EFiled: Mar 16 2016 12:12PM EDT
Transaction ID 58727383
Case No. 6825-VCG

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IN RE VENOCO, INC. SHAREHOLDER LITIGATION	))))	CONSOLIDATED C.A. No. 6825-VCG

STIPULATION AND AGREEMENT OF
COMPROMISE AND SETTLEMENT

This Stipulation and Agreement of Compromise and Settlement (the "Settlement Agreement" or the "Stipulation"), dated March 16, 2016, which is entered into between: (i) lead plaintiffs Jordan Frazier and Irving Feldbaum (collectively, "Lead Plaintiffs"), on their own behalf and on behalf of the Class (defined below); (ii) defendants Venoco, Inc. ("Venoco" or the "Company"), Timothy M. Marquez ("Marquez"), Richard S. Walker ("Walker"), Joel L. Reed ("Reed"), J.C. McFarland ("McFarland"), Mark A. Snell ("Snell"), M.W. Scoggins ("Scoggins"), and Donna L. Lucas ("Lucas") (Walker, Reed, McFarland, Snell, Scoggins, and Lucas collectively, the "Special Committee" or "Special Committee Defendants") (together with Marquez, the "Individual Defendants"); and (iii) defendants Denver Parent Corporation ("Denver Parent"), and Denver Merger Sub Corporation ("Merger Sub") (together with Venoco and the Individual Defendants, "Defendants"), all by and through their undersigned attorneys, states all of the terms of the settlement and resolution of the Consolidated Action (defined below) and is intended by the parties to this Stipulation (the "Parties") to fully and finally

compromise, resolve, discharge and settle the Released Claims (defined below), subject to the approval of the Court of Chancery of the State of Delaware (the "Court") and, if Venoco files for bankruptcy, the U.S. Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"):

BACKGROUND OF THE SETTLEMENT

WHEREAS, on January 16, 2012, Venoco announced that its Board of Directors (the "Board") had entered into an Agreement and Plan of Merger (the "Merger Agreement") with Denver Parent, Merger Sub, and defendant Marquez, whereby defendant Marquez would acquire the approximately 49% of common stock of Venoco that he did not already control for $12.50 per share in cash (the "Acquisition"). This announcement came after defendant Marquez sent a proposal to the Company's Board on August 26, 2011.

WHEREAS, on August 31, 2011, plaintiff James G. Prince filed a Verified Class Action Complaint in this Court against Venoco, Marquez, and the Board, on behalf of himself and all of Venoco public stockholders, captioned *Prince v. Venoco, Inc.*, C.A. No. 6823-CS, alleging, among other things, that the Board breached its fiduciary duties in connection with the Acquisition and that Venoco and Marquez aided and abetted such breaches (the "Prince Action");

WHEREAS, on September 1, 2011, plaintiff Jordan Frazier ("Frazier") filed a Class Action Complaint in this Court, captioned *Frazier v. Venoco, Inc.*, C.A.

No. 6825-CS, alleging, among other things, that Venoco and the Board breached their fiduciary duties in connection with the Acquisition and that Marquez, Denver Parent, and Merger Sub aided and abetted such breaches (the "Frazier Action");

WHEREAS, on September 6, 2011, plaintiff Thomas Worthen filed a Class Action Complaint in this Court, captioned *Worthen v. Venoco, Inc.*, C.A. No. 6834-CS, alleging, among other things, that Venoco and the Board breached their fiduciary duties in connection with the Acquisition and that Marquez, Denver Parent, and Merger Sub aided and abetted such breaches (the "Worthen Action");

WHEREAS, on September 6, 2011, plaintiff Bertrand C. Sellier filed a Class Action Complaint in this Court, captioned *Sellier v. Venoco, Inc.*, C.A. No. 6838-CS, alleging, among other things, that Venoco and the Board breached their fiduciary duties in connection with the Acquisition and that Marquez, Denver Parent, and Merger Sub aided and abetted such breaches (the "Sellier Action");

WHEREAS, on September 9, 2011, plaintiff Debra I. Bicker filed a Verified Class Action Complaint in this Court, captioned *Bicker v. Marquez*, C.A. No. 6852-CS, alleging, among other things, that defendant Marquez breached his fiduciary duties in connection with the Acquisition (the "Bicker Action");

