (ii) determining acceptance or rejection of the Combined Disclosure Statement and Plan by such Class under sections 1129(a)(8) and 1129(a)(10) of the Bankruptcy Code.

F. Deemed Acceptance by Non-Voting Classes

If a Class contains Claims eligible to vote and no holders of Claims eligible to vote in such Class vote to accept or reject the Combined Disclosure Statement and Plan, the Combined Disclosure Statement and Plan shall be deemed accepted by the holders of such Claims in such Class.

G. Confirmation Pursuant to Section 1129(b) of the Bankruptcy Code

The Combined Disclosure Statement and Plan shall be deemed a separate chapter 11 plan for each Debtor. Those Debtors whose plans contain a rejecting Class of Claims, if any, shall seek Confirmation of such plan pursuant to section 1129(b) of the Bankruptcy Code with respect to any such rejecting Class or Classes. Subject to Article XVII of the Combined Disclosure Statement and Plan, the Debtors reserve the right to amend the Combined Disclosure Statement and Plan to the extent, if any, that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification.

H. Modification and Severability as to the Debtors; Reservation of Rights

Subject to Article XVII of the Combined Disclosure Statement and Plan, the Debtors reserve the right to modify, or withdraw the Combined Disclosure Statement and Plan in its entirety or in part, for any reason, including, without limitation, if the Combined Disclosure Statement and Plan as it applies to any particular Debtor is not confirmed. In addition, and also subject to Article X of the Combined Disclosure Statement and Plan, should the Combined Disclosure Statement and Plan fail to be accepted by the requisite number and amount of Claims voting, as required to satisfy section 1129 of the Bankruptcy Code, and notwithstanding any other provision of the Combined Disclosure Statement and Plan to the contrary, the Debtors reserve the right to reclassify Claims or otherwise amend or modify, or withdraw the Combined Disclosure Statement and Plan in its entirety, in part or as to a particular Debtor. Without limiting the foregoing, if the Debtors withdraw the Combined Disclosure Statement and Plan as to any particular Debtor because the Combined Disclosure Statement and Plan as to such Debtor

fails to be accepted by the requisite number and amount of Claims voting or due to the Bankruptcy Court, for any reason, denying Confirmation as to such Debtor, then at the option of such Debtor, the Chapter 11 Case for such Debtor may be dismissed or converted to a case under chapter 7 of the Bankruptcy Code.

ARTICLE XI.

IMPLEMENTATION OF THE COMBINED DISCLOSURE STATEMENT AND PLAN

A. Corporate Action

1. Appointment of the Liquidating Trustee

The Debtors shall file a notice on a date that is not less than 10 calendar days prior to the Combined Hearing designating the Person who they have selected as the Liquidating Trustee. The appointment of the Liquidating Trustee shall be approved in the Confirmation Order and such appointment shall be as of the Effective Date. The Liquidating Trustee shall have and perform all of the duties, responsibilities, rights and obligations set forth in the Combined Disclosure Statement and Plan and the Liquidating Trust Agreement, as applicable.

2. Formation of Liquidating Trust

Prior to or on the Effective Date, the Debtors shall execute a Liquidating Trust Agreement in substantially the same form as set forth in the Plan Supplement. Any nonmaterial modifications to the Liquidating Trust Agreement made by the Debtors prior to the Effective Date will be ratified. The Liquidating Trust Agreement will contain provisions permitting the amendment or modification of the Liquidating Trust Agreement necessary to implement the provisions of the Combined Disclosure Statement and Plan.

3. Merger of Non-Contributing Debtors into Venoco; Vesting of Venoco and Assets in Liquidating Trust; Dissolution of Venoco and Ellwood

On the Effective Date, each of the Non-Contributing Debtors shall be deemed merged into Venoco without further company action. Claims against the Non-Contributing Debtors, if any, shall become Claims against Venoco. For the avoidance of doubt, duplicative claims shall result in only a single Claim against Venoco. Following the merger, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, all of the Liquidating Trust Assets shall vest in the Liquidating Trust free and clear of all Claims, Liens, encumbrances, charges and other interests. All Liens, Claims, encumbrances, charges and other interests shall be deemed fully released and discharged as of the Effective Date, except as otherwise provided in the Combined Disclosure Statement and Plan or the Confirmation Order. Following the merger of the Non-Contributing Debtors into Venoco, and the vesting of the Liquidating Trust Assets into the Liquidating Trust, the Interests of each of the Non-Contributing Debtors shall be deemed cancelled and of no further force and effect, and deemed extinguished without any further limited liability company action. The respective boards of directors and managers, as applicable, of each of the Non-Contributing Debtors shall be terminated and the members of each of the boards of directors and managers, as

applicable, of the Non-Contributing Debtors shall be deemed to have resigned. Each of the Non-Contributing Debtors shall cease to exist for all purposes without any further company action.

B. Accounts and Reserves

1. Fee Escrow Account

On or before the Effective Date, the Debtors shall establish the Fee Escrow Account in accordance with Article VIII.B.4 of the Combined Disclosure Statement and Plan.

2. Disputed Claims Reserve

On or before the Initial Distribution Date, the Debtors shall create, fund with Cash, and manage the Disputed Claims Reserve in accordance with Article XIII.D.2 of the Combined Disclosure Statement and Plan.

3. Wind-down Account

On or before the Effective Date, the Debtors shall create and fund with Cash the Wind-down Account in the amount necessary to fund the Wind-down Budget, including amounts necessary to pay the fees and expenses of the Liquidating Trustee's professionals, and the amount necessary to pay in full (or reserve for) accrued but unpaid Allowed Administrative Expense Claims (other than Professional Fee Claims), Allowed Priority Tax Claims, Allowed Secured Claims, Allowed Other Priority Claims, and Allowed Convenience Claims. For the avoidance of doubt, the Wind-down Account is separate from and does not include the Fee Escrow Account. From time to time, the Liquidating Trustee shall determine whether the Cash in the Wind-down Account exceeds the amount of Cash needed to fund the Wind-down Budget and pay in full (or reserve for) accrued but unpaid Allowed Administrative Expense Claims (other than Allowed Professional Fee Claims), Allowed Priority Tax Claims, Allowed Secured Claims, Allowed Other Priority Claims, and Allowed Convenience Claims, and may transfer any such excess Cash, first, to the extent any Allowed Professional Fee Claim remains unpaid, and second, to the Disputed Claims Reserve (which Cash, for the avoidance of doubt, shall then be subject to potential distribution in connection with an Adjustment Distribution).

4. Other Reserves and Modifications to Reserves

Subject to and in accordance with the provisions of the Liquidating Trust Agreement and the Wind-down Budget, the Liquidating Trustee may establish and administer any other necessary reserves that may be required under the Combined Disclosure Statement and Plan or Liquidating Trust Agreement. Notwithstanding anything to the contrary contained in the Liquidating Trust Agreement, the Liquidating Trustee may make transfers of Cash between the accounts and reserves established hereunder to satisfy Claims and other obligations in accordance with the Combined Disclosure Statement and Plan and the Wind-down Budget.

C. Rights, Powers and Duties of the Debtors and the Liquidating Trustee

Prior to the Effective Date, each of the Debtors shall retain and have all the rights, powers and duties necessary to carry out its responsibilities under the Combined Disclosure Statement and Plan.

On the Effective Date, Venoco and Ellwood shall have all the rights, powers and duties necessary to carry out their responsibilities under the Combined Disclosure Statement and Plan. Such rights, powers and duties, which shall be exercisable by the Liquidating Trustee on behalf of the Liquidating Trust pursuant to the Combined Disclosure Statement and Plan and the Liquidating Trust Agreement, shall include,[10] among others, (i) investigating and, if appropriate, pursuing Causes of Action, (ii) administering and pursuing the Liquidating Trust Assets, (iii) resolving all Disputed Claims and any Claims Objections pending as of the Effective Date, (iv) making distributions to holders of Allowed Claims as provided for in the Combined Disclosure Statement and Plan and (v) closing the Chapter 11 Cases.

D. Compensation of the Liquidating Trustee

The Liquidating Trustee shall be compensated solely from the Wind-down Account pursuant to the terms of the Liquidating Trust Agreement and in accordance with the Wind-down Budget and shall have no recourse against any Released Party. Liquidating Trustee professionals (including, without limitation, a possible Mediator to facilitate disposition of disputed claims in accordance with Article XIII) shall be entitled to reasonable compensation for services rendered and reimbursement of expenses incurred from the Wind-down Account subject to the Wind-down Budget. The payment of the fees and expenses of the Liquidating Trustee and the Liquidating Trustee professionals shall be made in the ordinary course of business and shall not be subject to the approval of the Bankruptcy Court; provided that any disputes related to such fees and expenses shall be brought before the Bankruptcy Court.

E. Release of Liens

Except as otherwise provided in the Combined Disclosure Statement and Plan or in any contract, instrument, release, or other agreement or document created pursuant to the Combined Disclosure Statement and Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Combined Disclosure Statement and Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates shall be fully released, settled, and compromised and all rights, titles, and interests of any holder of such mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates shall revert or otherwise transfer to the Debtors or the Liquidating Trust, as applicable, and their respective successors and assigns. For the avoidance of doubt, this Article XI.E shall not affect USSIC's rights, titles, and interests in the USSIC Letter of Credit or any proceeds therefrom.

[10] The terms of this Article XI.C are only intended to be a summary of the Liquidating Trustee's rights. The Liquidating Trust provisions shall govern in all respects.

F. Royalty and Working Interests

Notwithstanding any other provision in the Combined Disclosure Statement and Plan, on and after the Effective Date, the Debtors or the Liquidating Trustee, as applicable, intend to honor all Royalty and Working Interests in accordance with the terms of the granting instruments or other governing documents applicable to such Royalty and Working Interests, which granting instruments and governing documents shall equally remain in full force and effect, regardless of whether such granting instruments or governing documents have been rejected pursuant to section 365 of the Bankruptcy Code. On the Effective Date, any Cash held on behalf of holders of Royalty and Working Interests who the Debtors have been unable to locate will be returned to the State of California or other applicable entity.

ARTICLE XII.

PROVISIONS GOVERNING DISTRIBUTIONS

A. Disbursing Agent

The Debtors or the Liquidating Trustee, as applicable, may retain and direct a Disbursing Agent to assist with the distributions to be made under the Combined Disclosure Statement and Plan. The Disbursing Agent shall make all distributions required under the Combined Disclosure Statement and Plan. If the Disbursing Agent is an independent third party designated to serve in such capacity, the Liquidating Trustee shall be permitted to provide to such Disbursing Agent from the Wind-down Account, without further Bankruptcy Court approval, reasonable compensation for distribution services rendered pursuant to the Combined Disclosure Statement and Plan and reimbursement of reasonable, actual and documented out-of-pocket expenses incurred in providing post-Confirmation services directly related to distributions pursuant to the Combined Disclosure Statement and Plan.

B. Timing and Delivery of Distributions

1. Timing

Subject to any reserves or holdbacks established pursuant to the Combined Disclosure Statement and Plan, and taking into account the matters discussed in Article IX.E of the Combined Disclosure Statement and Plan, on the appropriate Distribution Date or as soon as practicable thereafter, holders of Allowed Claims against all Debtors shall receive the distributions provided for Allowed Claims in the applicable Classes as of such date.

If and to the extent there are Disputed Claims as of the Effective Date, distributions on account of such Disputed Claims (which will only be made if and when they become Allowed Claims) shall be made pursuant to the provisions set forth in the Combined Disclosure Statement and Plan with respect to the treatment of Allowed Claims on or as soon as reasonably practicable after the next Distribution Date that is at least 20 calendar days after each such Claim is Allowed; provided that distributions on account of the Claims set forth in Article IX.E of the Combined Disclosure Statement and Plan shall be made as set forth therein and Professional Fee Claims shall be made as soon as reasonably practicable after such Claims are Allowed by the Bankruptcy Court or as provided in any other applicable order of the Bankruptcy Court. Because

of the size and complexities of the Chapter 11 Cases, the Debtors at the present time cannot accurately predict the timing of the Final Distribution Date.

2. *De Minimis* Distributions

Notwithstanding any other provision of the Combined Disclosure Statement and Plan, none of the Debtors, the Liquidating Trustee nor any Disbursing Agent shall be required to make any distributions to holders of Allowed Convenience Claims or Allowed General Unsecured Claims, as applicable, aggregating less than $50.00. Cash that otherwise would be payable under the Combined Disclosure Statement and Plan to holders of Allowed Convenience Claims but for this Article XII.B.2 shall be available for distributions to holders of other Allowed General Unsecured Claims. Cash that otherwise would be payable under the Combined Disclosure Statement and Plan to holders of Allowed General Unsecured Claims but for this Article XII.B.2 shall be available for distributions to holders of other Allowed Claims.

Notwithstanding any other provision of the Combined Disclosure Statement and Plan, none of the Debtors, the Liquidating Trustee nor any Disbursing Agent shall have any obligation to make any distributions on any Interim Distribution Date unless the sum of all distributions authorized to be made to all holders of Allowed Claims on such Interim Distribution Date exceeds $25,000.00 in value.

3. Delivery of Distributions – Allowed Claims

Distributions shall only be made to the record holders of Allowed Claims as of the Distribution Record Date. On the Distribution Record Date, at the close of business for the relevant register, all registers maintained by the Debtors, the Liquidating Trustee, the Disbursing Agent, and each of the foregoing's respective agents, successors and assigns shall be deemed closed for purposes of determining whether a holder of such a Claim is a record holder entitled to distributions under the Combined Disclosure Statement and Plan. The Debtors, the Liquidating Trustee, the Disbursing Agent, and each of the foregoing respective agents, successors and assigns shall have no obligation to recognize, for purposes of distributions pursuant to or in any way arising from the Combined Disclosure Statement and Plan (or for any other purpose), any Claims that are transferred after the Distribution Record Date. Instead, the foregoing parties shall be entitled to recognize only those record holders set forth in the registers as of the Distribution Record Date, irrespective of the number of distributions made under the Combined Disclosure Statement and Plan or the date of such distributions. Furthermore, if a Claim is transferred 20 or fewer calendar days before the Distribution Record Date, the Disbursing Agent shall make distributions to the transferee only if the transfer form contains an unconditional and explicit certification and waiver of any objection to the transfer by the transferor.

Subject to Bankruptcy Rule 9010, a distribution to a holder of an Allowed Claim may be made by the Disbursing Agent in its sole discretion to (a) the address set forth on the first page of the Proof of Claim filed by such holder (or at the last known address of such holder if no Proof of Claim is filed or if the Debtors have been notified in writing of a change of address), (b) the last known address of such holder on the books and records of the Debtors or their agents after the date of any related Proof of Claim, (c) the address set forth in any written notice of an address change delivered to the Disbursing Agent, (d) to the address set forth on the Schedules, if

no Proof of Claim has been filed and the Disbursing Agent has not received a written notice of an address change, (e) in the case of a holder whose Claim is governed by an agreement and administered by another agent, to the address contained in the official records of such Entity or (f) the address of any counsel that has appeared in the Chapter 11 Cases on such holder's behalf.

C. Manner of Payment Under Plan

At the Disbursing Agent's option, any Cash payment may be made by check, wire transfer or any other customary payment method. In the case of foreign creditors, Cash payments may be made, at the option of the Disbursing Agent, in such funds and by such means as are necessary or customary in a particular jurisdiction. The Disbursing Agent shall distribute Cash as required under the Combined Disclosure Statement and Plan.

1. Allocation of Plan Distributions Between Principal and Interest

To the extent that any Claim entitled to a distribution under the Combined Disclosure Statement and Plan is based upon any obligation or instrument that is treated for U.S. federal income tax purposes as indebtedness of any Debtor and accrued but unpaid interest thereon, such distribution shall be allocated first to the principal amount of the Claim (as determined for federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Claim, to accrued but unpaid interest.

2. Tax Compliance Matters

In connection with the Combined Disclosure Statement and Plan, each Debtor, the Disbursing Agent and the Liquidating Trustee, as applicable, shall comply with all tax withholding, payment and reporting requirements imposed by any federal, state, local or foreign taxing authority, and all Allowed Claims and distributions hereunder shall be subject to any such withholding and reporting requirements. In connection with the Combined Disclosure Statement and Plan and all distributions thereunder, the Disbursing Agent or the Liquidating Trustee, as applicable, on behalf of the Liquidating Trust, is authorized to take any and all actions that may be necessary or appropriate to comply with the foregoing requirements, including, without limitation, liquidating a portion of the distribution to be made under the Combined Disclosure Statement and Plan to generate sufficient funds to pay applicable withholding taxes or establishing any other mechanisms that the Debtors, the Disbursing Agent or the Liquidating Trustee, as applicable, believe are reasonable and appropriate, and all Allowed Claims and distributions hereunder shall be subject to any such withholding and reporting requirements. All holders of Claims shall be required to provide any information necessary to allow the Liquidating Trustee to comply with all withholding, payment and reporting requirements with respect to such taxes. The Disbursing Agent or the Liquidating Trustee, as applicable, reserves the right to withhold the full amount required by Law on any distribution on account of any holder of an Allowed Claim that fails to timely provide to the Disbursing Agent or the Liquidating Trustee the required information. The Debtors, the Liquidating Trustee and the Disbursing Agent, as applicable, reserve the right to allocate and distribute all distributions made under the Combined Disclosure Statement and Plan in compliance with all applicable wage garnishments, alimony, child support and other spousal awards, Liens and similar encumbrances. For tax purposes, distributions received with respect to Allowed Claims shall be allocated first to

the principal amount of Allowed Claims, with any excess allocated to unpaid interest that accrued on such Claims.