WHEREAS, on January 19, 2012, plaintiff Irving Feldbaum ("Feldbaum") filed a Verified Class Action Complaint in this Court, captioned *Feldbaum v. Venoco, Inc.*, C.A. No. 7183-CS, alleging, among other things, that the Board

breached its fiduciary duties in connection with the Acquisition and that Venoco, Marquez, Denver Parent, and Merger Sub aided and abetted such breaches (the "Feldbaum Action");

WHEREAS, on January 26, 2012, plaintiff Frazier filed an Amended Class Action Complaint with the Court which, among other things, repeated the allegations in the initial complaint in the Frazier Action and added allegations regarding the Company's earnings for the third quarter on November 1, 2011;

WHEREAS, on January 26, 2012, plaintiff Leon Brazin ("Brazin") filed a Verified Class Action Complaint in this Court, captioned *Brazin v. Venoco, Inc.*, C.A. No. 7195-CS, alleging, among other things, that Venoco and the Board breached their fiduciary duties in connection with the Acquisition and that Marquez, Denver Parent, and Merger Sub aided and abetted such breaches (the "Brazin Action");

WHEREAS, on January 26, 2012, plaintiff Fahmida Hossain filed a Verified Class Action Complaint in this Court, captioned *Hossain v. Venoco, Inc.*, C.A. No. 7196-CS, alleging, among other things, that Venoco and the Board breached their fiduciary duties in connection with the Acquisition and that Marquez, Denver Parent, and Merger Sub aided and abetted such breaches (the "Hossain Action");

WHEREAS, on January 31, 2012, the Court entered the Order dismissing the Prince Action without prejudice;

WHEREAS, on January 31, 2012, the Court entered the Order dismissing the Sellier Action without prejudice;

WHEREAS, on February 6, 2012, plaintiff Paul Weinberg filed a Verified Class Action Complaint in this Court, captioned *Weinberg v. Venoco, Inc.*, C.A. No. 7214-CS, alleging, among other things, that Venoco and the Board breached their fiduciary duties in connection with the Acquisition and that Marquez, Denver Parent, and Merger Sub aided and abetted such breaches (the "Weinberg Action");

WHEREAS, on February 6, 2012, plaintiff Richard Smith filed a Verified Class Action Complaint in this Court, captioned *Smith v. Venoco, Inc.*, C.A. No. 7215-CS, alleging, among other things, that the Board breached their fiduciary duties in connection with the Acquisition and that Marquez, Denver Parent, and Merger Sub aided and abetted such breaches (the "Smith Action");

WHEREAS, on February 13, 2012, Venoco filed a Schedule 14A Preliminary Proxy Statement (the "Preliminary Proxy") with the United States Securities and Exchange Commission ("SEC"), which recommended that Venoco's public shareholders vote in favor of the Acquisition;

WHEREAS, on February 13, 2012, Venoco also filed a Schedule 13E-3, which included presentations made by the Company's financial advisor Merrill Lynch, Pierce, Fenner & Smith Incorporated to the Board in connection with the Acquisition;

WHEREAS, on February 15, 2012, plaintiff Feldbaum served his First Request for the Production of Documents to All Defendants;

WHEREAS, on February 16, 2012, plaintiff Brazin filed a Verified Amended Class Action Complaint with the Court which, among other things, repeated the allegations in the initial complaint in the Brazin Action and added allegations that the Individual Defendants violated their fiduciary duties by filing the Preliminary Proxy and Schedule 13E-3 that omitted material information;

WHEREAS, on February 17, 2012, plaintiff Feldbaum filed a Verified Amended Class Action Complaint with the Court which, among other things, repeated the allegations in the initial complaint in the Feldbaum Action and added allegations that the Individual Defendants violated their fiduciary duties by filing the Preliminary Proxy and Schedule 13E-3 that omitted material information;

WHEREAS, on February 27, 2012, the Court entered an Order of Consolidation and Appointment of Lead Plaintiffs and Co-Lead Counsel, which consolidated the Prince, Frazier, Worthen, Sellier, Bicker, Feldbaum, Brazin, Hossain, Weinberg, and Smith Actions into a consolidated action (the "Consolidated Action"), and appointed plaintiffs Frazier and Feldbaum as Co-Lead Plaintiffs, and Wolf Popper LLP and Robbins Arroyo LLP as plaintiffs' Co-Lead Counsel, and Rosenthal, Monhait & Goddess, P.A., and Cooch and Taylor as plaintiffs' Co-Liaison Counsel;

WHEREAS, on March 23, 2012, the Court entered a Stipulation and Order Governing the Production and Exchange of Confidential and Highly Confidential Information;

WHEREAS, on March 30, 2012, Lead Plaintiffs filed a Motion for Preliminary Injunction requesting the Court to enjoin Defendants and all persons acting in concert with them from proceeding with, consummating, or otherwise closing the proposed acquisition;

WHEREAS, between April 2, 2012, and April 23, 2012, the Parties engaged in expedited discovery in anticipation of Lead Plaintiffs' motion for a preliminary injunction, which was scheduled to be heard on May 9, 2012, and subsequently rescheduled for May 18, 2012;

WHEREAS, on April 6, 2012, Defendants served their First Request for Production of Documents Directed to Lead Plaintiffs Jordan Frazier and Irving Feldbaum;

WHEREAS, on April 9, 2012, Defendants served their Joint Responses and Objections to Plaintiffs' First Request for Production of Documents;

WHEREAS, on April 11, 2012, Lead Plaintiffs served a Subpoena Duces Tecum and Subpoena Ad Testificandum directed to Merrill Lynch, Pierce, Fenner and Smith Inc.;

WHEREAS, on April 11, 2012, the Parties filed a Stipulation and Proposed Scheduling Order Governing Plaintiffs' Motion for Preliminary Injunction;

WHEREAS, on April 13, 2012, Lead Plaintiffs served their Responses and Objections to Defendants' First Request for Production of Documents;

WHEREAS, on April 13, 2012, Lead Counsel took the deposition of defendant Walker, a member of the Special Committee formed in connection with the Acquisition;

WHEREAS, on April 17, 2012, Lead Counsel took the deposition of Timothy Ficker;

WHEREAS, on April 19, 2012, Lead Counsel took the deposition of defendant Marquez;

WHEREAS, on April 19, 2012, Lead Counsel took the deposition of Andrew Castaldo;

WHEREAS, after the substantial completion of expedited discovery, on April 25, 2012, Lead Plaintiffs withdrew their preliminary injunction motion;

WHEREAS, on May 3, 2012, Venoco filed a Definitive Proxy Statement (the "Proxy") with the SEC in connection with the Acquisition;

WHEREAS, on June 5, 2012, the shareholder vote took place and the Acquisition was approved by a majority of all outstanding shares and a majority of

the outstanding shares not owned by Marquez and his affiliates or any director, officer or employee of Venoco or its subsidiaries;

WHEREAS, on June 12, 2012, the Company announced that on the recommendation of the Special Committee, the Venoco Board agreed to extend the financing deadline to July 20, 2012; this deadline was subsequently extended until August 31, 2012, then until September 13, 2012, and, finally, until October 5, 2012;

WHEREAS, on October 3, 2012, the Company announced that Marquez had obtained the necessary financing;

WHEREAS, on October 3, 2012, the Acquisition closed;

WHEREAS, on February 26, 2013, the Court entered a scheduling order regarding the filing of the consolidated amended complaint and Defendants' response;

WHEREAS, on March 15, 2013, Lead Plaintiffs filed a Verified Consolidated Amended Class Action Complaint ("First Amended Complaint") in this Court, alleging, among other things, that the Board and the Special Committee breached their fiduciary duties in connection with the Acquisition and that Denver Parent and Merger Sub aided and abetted such breaches. Specifically, the First Amended Complaint alleged, *inter alia*, that: the consideration offered in the Acquisition was financially unfair; the process leading up to the Merger

Agreement was unfair; the Board members were motivated to approve the Merger Agreement by their own potential financial gain; and the Proxy and Schedule 13E-3 contained material misstatements and omissions;

WHEREAS, on May 15, 2013, defendants Marquez, Denver Parent, and Merger Sub filed an Answer to the First Amended Complaint with the Court;