3. Foreign Currency Exchange Rate

As of the Effective Date, any Claim asserted in a currency other than U.S. dollars shall be automatically deemed converted to the equivalent U.S. dollar value using the exchange rate on the Petition Date, as quoted at 4:00 p.m. (prevailing Eastern Time), midrange spot rate of exchange for the applicable currency as published in the Wall Street Journal, National Edition, on the day after the Petition Date.

4. Fractional Dollars

Notwithstanding any other provision of the Combined Disclosure Statement and Plan, the Disbursing Agent shall not be required to make distributions or payments of fractions of dollars. Whenever any payment of a fraction of a dollar under the Combined Disclosure Statement and Plan would otherwise be called for, the actual payment shall reflect a rounding of such fraction down to the nearest whole dollar.

D. Undeliverable or Non-Negotiated Distributions

If any distribution is returned as undeliverable or is otherwise unclaimed, no further distributions to the applicable Creditor shall be made unless and until the Disbursing Agent is notified in writing of such Creditor's then-current address, at which time the undelivered distribution shall be made to such Creditor without interest or dividends. If any distribution is returned as undeliverable or is otherwise unclaimed, the Disbursing Agent shall file a notice with the Bankruptcy Court describing such undeliverable or unclaimed distributions. Undeliverable distributions shall be returned to the Liquidating Trust until such distributions are claimed. Any holder of an Allowed Claim that does not claim an undeliverable or unclaimed distribution within 90 calendar days after the date such distribution was returned undeliverable shall be deemed to have forfeited its Claim for such undeliverable or unclaimed distribution and shall be forever barred and enjoined from asserting any such claim for an undeliverable or unclaimed distribution against the Debtors and their Estates, the Liquidating Trustee, the Disbursing Agent and each of the foregoing's respective agents, attorneys, representatives, employees or independent contractors and/or any of its or their property. All title to and all beneficial interests in the Cash relating to such undeliverable or unclaimed distribution, including any dividends or interest attributable thereto, shall revert to the Liquidating Trust and such Cash shall be deposited in the Wind-down Account for distribution in accordance with the Combined Disclosure Statement and Plan. The reversion of such Cash shall be free of any restrictions thereon notwithstanding any federal or state escheat Laws to the contrary. Nothing contained in the Combined Disclosure Statement and Plan or the Liquidating Trust Agreement shall require the Debtors, the Liquidating Trustee or any Disbursing Agent to attempt to locate any holder of an Allowed Claim.

Checks issued on account of Allowed Claims shall be null and void if not negotiated within 120 calendar days from and after the date of issuance thereof. Requests for reissuance of any check must be made directly and in writing to the Disbursing Agent by the holder of the

relevant Allowed Claim within such 120-calendar-day period. Nothing contained in the Combined Disclosure Statement and Plan or the Liquidating Trust Agreement shall require the Debtors, the Liquidating Trustee or any Disbursing Agent to attempt to issue a new check following such 120-calendar-day period. After such 120-calendar-day period, the relevant Allowed Claim (and any Claim for reissuance of the original check) shall be automatically discharged and forever barred, and all title to and all beneficial interests in the Cash represented by any such non-negotiated check, including any dividends or interest attributable thereto, shall revert to the Liquidating Trust and such Cash shall be deposited in the Wind-down Account for distribution in accordance with the Combined Disclosure Statement and Plan. The reversion of such Cash shall be free of any restrictions thereon notwithstanding any federal or state escheat Laws to the contrary.

E. Claims Paid by Third Parties

To the extent a Creditor receives a distribution on account of a Claim under the Combined Disclosure Statement and Plan and also receives payment on account of such Claim from a third-party, such Creditor shall, within 30 calendar days of receipt thereof, repay and/or return the distribution to the Liquidating Trust, but only to the extent that the Creditor's total aggregate recovery on account of such Claim, comprising the distribution under the Plan and payment from the third-party, exceeds the total amount of the Claim.

F. Claims Payable by Third Parties

To the extent that one or more of the Debtors' Insurers satisfies any Claim in full or in part, then immediately upon such Insurers' satisfaction, such Claim may be expunged, but only to the extent of such satisfaction, on the Claims Register after notice, and an opportunity to respond, is filed with the Bankruptcy Court.

G. USSIC Letter of Credit

Notwithstanding any other provision in the Combined Disclosure Statement and Plan, the Surety Bond Claim of USSIC, if Allowed, shall not be reduced by the USSIC Letter of Credit, unless such Surety Bond Claim, if Allowed, is otherwise Unimpaired before application of the USSIC Letter of Credit or any proceeds therefrom.

ARTICLE XIII.

DISPUTED CLAIMS

A. Objections to Claims

If a holder of a Claim elects to file a Proof of Claim with the Bankruptcy Court, such holder shall be deemed to have consented to the jurisdiction of the Bankruptcy Court for all purposes with respect to the Claim.

Before the Effective Date, the Debtors shall have the sole authority to object to all Claims. After the Effective Date, the Liquidating Trustee shall have the sole authority to object to all Claims against the Debtors; provided that the Liquidating Trustee shall not be entitled to

object to any Claim that has been expressly Allowed by Final Order or under the Combined Disclosure Statement and Plan. In the event that any objection filed by the Debtors remains pending as of the Effective Date, the Liquidating Trustee shall be deemed substituted for the Debtors as the objecting party. Any objections to Claims shall be filed on the Bankruptcy Court's docket on or before the Claims Objection Deadline.

Except as otherwise provided herein, all Proofs of Claim filed after the Bar Date shall be disallowed and forever barred, estopped and enjoined from assertion, and shall not be enforceable against any Debtor, without the need for any objection by the Debtors or any further notice to or action, order or approval of the Bankruptcy Court.

Claims Objections filed before, on or after the Effective Date shall be filed, served and administered in accordance with the Local Rules; provided that on and after the Effective Date, filings and notices need only be served on the relevant claimants.

The Liquidating Trustee shall be entitled to assert all of the Debtors' rights, claims, defenses, offsets, rights of recoupment, setoffs, rights of disallowance, subrogation, recharacterization and/or equitable subordination and counterclaims with respect to Claims.

B. Resolution of Disputed Claims

On and after the Effective Date, the Liquidating Trustee shall have the sole authority to litigate, compromise, settle, otherwise resolve or withdraw any objections to all Claims, to compromise and settle any such Claims and to administer and adjust the Claims Register to reflect any such settlement or compromises, in each case without notice to or approval by the Bankruptcy Court or any other party.

C. Estimation of Claims and Interests

The Debtors or the Liquidating Trustee, as applicable, may, in their sole discretion, determine, resolve and otherwise adjudicate all Contingent Claims, Unliquidated Claims and Disputed Claims in the Bankruptcy Court or such other court of the Debtors' or the Liquidating Trustee's, as applicable, choice having jurisdiction over the validity, nature or amount thereof. The Debtors or the Liquidating Trustee, as applicable, may at any time request that the Bankruptcy Court estimate any Contingent Claim, Unliquidated Claim or Disputed Claim pursuant to section 502(c) of the Bankruptcy Code for any reason or purpose, regardless of whether any of the Debtors or the Liquidating Trustee has previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection. The Bankruptcy Court shall retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including, without limitation, during the pendency of any appeal relating to any such objection. If the Bankruptcy Court estimates any Contingent Claim, Unliquidated Claim or Disputed Claim, that estimated amount shall constitute the maximum limitation on such Claim, and the Debtors or the Liquidating Trustee, as applicable, may pursue supplementary proceedings to object to the ultimate allowance of such Claim; provided that such limitation shall not apply to Claims requested by the Debtors to be estimated for voting purposes only.

All of the aforementioned objection, estimation and resolution procedures are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised,

settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court. Notwithstanding section 502(j) of the Bankruptcy Code, in no event shall any holder of a Claim, other than USSIC or the United States, that has been estimated pursuant to section 502(c) of the Bankruptcy Code or otherwise be entitled to seek reconsideration of such Claim unless the holder of such Claim has filed a motion requesting the right to seek such reconsideration on or before 20 calendar days after the date such Claim is estimated by the Bankruptcy Court by Final Order.

D. Payments and Distributions for Disputed Claims

1. No Distributions Pending Allowance or Settlement of Causes of Action

Notwithstanding any other provision in the Combined Disclosure Statement and Plan or the Liquidating Trust Agreement, no payments or distributions shall be made (a) for a Disputed Claim unless and until all objections to such Disputed Claim have been settled or withdrawn or have been determined by a Final Order and the Disputed Claim has become an Allowed Claim, or (b) to a specific holder of an Allowed Claim if such holder on account of such Allowed Claim is or may be liable to the Debtors on account of a Cause of Action unless and until such Cause of Action has been settled or withdrawn or has been determined by Final Order of the Bankruptcy Court or such other court having jurisdiction over the matter, with respect to such Allowed Claim. Following any such settlement or determination in the preceding clause (b) that the holder of a Claim is liable to the Debtors on account of any Cause of Action with respect to such Allowed Claim, any such payment or distribution to such holder may be offset against the liability such holder has to the Debtors, on account of such Allowed Claim.

2. Disputed Claims Reserve

On the Initial Distribution Date or as soon thereafter as is reasonably practicable, the Liquidating Trustee shall establish a Disputed Claims Reserve, which shall be administered by the Liquidating Trustee.

The Liquidating Trustee shall hold Cash in the Disputed Claims Reserve in trust for the benefit of holders of Claims ultimately determined to be Allowed after the Effective Date. The Disbursing Agent shall distribute such amounts, as provided herein, as such Claims are resolved by a Final Order or agreed to by settlement, and such amounts will be distributable on account of such Claims as such amounts would have been distributable had such Claims been Allowed Claims as of the Effective Date under Article IX.E of the Combined Disclosure Statement and Plan.

The Liquidating Trustee may adjust the Disputed Claims Reserve to reflect all earnings thereon, to be distributed on the Interim Distribution Dates, as required by the Combined Disclosure Statement and Plan. The Disbursing Agent shall hold in the Disputed Claims Reserve all dividends, payments and other distributions made on account of, as well as any obligations arising from, the property held in the Disputed Claims Reserve, to the extent that such property continues to be so held at the time such distributions are made or such obligations arise. The taxes imposed on the Disputed Claims Reserve (if any) shall be paid by the Disbursing Agent

from the property held in the Disputed Claims Reserve, and the Debtors and the Liquidating Trustee shall have no liability for such taxes.

After any reasonable determination by the Liquidating Trustee that the Disputed Claims Reserve should be adjusted downward in accordance with the Combined Disclosure Statement and Plan, the Disbursing Agent shall either, at the direction of the Liquidating Trustee, (a) effect a distribution in the amount of such adjustment as required by the Combined Disclosure Statement and Plan (an "Adjustment Distribution"), and any date of such distribution shall be an Interim Distribution Date or (b) transfer Cash in the amount of such adjustment to the Wind-down Account.

After all Disputed Claims have become either Allowed Claims or Disallowed Claims, and all distributions required pursuant to Article XIII.D.3 of the Combined Disclosure Statement and Plan have been made, the Disbursing Agent shall at the direction of the Liquidating Trustee, effect a final distribution of the Cash remaining in the Disputed Claims Reserve to holders of Allowed Convenience Claims or General Unsecured Claims, as applicable.

It is expected that the Liquidating Trustee shall (a) make an election pursuant to United States Treasury Regulations section 1.468B-9 to treat the Disputed Claims Reserve as a "disputed ownership fund" within the meaning of that section and (b) allocate taxable income or loss to the Disputed Claims Reserve with respect to any taxable year that would have been allocated to the holders of Disputed Claims had such Claims been Allowed on the Effective Date (but only for the portion of the taxable year with respect to which such Claims are Disputed Claims). The affected holders of the Disputed Claims shall be bound by such election, if made by the Liquidating Trustee. For federal income tax purposes and, to the extent permitted by applicable Law, state and local income tax purposes, absent definitive guidance from the IRS or a contrary determination by a court of competent jurisdiction, the Liquidating Trustee shall report consistently with the foregoing characterization. All affected holders of Disputed Claims shall report, for income tax purposes, consistently with the foregoing.

3. Distributions After Allowance

To the extent that a Disputed Claim becomes an Allowed Claim after the Effective Date, the Disbursing Agent will, out of the Disputed Claims Reserve, distribute to the holder thereof the distribution, if any, to which such holder is entitled under the Combined Disclosure Statement and Plan in accordance with Article XII.B of the Combined Disclosure Statement and Plan. Subject to Article XII.B of the Combined Disclosure Statement and Plan, all distributions made under this Article XIII.D.3 on account of Allowed Claims will be made together with any dividends, payments or other distributions made on account of, as well as any obligations arising from, the distributed property, then held in the Disputed Claims Reserve as if such Allowed Claim had been an Allowed Claim on the dates distributions were previously made to Allowed Claim holders included in the applicable class under the Combined Disclosure Statement and Plan.

E. Limitations on Amendments to Claims

A Claim may be amended as permitted by the Bankruptcy Court, the Bankruptcy Rules, the Local Rules or applicable non-bankruptcy Law.

F. No Interest

Other than as provided by section 506(b) of the Bankruptcy Code or as specifically provided for in the Combined Disclosure Statement and Plan or the Confirmation Order, postpetition interest shall not accrue or be paid on Claims and no holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim or right. Additionally, and without limiting the foregoing, interest shall not accrue or be paid on any Claim or Disputed Claim for the period from and after the Effective Date; provided that nothing in this Article XIII.F shall limit any rights of any Governmental Unit to interest under sections 503, 506(b), 1129(a)(9)(A) or 1129(a)(9)(C) of the Bankruptcy Code or as otherwise provided for under applicable Law.

ARTICLE XIV.

TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. Rejection of Executory Contracts and Unexpired Leases

Except as otherwise provided in the Combined Disclosure Statement and Plan, any order of the Bankruptcy Court or in any contract, instrument, release or other agreement or document entered into in connection with the Combined Disclosure Statement and Plan, each of the remaining Executory Contracts and Unexpired Leases to which any Debtor is a party shall be deemed automatically rejected by the applicable Debtor as of the Effective Date, unless such contract or lease (i) previously has been rejected by the Debtors pursuant to a Final Order of the Bankruptcy Court, (ii) expired or terminated pursuant to its own terms, (iii) is the subject of a motion to assume or reject pending before the Bankruptcy Court as of the Confirmation Date or (iv) relates to the D&O Policies and the Insurance Contracts; provided that nothing contained in the Combined Disclosure Statement and Plan shall constitute an admission by any Debtor that any such contract or lease is an Executory Contract or Unexpired Lease or that any Debtor or its successors and assigns has any liability thereunder. The Confirmation Order shall constitute an order of the Bankruptcy Court approving the rejections described in this Article XIV.A pursuant to section 365 of the Bankruptcy Code, as of the Effective Date.

B. Assumption of D&O Policies and Insurance Contracts

As of the Effective Date, the Debtors shall be deemed to have assumed and assigned to the Liquidating Trust all of the Debtors' D&O Policies and Insurance Contracts pursuant to section 365(a) of the Bankruptcy Code. Entry of the Confirmation Order will constitute the Bankruptcy Court's approval of the Debtors' foregoing assumption and assignment of each of the D&O Policies and Insurance Contracts. Notwithstanding anything to the contrary contained in the Combined Disclosure Statement and Plan, Confirmation of the Combined Disclosure Statement and Plan shall not discharge, release, impair, alter, amend or otherwise modify any

advancement, indemnity or other obligations of any party under the D&O Policies or Insurance Contracts.

In addition, after the Effective Date, the Liquidating Trustee, for and on behalf of the Liquidating Trust, shall not terminate or otherwise reduce the coverage under any of the D&O Policies with respect to conduct occurring prior thereto, and all directors and officers of the Debtors who served in such capacity at any time prior to the Effective Date shall be entitled, subject to the terms and conditions of the D&O Policies, to the full benefits of any such policy from the applicable Insurers for the full term of such policy regardless of whether such directors and officers remain in such positions after the Effective Date. From and after the Effective Date, the Debtors shall maintain reasonable directors and officers insurance policies in the ordinary course.

C. Assumption of Certain Indemnification of D&O Obligations

Each Indemnification of D&O Obligation to a current or former director, officer, manager or employee who was employed by any of the Debtors in such capacity on or prior to the Effective Date (including, for the avoidance of doubt, the members of the board of directors, board of managers or equivalent body of each Debtor at any time) shall be deemed assumed effective as of the Effective Date. Each Indemnification of D&O Obligation that is deemed assumed pursuant to the Combined Disclosure Statement and Plan shall (i) remain in full force and effect, (ii) not be modified, reduced, discharged, impaired or otherwise affected in any way, (iii) be deemed and treated as an Executory Contract pursuant to sections 365 and 1123 of the Bankruptcy Code regardless of whether or not Proofs of Claim have been filed with respect to such obligations and (iv) survive Unimpaired and unaffected irrespective of whether such indemnification is owed for an act or event occurring before, on or after the Petition Date.