WHEREAS, on May 15, 2013, Venoco filed an Answer to the First Amended Complaint with the Court;

WHEREAS, on May 17, 2013, defendants Reed and Walker filed an Answer to the First Amended Complaint with the Court;

WHEREAS, on May 29, 2013, defendants Snell, McFarland, Scoggins, and Lucas filed an Answer to the First Amended Complaint with the Court;

WHEREAS, on June 28, 2013, Defendants served their Second Request for Production of Documents Directed to Lead Plaintiffs Jordan Frazier and Irving Feldbaum;

WHEREAS, on June 28, 2013, Lead Plaintiffs served their Second Request for Production of Documents Directed to All Defendants;

WHEREAS, on July 29, 2013, the Court entered an Amended Stipulation and Order Governing Case Schedule;

WHEREAS, on August 1, 2013, Lead Plaintiffs served their Responses and Objections to Defendants' Second Request for Production of Documents;

WHEREAS, on August 1, 2013, Defendants served their Responses and Objections to Lead Plaintiffs' Second Request for Production of Documents;

WHEREAS, on August 14, 2013, Lead Plaintiffs served their First Set of Interrogatories Directed to All Defendants;

WHEREAS, on August 20, 2013, the Court entered orders for commission for the issuance of Subpoenas Duces Tecum directed to third parties, Chesapeake Energy Corporation, Citibank, N.A., Continental Resources, Inc., Edward McLaughlin, Exxon Mobil Corporation, Harold G. Hamm, KeyBanc Capital Markets Inc., Korea National Oil Company, Scott Landreth, Squire Sanders (US), and EXCO Resources (PA);

WHEREAS, on August 26, 2013, the Court entered the Amended Stipulation and Order Governing the Production and Exchange of Confidential Information;

WHEREAS, on August 26, 2013, Lead Plaintiffs served Subpoenas Duces Tecum and Subpoenas Ad Testificandum directed to third parties, BMO Capital Markets Corp., Breitburn Energy Partners L.P., Chevron Corporation, Credit Suisse (USA) Inc., Denbury Resources Inc., Freeport-McMoran Copper & Gold Inc. (formerly Plains Exploration & Production Company), Hess Corporation, Institutional Shareholder Services Inc., Kinder-Morgan, Inc. (formerly El Paso), Linn Energy, LLC, Macquarie Capital (USA) Inc., Magnetar Capital LLC, Merrill

Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley, Occidental Petroleum Corporation, Petrie Partners, Resolute Energy Corporation, and Sovereign Bank, N.A.;

WHEREAS, on October 16, 2013, Venoco served Responses and Objections to Lead Plaintiffs' First Set of Interrogatories;

WHEREAS, on October 18, 2013, the Court entered an Order governing expert discovery;

WHEREAS, on October 21, 2013, the Special Committee Defendants served Responses and Objections to Lead Plaintiffs' First Set of Interrogatories;

WHEREAS, on November 5, 2013, Defendants' counsel took the deposition of Lead Plaintiff Frazier;

WHEREAS, on November 20, 2013, Defendants' counsel took the deposition of Lead Plaintiff Feldbaum;

WHEREAS, on January 16, 2014, Marquez, Denver Parent, and Merger Sub served Responses and Objections to Lead Plaintiffs' First Set of Interrogatories;

WHEREAS, on January 27, 2014, the Parties stipulated to a proposed order of class certification;

WHEREAS, on January 28, 2014, the Court entered an Order of Class Certification, which, *inter alia*: held that the Consolidated Action was a proper class action pursuant to Delaware Court of Chancery Rules 23(a), 23(b)(1) and

23(b)(2); certified plaintiffs Frazier and Feldbaum as the class representatives; and certified a class defined as:

> all persons who held shares of stock of Venoco (excluding Defendants named in this lawsuit and their immediate family members, any entity controlled by any of the Defendants, and any successors in interest thereto, as well as any stockholders who properly exercised appraisal rights pursuant to General Corporation Law of the State of Delaware, Section 262, with respect to their appraisal claims only) at any time during the period from and including May 1, 2011, through October 3, 2012, the date the Acquisition closed;

WHEREAS, on January 28, 2014, the Court entered an Amended Stipulation and Order Governing Case Schedule;