Any obligations of the Debtors (whether pursuant to their corporate charters, bylaws, certificates of incorporation, other organizational documents, board resolutions, indemnification agreements, employment contracts, policy of providing employee indemnification, applicable state Law, specific agreement in respect of any claims, demands, suits, causes of action or proceedings against such Persons or agreements, including amendments, or otherwise) entered into at any time prior to the Effective Date, to indemnify, reimburse or limit the liability of the current and former directors, officers, managers, employees, attorneys, accountants, investment bankers and other professionals of the Debtors, as applicable, in each case, based upon any act or omission related to such Persons' service with, for or on behalf of the Debtors prior to the Effective Date with respect to all present and future actions, suits and proceedings relating to the Debtors shall survive Confirmation and, except as set forth herein, remain unaffected thereby, and shall not be discharged, irrespective of whether such defense, indemnification, reimbursement or limitation of liability accrued or is owed in connection with an occurrence before or after the Petition Date. Any Claim based on the Debtors' obligations set forth in this Article XIV.C shall not be a Disputed Claim or subject to any objection in either case by reason of section 502(e)(1)(B) of the Bankruptcy Code. This provision for Indemnification of D&O Obligations shall not apply to or cover any Causes of Action against a Person that result in a Final Order determining that such Person seeking indemnification is liable for fraud, willful misconduct, gross negligence, bad faith, self-dealing or breach of the duty of loyalty.

Nothing in the Combined Disclosure Statement and Plan, the Plan Supplement, the Confirmation Order, any bar date notice or Claims Objection, any other document related to any of the foregoing, or any other order of this Bankruptcy Court (including, without limitation, any provision that purports to be preemptory or supervening, grants an injunction or release, requires any party to opt out of any releases or confers Bankruptcy Court jurisdiction): (i) alters the rights and obligations of the Debtors or after the Effective Date, of the Liquidating Trust, as successor in interest to the Debtors, and the Insurers under any Insurance Contracts regardless of when such rights or obligations arise or become due; or (ii) modifies the terms and conditions of any Insurance Contracts, including the insurance coverage provided thereunder. All rights and obligations under the Insurance Contracts shall be determined under the applicable Insurance Contracts and applicable non-bankruptcy Law without the requirement or need for any Insurer to file any proofs of claim or Administrative Expense Claims.

D. Rejection Claims

Any Rejection Claim must be filed with the Voting Agent by the Rejection Bar Date. Any Rejection Claim for which a Proof of Claim is not properly filed and served by the Rejection Bar Date shall be forever barred and shall not be enforceable against the Debtors, the Liquidating Trust or their respective Estates or properties. The Debtors or the Liquidating Trustee may contest any Rejection Claim in accordance with Article XIII of the Combined Disclosure Statement and Plan. Any Allowed Rejection Claim shall be classified as a General Unsecured Claim.

E. Modifications, Amendments, Supplements, Restatements or Other Agreements

Modifications, amendments, supplements and restatements to prepetition Executory Contracts and Unexpired Leases that have been executed by the Debtors during the Chapter 11 Cases and actions taken in accordance therewith (i) do not alter in any way the prepetition nature of the Executory Contracts and Unexpired Leases, or the validity, priority or amount of any Claims that may arise under the same, (ii) are not and do not create postpetition contracts or leases, (iii) do not elevate to administrative expense priority any Claims of the counterparties to the Executory Contracts and Unexpired Leases against any of the Debtors and (iv) do not entitle any Entity to a Claim under any section of the Bankruptcy Code on account of the difference between the terms of any prepetition Executory Contracts or Unexpired Leases and subsequent modifications, amendments, supplements or restatements.

ARTICLE XV.

SETTLEMENT, RELEASE, INJUNCTION, AND RELATED PROVISIONS

A. Releases

The releases of Claims and Causes of Action described in the Combined Disclosure Statement and Plan, including releases by the Debtors and by holders of Claims, constitute good faith compromises and settlements of the matters covered thereby and are consensual. Such compromises and settlements are made in exchange for consideration and are in the best interests of holders of Claims, are fair, equitable, reasonable and are integral elements of the resolution of

the Chapter 11 Cases in accordance with the Combined Disclosure Statement and Plan. Each of the release, indemnification and exculpation provisions set forth in the Combined Disclosure Statement and Plan (i) is within the jurisdiction of the Bankruptcy Court under sections 1334(a), 1334(b) and 1334(e) of title 28 of the United States Code, (ii) is an essential means of implementing the Combined Disclosure Statement and Plan, (iii) is an integral and non-severable element of the transactions incorporated into the Combined Disclosure Statement and Plan, (iv) confers a material benefit on, and is in the best interests of, the Debtors, their Estates and their Creditors, (v) is important to the overall objectives of the Combined Disclosure Statement and Plan to finally resolve all Claims among or against the parties in interest in the Chapter 11 Cases with respect to the Debtors, (vi) is fair, equitable and reasonable and in exchange for good and valuable consideration and (vii) is consistent with sections 105, 1123, 1129 and other applicable provisions of the Bankruptcy Code.

B. Term of Injunctions or Stays

Unless otherwise provided herein, any injunction or stay arising under or entered during the Chapter 11 Cases under section 105 or 362 of the Bankruptcy Code or otherwise that are in existence on the Confirmation Date shall remain in full force and effect until the later of (i) the Effective Date or (ii) the date indicated in the order providing for such injunction or stay.

C. Exculpation

Except as otherwise specifically provided in the Combined Disclosure Statement and Plan or the Confirmation Order, none of the Exculpated Parties shall have or incur any liability to any holder of a Claim, Cause of Action or Interest for any act or omission in connection with, related to or arising out of the Chapter 11 Cases, the negotiation of any settlement or agreement, contract, instrument, release or document created or entered into in connection with the Combined Disclosure Statement and Plan or in the Chapter 11 Cases (including the Plan Supplement and, in each case, any documents and related prepetition transactions related thereto), the pursuit of Confirmation and Consummation of the Combined Disclosure Statement and Plan, the preparation and distribution of the Combined Disclosure Statement and Plan, the offer, issuance and distribution of any securities issued or to be issued under or in connection with the Combined Disclosure Statement and Plan, any other prepetition or postpetition act taken or omitted to be taken in connection with or in contemplation of the liquidation of the Debtors or the administration of the Combined Disclosure Statement and Plan or the property to be distributed under the Combined Disclosure Statement and Plan, except for any act or omission that is determined in a Final Order to have constituted willful misconduct (including, without limitation, actual fraud) or gross negligence. Each Exculpated Party shall be entitled to reasonably rely upon the advice of counsel concerning his, her or its duties pursuant to, or in connection with, the Combined Disclosure Statement and Plan. The Exculpated Parties have, and upon Confirmation of the Combined Disclosure Statement and Plan shall be deemed to have, participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code with regard to the distributions of the securities pursuant to the Combined Disclosure Statement and Plan and, therefore, are not, and on account of such distributions shall not be, liable at any time for the violation of

any applicable Law, rule or regulation governing the solicitation of acceptances or rejections of the Combined Disclosure Statement and Plan or such distributions made pursuant to the Combined Disclosure Statement and Plan.

D. Release by the Debtors

Pursuant to section 1123(b) of the Bankruptcy Code, and except as otherwise specifically provided in the Combined Disclosure Statement and Plan or the Confirmation Order, on and after the Effective Date, for good and valuable consideration, including their cooperation and contributions to the Chapter 11 Cases, the Released Parties shall be deemed released by the Debtors and their Estates and the Liquidating Trustee from any and all Claims, obligations, debts, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, asserted or unasserted, existing or hereinafter arising, in law, equity or otherwise, whether for tort, fraud, contract, violations of federal or state Laws or otherwise, including Avoidance Actions, those Causes of Action based on veil piercing or alter-ego theories of liability, contribution, indemnification, joint liability or otherwise that the Debtors, their Estates and the Liquidating Trustee or their Affiliates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim or Interest or other Entity or that any holder of a Claim or Interest or other Entity would have been legally entitled to assert derivatively for or on behalf of the Debtors, or their Estates, based on, relating to or in any manner arising from, in whole or in part, the Debtors, the Liquidating Trustee, the Chapter 11 Cases, the purchase, sale or rescission of the purchase or sale of any security of the Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Combined Disclosure Statement and Plan, the business or contractual arrangements between the Debtors and any Released Party excluding any assumed Executory Contract or Unexpired Lease, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation or preparation of the Combined Disclosure Statement and Plan, the Plan Supplement, the Liquidating Trust Agreement or, in each case, related agreements, instruments or other documents, or upon any other act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date, other than claims or liabilities arising out of or relating to any act or omission of a Released Party that is determined in a Final Order to have constituted willful misconduct (including, without limitation, actual fraud) or gross negligence; provided that if any Released Party directly or indirectly brings or asserts any Claim or Cause of Action that has been released or is contemplated to be released pursuant to the Combined Disclosure Statement and Plan in any way arising out of or related to any document or transaction that was in existence prior to the Effective Date against any other Released Party, and such Released Party does not abandon such Claim or Cause of Action upon request, then the release set forth in the Combined Disclosure Statement and Plan shall automatically and retroactively be null and void ab initio with respect to the Released Party bringing or asserting such Claim or Cause of Action; provided further, that the immediately preceding proviso shall not apply to (i) any action by a Released Party in the Bankruptcy Court (or any other court determined to have competent jurisdiction), including any appeal therefrom, to prosecute the amount, priority or secured status of any prepetition or ordinary course administrative Claim against the Debtors or (ii) any release or

indemnification provided for in any settlement or granted under any other court order, provided that in the case of (i) and (ii), the Debtors shall retain all defenses related to any such action. Notwithstanding anything contained herein to the contrary, the foregoing release shall not release any obligation of any party under the Combined Disclosure Statement and Plan or any document, instrument or agreement executed to implement the Combined Disclosure Statement and Plan.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the releases set forth in the Combined Disclosure Statement and Plan, which includes by reference each of the related provisions and definitions contained in the Combined Disclosure Statement and Plan, and further, shall constitute its finding that each release described in the Combined Disclosure Statement and Plan is (i) in exchange for the good and valuable consideration provided by the Released Parties, a good faith settlement and compromise of such Claims, (ii) in the best interests of the Debtors and all holders of Interests and Claims, (iii) fair, equitable and reasonable; (iv) given and made after due notice and opportunity for hearing and (v) a bar to the Debtors asserting any claim, Cause of Action or liability related thereto, of any kind whatsoever, against any of the Released Parties or their property.

E. Voluntary Releases by the Holders of Claims or Interests

Except as otherwise specifically provided in the Combined Disclosure Statement and Plan or the Confirmation Order, on and after the Effective Date, for good and valuable consideration, each Releasing Party shall be deemed to have conclusively, absolutely, unconditionally, irrevocably and forever released the Released Parties from any and all Claims, Interests, obligations, debts, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, asserted or unasserted, existing or hereinafter arising, in law, equity or otherwise, whether for tort, fraud, contract, violations of federal or state Laws or otherwise, including Avoidance Actions, those Causes of Action based on veil piercing or alter-ego theories of liability, contribution, indemnification, joint liability or otherwise that such Releasing Party would have been legally entitled to assert (whether individually or collectively), based on, relating to or in any manner arising from, in whole or in part, the Debtors, the Estates, the Liquidating Trustee, the Chapter 11 Cases, the sale or rescission of the purchase or sale of any equity security of the Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Combined Disclosure Statement and Plan, the business or contractual arrangements between the Debtors and any Releasing Party excluding any assumed Executory Contract or Unexpired Lease, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation or preparation of the Combined Disclosure Statement and Plan, the Plan Supplement, the Liquidating Trust Agreement, or, in each case, related agreements, instruments or other documents, or upon any other act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date, other than claims or liabilities arising out of or relating to any act or omission of a Released Party that is determined in a Final Order to have constituted willful misconduct (including, without limitation, actual fraud) or gross negligence; provided that any holder of a Claim or Interest that elects to opt out of the releases contained in the Combined Disclosure Statement and Plan shall not

receive the benefit of the releases set forth in the Combined Disclosure Statement and Plan (even if for any reason otherwise entitled). Notwithstanding anything contained herein to the contrary, the foregoing release shall not release any obligation of any party under the Combined Disclosure Statement and Plan or any document, instrument or agreement executed to implement the Combined Disclosure Statement and Plan.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the releases described in the Combined Disclosure Statement and Plan, which includes by reference each of the related provisions and definitions contained in the Combined Disclosure Statement and Plan, and further, shall constitute its finding that each release described in the Combined Disclosure Statement and Plan is (i) in exchange for the good and valuable consideration provided by the Released Parties, a good faith settlement and compromise of such Claims, (ii) in the best interests of the Debtors and all holders of Interests and Claims, (iii) fair, equitable and reasonable; (iv) given and made after due notice and opportunity for hearing and (v) a bar to the Debtors asserting any claim, Cause of Action or liability related thereto, of any kind whatsoever, against any of the Released Parties or their property.

F. Injunction

Except as otherwise specifically provided in the Combined Disclosure Statement and Plan or the Confirmation Order, all Persons or Entities who have held, hold or may hold Claims or Interests that arose prior to the Effective Date, and all other parties in interest, along with their respective present or former employees, agents, officers, directors, principals, representatives and Affiliates, are permanently enjoined, from and after the Effective Date, from (i) commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim or Interest, against the property or interest in property of the Debtors, other than to enforce any right to a distribution pursuant to the Combined Disclosure Statement and Plan, (ii) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against the Debtors or property or interest in property of the Debtors, other than to enforce any right to a distribution pursuant to the Combined Disclosure Statement and Plan, (iii) creating, perfecting or enforcing any Lien or encumbrance of any kind against the Debtors or against the property or interests in property of the Debtors other than to enforce any right to a distribution pursuant to the Combined Disclosure Statement and Plan or (iv) asserting any right of setoff or subrogation of any kind against any obligation due from the Debtors or against the property or interests in property of the Debtors, with respect to any such Claim or Interest, except to the extent a right to setoff is asserted with respect to a timely-filed Proof of Claim. Such injunction shall extend to any successors or assignees of the Debtors and their respective properties and interest in properties.

G. Setoff and Recoupment

The Debtors may, but shall not be required to, set off or recoup against any Claim and any Cash distribution to be made on account of such Claim, any and all claims, rights and Causes of Action of any nature that the Debtors may have against the holder of such

Claim pursuant to the Bankruptcy Code or applicable non-bankruptcy Law; provided that neither the failure to effect such a setoff or recoupment nor the allowance of any Claim shall constitute a waiver, abandonment or release by the Debtors or the Liquidating Trustee of any such claims, rights and Causes of Action that the Debtors or the Liquidating Trustee may have against the holder of such Claim.

H. Preservation of Causes of Action

Except as expressly provided in this Article XV.H or the Confirmation Order, nothing contained in the Combined Disclosure Statement and Plan or the Confirmation Order shall be deemed to be a waiver or relinquishment of any rights or Causes of Action that the Debtors, the Estates or the Liquidating Trustee may have, or that the Debtors or the Liquidating Trustee may choose to assert on behalf of their respective Estate or the Estates, as applicable, under any provision of the Bankruptcy Code or any applicable non-bankruptcy Law, including, without limitation, (i) any and all Causes of Action or claims against any Person or Entity, to the extent such Person or Entity asserts a crossclaim, counterclaim and/or claim for setoff that seeks affirmative relief against the Debtors, their officers, directors or representatives or (ii) the turnover of any property of the Estates to the Debtors.

Except as set forth in this Article XV.H or the Confirmation Order, nothing contained in the Combined Disclosure Statement and Plan or the Confirmation Order shall be deemed to be a waiver or relinquishment of any rights or Causes of Action that the Debtors had immediately prior to the Petition Date or the Effective Date against or regarding any Claim left Unimpaired by the Combined Disclosure Statement and Plan. The Debtors and the Liquidating Trustee shall have, retain, reserve and be entitled to commence, assert and pursue all such rights and Causes of Action as fully as if the Chapter 11 Cases had not been commenced, and all of the Debtors' legal and equitable rights respecting any Claim left Unimpaired by the Combined Disclosure Statement and Plan may be asserted after the Confirmation Date to the same extent as if the Chapter 11 Cases had not been commenced.

Except as set forth in this Article XV.H or the Confirmation Order, nothing contained in the Combined Disclosure Statement and Plan or the Confirmation Order shall be deemed to release any post-Effective Date obligations of any party under the Combined Disclosure Statement and Plan, or any document, instrument or agreement (including those set forth in the Plan Supplement) executed to implement the Combined Disclosure Statement and Plan.

I. Compromise and Settlement of Claims, Interests, and Controversies

Pursuant to sections 363 and 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the distributions and other benefits provided pursuant to the Combined Disclosure Statement and Plan, the provisions of the Combined Disclosure Statement and Plan shall constitute a good faith compromise of all Claims, Causes of Action and controversies relating to the contractual, legal and subordination rights that a holder of an Allowed Claim may have against any Debtor, or any distribution to be made on account of such an Allowed Claim. Pursuant to sections 363 and 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the benefits provided under the Combined Disclosure Statement and Plan and as a mechanism to effect a fair distribution of value to the Debtors' constituencies, except as set

forth in the Combined Disclosure Statement and Plan, the provisions of the Combined Disclosure Statement and Plan shall also constitute a good faith compromise of all Claims, Causes of Action and controversies by any Debtor against any other Debtor. In each case, the entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims or controversies and the Bankruptcy Court's finding that such compromise or settlement is in the best interests of the Debtors, their Estates and the holders of such Claims and is fair, equitable and reasonable. In accordance with the provisions of the Combined Disclosure Statement and Plan, pursuant to sections 363 and 1123 of the Bankruptcy Code and Bankruptcy Rule 9019(a), without any further notice or action, order or approval of the Bankruptcy Court, the Debtors may compromise and settle Claims and Causes of Action against other Entities and after the Effective Date, such right shall pass to the Liquidating Trust.

J. Certain Governmental Matters

Nothing in the Confirmation Order, the Combined Disclosure Statement and Plan, or any Plan Document discharges, releases, precludes, or enjoins: (a) any liability of the Debtors to any Governmental Unit that is not a Claim; (b) any Claim of a Governmental Unit arising on or after the Effective Date; (c) any police or regulatory liability of any entity to a Governmental Unit, including, without limitation, any police or regulatory liability that such entity would be subject to as the post-Effective Date owner or operator of property; (d) any Claim of or liability to a Governmental Unit on the part of any Person or Entity other than the Debtors; or (e) any obligations preserved or established in the Sale Orders or Abandonment Orders, including, without limitation, any Decommissioning Liabilities and land mitigation/mitigation credit obligations preserved or established pursuant to such orders. Nor shall anything in the Confirmation Order, the Combined Disclosure Statement and Plan, or any Plan Document enjoin or otherwise bar a Governmental Unit from asserting or enforcing, outside this Bankruptcy Court, any liability described in the preceding sentence. Nothing in the Confirmation Order, the Combined Disclosure Statement and Plan, or any Plan Document authorizes the transfer of any licenses, permits, registrations, or other governmental authorizations or approvals without compliance with all applicable legal requirements under non-bankruptcy Law governing such transfers. For the avoidance of doubt, the United States is not a Releasing Party under Article XV.E of the Combined Disclosure Statement and Plan, shall not grant any exculpation as provided in Article XV.C, and the United States' rights and defenses of offset or recoupment, if any, are expressly preserved, as are the Debtors' defenses and rights thereto.

For the avoidance of doubt, nothing in the Combined Disclosure Statement and Plan, any Plan Document, or the Confirmation Order shall discharge, release, preclude or enjoin the United States' rights to collect and draw upon any insurance policy or any surety bond issued in connection with the Debtors' business or the ownership or operation of federal oil and gas leases, grants of rights-of-way, grants of rights-of-use-and-easement, or any related interests.

ARTICLE XVI.

CONDITIONS PRECEDENT TO CONFIRMATION AND CONSUMMATION OF COMBINED DISCLOSURE STATEMENT AND PLAN

A. Conditions Precedent to Confirmation

Confirmation of the Combined Disclosure Statement and Plan will not occur unless each of the following conditions has been satisfied or waived in accordance with Article XVI.C of the Combined Disclosure Statement and Plan:

1. The Confirmation Order shall be entered; and

2. The Plan Supplement and all of the schedules, documents and exhibits contained therein shall have been filed.

B. Conditions Precedent to the Effective Date

The following are conditions precedent to the occurrence of the Effective Date, each of which must be satisfied on or prior to the Effective Date or waived in accordance with Article XVI.C of the Combined Disclosure Statement and Plan:

1. The Confirmation Order shall have been entered and shall not be subject to a stay nor have been rescinded, vacated or reversed on appeal;

2. the Wind-down Account, the Disputed Claim Reserve and the Fee Escrow Account shall have been funded in Cash in full;

3. the Liquidating Trust Agreement shall have been executed by the parties thereto, and the Liquidating Trustee shall have been appointed and assumed its rights and responsibilities under the Combined Disclosure Statement and Plan and the Liquidating Trust Agreement, as applicable; and

4. All documents and agreements necessary to implement the Combined Disclosure Statement and Plan, including the Plan Supplement, shall be in form and substance reasonably acceptable to the Debtors and shall have been executed.

C. Waiver of Conditions

The Debtors may waive any of the conditions set forth in Article XVI.A or Article XVI.B of the Combined Disclosure Statement and Plan at any time, without any notice to other parties in interest or the Bankruptcy Court and without any formal action other than proceeding to confirm and/or consummate the Combined Disclosure Statement and Plan. The failure to satisfy any condition before the Confirmation Date or the Effective Date may be asserted by the Debtors as a reason not to seek Confirmation or declare an Effective Date, regardless of the circumstances giving rise to the failure of such condition to be satisfied (including any action or inaction by the Debtors, in their sole discretion). The failure of the Debtors to exercise any of the

foregoing rights shall not be deemed a waiver of any other rights, and each such right shall be deemed an ongoing right, which may be asserted at any time.

ARTICLE XVII.

MODIFICATION, REVOCATION, OR WITHDRAWAL OF THE COMBINED DISCLOSURE STATEMENT AND PLAN

A. Modifications

Subject to certain restrictions and requirements set forth in section 1127(a) of the Bankruptcy Code and Bankruptcy Rule 3019, and those restrictions on modifications set forth in the Combined Disclosure Statement and Plan, the Debtors may alter, amend or modify the Combined Disclosure Statement and Plan, including the Plan Supplement, without additional disclosure pursuant to section 1125 of the Bankruptcy Code prior to the Confirmation Date. After the Confirmation Date and before substantial Consummation of the Combined Disclosure Statement and Plan, the Debtors may institute proceedings in the Bankruptcy Court pursuant to section 1127(b) of the Bankruptcy Code to remedy any defect or omission or reconcile any inconsistencies in the Combined Disclosure Statement and Plan, including the Plan Supplement or the Confirmation Order relating to such matters as may be necessary to carry out the purposes and effects of the Combined Disclosure Statement and Plan.

After the Confirmation Date but before the Effective Date, the Debtors may make appropriate technical adjustments and modifications to the Combined Disclosure Statement and Plan, including the Plan Supplement, without further order or approval of the Bankruptcy Court; provided that such adjustments and modifications do not materially and adversely affect the treatment of holders of Claims or Interests.

B. Revocation or Withdrawal of the Combined Disclosure Statement and Plan and Effects of Nonoccurrence of Confirmation or Effective Date

The Debtors reserve the right to revoke, withdraw or delay consideration of the Combined Disclosure Statement and Plan as to any or all of the Debtors prior to the Confirmation Date, either entirely or as to any one or more of the Debtors, and to file subsequent plans. If the Combined Disclosure Statement and Plan is revoked, withdrawn or delayed as to fewer than all of the Debtors, such revocation, withdrawal or delay shall not affect the enforceability of the Combined Disclosure Statement and Plan as it relates to the Debtors for which the Combined Disclosure Statement and Plan is not revoked, withdrawn or delayed. If the Debtors revoke or withdraw the Combined Disclosure Statement and Plan in its entirety or as to any of the Debtors, or if the Confirmation Date or the Effective Date does not occur, then, absent further order of the Bankruptcy Court, (i) the Combined Disclosure Statement and Plan shall be null and void in all respects, (ii) any settlement or compromise not previously approved by Final Order of the Bankruptcy Court embodied in the Combined Disclosure Statement and Plan (including the fixing or limiting to an amount certain any Claim or Interest or Class of Claims or Interests), assumption or rejection of Executory Contracts or Unexpired Leases affected by the Combined Disclosure Statement and Plan and any document or agreement executed pursuant hereto, shall be deemed null and void and (iii) nothing contained in the Combined Disclosure

Statement and Plan or Confirmation Order, and no acts taken in preparation for Consummation of the Combined Disclosure Statement and Plan, shall (a) constitute or be deemed to constitute a waiver or release of any Claims or Interests, (b) prejudice in any manner the rights of such Debtors or any other Person or Entity (including, but not limited to, the application of res judicata or collateral estoppel) or (c) constitute an admission of any sort by the Debtors or any other Person or Entity.

If the Effective Date does not occur, the Bankruptcy Court shall retain jurisdiction over any request to extend the deadline for assuming or rejecting any remaining Executory Contracts or Unexpired Leases.

ARTICLE XVIII.

RETENTION OF JURISDICTION

On and after the Effective Date, the Bankruptcy Court shall retain jurisdiction, to the fullest extent permissible under Law, over all matters arising out of and related to the Chapter 11 Cases for, among other things, the following purposes:

1. To hear and determine all matters relating to the assumption or rejection of Executory Contracts or Unexpired Leases, including whether a contract or lease is or was executory or expired, and the allowance of Claims resulting therefrom;

2. To hear and determine any motion, adversary proceeding, application, contested matter or other matter pending on the Effective Date;

3. To hear and determine all matters relating to the allowance, disallowance, liquidation, classification, priority or estimation of any Claim;

4. To ensure that distributions to holders of Allowed Claims are accomplished as provided herein;

5. To hear and determine all applications for compensation and reimbursement of Professional Fee Claims;

6. To hear and determine any application to modify the Combined Disclosure Statement and Plan in accordance with section 1127 of the Bankruptcy Code, to remedy any defect or omission or reconcile any inconsistency in the Combined Disclosure Statement and Plan or any order of the Bankruptcy Court, including the Confirmation Order, in such a manner as may be necessary to carry out the purposes and effects thereof;

7. To hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Combined Disclosure Statement and Plan, the Confirmation Order, any transactions or payments contemplated hereby or any agreement, instrument or other document governing or relating to any of the foregoing;

8. To issue injunctions, enter and implement other orders and take such other actions as may be necessary or appropriate to restrain interference by any person with the

Consummation, implementation or enforcement of the Combined Disclosure Statement and Plan, the Confirmation Order or any other order of the Bankruptcy Court;

9. To issue such orders as may be necessary to construe, enforce, implement, execute and consummate the provisions of (i) contracts, instruments, releases, indentures and other agreements or documents approved by Final Order in the Chapter 11 Cases and (ii) the Combined Disclosure Statement and Plan, the Confirmation Order and contracts, instruments, releases and other agreements or documents created in connection with the Combined Disclosure Statement and Plan;

10. To enter, implement or enforce such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, reversed, revoked, modified or vacated;

11. To hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code (including the expedited determination of tax under section 505(b) of the Bankruptcy Code);

12. To hear and determine any other matters related to the Combined Disclosure Statement and Plan and not inconsistent with the Bankruptcy Code;

13. To determine any other matters that may arise in connection with or are related to the Combined Disclosure Statement and Plan, the Confirmation Order, any of the Combined Disclosure Statement and Plan Documents or any other contract, instrument, release or other agreement or document related to the Combined Disclosure Statement and Plan or the Plan Supplement; provided that the Bankruptcy Court shall not retain jurisdiction over disputes concerning documents contained in the Plan Supplement that have a jurisdictional, forum selection or dispute resolution clause that refers disputes to a different court and any disputes concerning documents contained in the Plan Supplement shall be governed in accordance with the provisions of such documents;

14. To recover all assets of the Debtors and property of the Debtors' Estates, which shall be for the benefit of the Liquidating Trust, wherever located;

15. To hear and determine any rights, claims or Causes of Action held by or accruing to the Debtors or the Liquidating Trust pursuant to the Bankruptcy Code or pursuant to any federal or state statute or legal theory;

16. To enforce all orders, judgments, injunctions, releases, exculpations, indemnifications and rulings entered in connection with the Chapter 11 Cases with respect to any Person or Entity;

17. To hear any other matter not inconsistent with the Bankruptcy Code; and

18. To enter a final decree closing the Chapter 11 Cases.

Unless otherwise specifically provided herein or in a prior order of the Bankruptcy Court, the Bankruptcy Court shall have jurisdiction to hear and determine disputes concerning Claims that arose prior to the Effective Date.

ARTICLE XIX.

MISCELLANEOUS PROVISIONS

A. Exemption from Transfer Taxes and Recording Fees

Pursuant to section 1146(a) of the Bankruptcy Code, any transfer of property pursuant to or in connection with the Combined Disclosure Statement and Plan shall not be subject to any document recording tax, stamp tax, sales and use tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee or other similar tax or governmental assessment in the United States. The Confirmation Order shall direct the appropriate federal, state or local governmental officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

B. Expedited Tax Determination

The Liquidating Trustee may request an expedited determination of taxes under section 505(b) of the Bankruptcy Code for all returns filed for or on behalf of the Debtors for all taxable periods ending on or before the Effective Date.

C. Plan Supplement

Draft forms of certain Plan Documents and certain other documents, agreements, instruments, schedules and exhibits specified in the Combined Disclosure Statement and Plan shall, where expressly so provided for in the Combined Disclosure Statement and Plan, be contained in the Plan Supplement and filed from time to time. Unless otherwise expressly provided in the Combined Disclosure Statement and Plan, the Debtors (i) shall file the Plan Supplement no later than 14 days before the Combined Hearing or such later date as may be approved by the Bankruptcy Court on notice to parties in interest and (ii) may alter, modify or amend any Plan Supplement document in accordance with Article XVII of the Combined Disclosure Statement and Plan.

D. No Admission

Nothing in the Combined Disclosure Statement and Plan or any document or pleading filed in connection therewith shall constitute or be deemed to constitute an admission that any of the Debtors are subject to or liable for any Claim.

E. Substantial Consummation

On the Effective Date, the Combined Disclosure Statement and Plan shall be deemed to be substantially consummated under sections 1101 and 1127(b) of the Bankruptcy Code.

F. Section 1125 of the Bankruptcy Code

As of and subject to the occurrence of the Confirmation Date, (i) the Debtors shall be deemed to have solicited acceptances of the Combined Disclosure Statement and Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code, including, without limitation, sections 1125(a) and 1125(e) of the Bankruptcy Code and any applicable non-bankruptcy Law, rule or regulation governing the adequacy of disclosure in connection with such solicitation and (ii) the Debtors and each of their respective Affiliates, agents, directors, officers, employees, advisors and attorneys shall be deemed to have participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code in the offer and issuance of any securities under the Combined Disclosure Statement and Plan and, therefore, are not, and on account of such offer, issuance and solicitation shall not be, liable at any time for any violation of any applicable Law, rule or regulation governing the solicitation of acceptances or rejections of the Combined Disclosure Statement and Plan or the offer and issuance of any securities under the Combined Disclosure Statement and Plan.

G. Non-Severability

If, before Confirmation, any term or provision of the Combined Disclosure Statement and Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court, at the request of the Debtors, shall have the power to alter and interpret such term or provision to make it valid or enforceable to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted; provided that any such alteration or interpretation shall be reasonably acceptable to the Debtors. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Combined Disclosure Statement and Plan, as it may have been altered or interpreted in accordance with the foregoing, is (i) valid and enforceable pursuant to its terms, (ii) integral to the Combined Disclosure Statement and Plan and may not be deleted or modified without the consent of the Debtors and (iii) non-severable and mutually dependent.

H. Governing Law

Except to the extent that the Bankruptcy Code, the Bankruptcy Rules, the Local Rules or other federal Law is applicable, or to the extent the Combined Disclosure Statement and Plan, an exhibit or schedule hereto, a Plan Document or any settlement incorporated herein provides otherwise, the rights, duties and obligations arising under the Combined Disclosure Statement and Plan shall be governed by, and construed and enforced in accordance with, the Laws of the State of Delaware, without giving effect to the principles of conflict of laws thereof.

I. Binding Effect

The Combined Disclosure Statement and Plan shall be binding upon and inure to the benefit of the Debtors, the Liquidating Trust, all present and former holders of Claims or Interests (whether or not such holders shall receive or retain any property or interest in property under the Combined Disclosure Statement and Plan), and their respective heirs, executors, administrators, successors and assigns.

J. Notices

To be effective, any notice, request or demand to or upon, as applicable, the Debtors or the Liquidating Trust must be in writing and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually received by the relevant party as follows:

If to the Debtors:	Venoco, LLC 3700 Quebec Street, Suite 100-223 Denver, CO 80207 with a copy to: Bracewell LLP Attn: Robert G. Burns, Mark E. Dendinger 1251 Avenue of Americas, 49th Floor New York, New York 10020 Robert.Burns@bracewell.com Mark.Dendinger@bracewell.com
If to the Liquidating Trust	As provided in the Liquidating Trust Agreement for notices to the Liquidating Trust

K. Reservation of Rights

Except as expressly set forth herein, the Combined Disclosure Statement and Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. Before the Effective Date, none of the filing of the Combined Disclosure Statement and Plan, any statement or provision contained herein or the taking of any action by the Debtors related to the Combined Disclosure Statement and Plan shall be or shall be deemed to be an admission or waiver of any rights of the Debtors of any kind, including as to the holders of Claims or Interests or as to any treatment or classification of any contract or lease.

L. Further Assurances

The Debtors, the Liquidating Trustee and all holders of Claims receiving distributions hereunder and all other parties in interest may and shall, from time to time, prepare, execute and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Combined Disclosure Statement and Plan.

ARTICLE XX.

RECOMMENDATION

The Debtors believe that Confirmation and Consummation of the Combined Disclosure Statement and Plan are in the best interests of the Debtors, their Estates and their Creditors. The Combined Disclosure Statement and Plan provides for an equitable distribution to holders of Claims. The Debtors believe that any alternative to Confirmation of the Combined Disclosure Statement and Plan, such as liquidation under chapter 7 of the Bankruptcy Code, could result in significant delay, litigation and additional costs, as well as a reduction in the distributions to holders of Claims in certain Classes. Consequently, the Debtors urge all eligible holders of Impaired Claims to vote to ACCEPT the Combined Disclosure Statement and Plan and to complete and submit their Ballots so that they will be RECEIVED by the Voting Agent on or before the Voting Deadline.

[*Remainder of this page intentionally left blank*]

Dated: March 6, 2018

Respectfully submitted,

Venoco, LLC (for itself and on behalf of all Debtors)

By: */s/ Bret Fernandes*
Name: Bret Fernandes
Title: Chief Restructuring Officer