WHEREAS, on March 27, 2014, the Court entered an Amended Stipulation and Order Governing Case Schedule;

WHEREAS, on August 7, 2014, Lead Counsel took the deposition of defendant Snell, a member of the Special Committee formed in connection with the Acquisition;

WHEREAS, on August 22, 2014, Lead Counsel took the deposition of defendant Scoggins, a member of the Special Committee formed in connection with the Acquisition;

WHEREAS, on August 27, 2014, Lead Counsel took the deposition of defendant Reed, a member of the Special Committee formed in connection with the Acquisition;

WHEREAS, on September 3, 2014, Lead Counsel took the deposition of defendant McFarland, a member of the Special Committee formed in connection with the Acquisition;

WHEREAS, on October 7, 2014, the Court entered an Amended Stipulation and Order Governing Case Schedule;

WHEREAS, on October 10, 2014, Lead Plaintiffs filed a Motion to Compel and Enforce Compliance with Subpoena to Occidental Petroleum Corporation;

WHEREAS, on October 21, 2014, Lead Counsel took the deposition of Scott Landreth;

WHEREAS, on October 28, 2014, Lead Counsel took the second deposition of Timothy Ficker;

WHEREAS, on October 29, 2014, Lead Counsel took the deposition of Mark DePuy;

WHEREAS, on November 18, 2014, Lead Counsel took the second deposition of defendant Walker, a member of the Special Committee formed in connection with the Acquisition;

WHEREAS, on November 20, 2014, Lead Counsel took the deposition of Bradley Miller;

WHEREAS, on December 10, 2014, Lead Counsel took the deposition of Edward O'Donnell;

WHEREAS, on December 15, 2014, Lead Counsel took the deposition of Christopher W. Dopp;

WHEREAS, on December 19, 2014, Lead Counsel took the second deposition of defendant Marquez;

WHEREAS, on February 13, 2015, the Parties served opening expert reports;

WHEREAS, on March 17, 2015, Defendants served a revised expert report;

WHEREAS, on March 24, 2015, the Parties served rebuttal expert reports;

WHEREAS, on April 2 and 3, 2015, depositions of the Parties' experts took place;

WHEREAS, on May 14, 2015, the Parties exchanged their respective Mediation Statements in connection with a scheduled mediation with the Honorable Layn R. Phillips (Ret.);

WHEREAS, on May 28, 2015, the Parties exchanged their respective reply Mediation Statements;

WHEREAS, on June 11, 2015, the Parties conducted a mediation with the Honorable Layn R. Phillips (Ret.);

WHEREAS, on July 2, 2015, the Parties held a follow-up mediation with the Honorable Layn R. Phillips (Ret.);

WHEREAS, on August 13, 2015, the Court entered an Amended Stipulation and Order Governing Case Schedule;

WHEREAS, on September 18, 2015, defendants Marquez and Denver Parent filed a Motion for Partial Summary Judgment;

WHEREAS, on September 18, 2015, the Special Committee Defendants filed a Motion for Summary Judgment;

WHEREAS, on November 6, 2015, the Court entered an Amended Stipulation and Order Governing Case Schedule;

WHEREAS, on December 1, 2015, the Court entered an Amended Stipulation and Order Governing Case Schedule;

WHEREAS, between July 2015 and January 2016, the Parties continued, with the assistance of mediators, to explore potential resolution;

WHEREAS, on January 28, 2016, the Parties exchanged their respective supplemental Mediation Statements in connection with a follow-up mediation with the Honorable Layn R. Phillips (Ret.);

WHEREAS, on February 4, 2016, the Parties held a follow-up mediation with the Honorable Layn R. Phillips (Ret.), at which time Defendants represented to Lead Counsel that Venoco intended to file for bankruptcy in the Bankruptcy Court and, subsequently, as requested by Lead Counsel, Defendants provided to

Lead Counsel details concerning Defendant Marquez's financial condition and the anticipated structure of the bankruptcy;

WHEREAS, on February 11, 2016, the Parties filed an Amended Stipulation and Order Governing Case Schedule;

WHEREAS, on February 11, 2016, after arm's-length negotiations with the guidance of the mediator, the Parties reached an agreement-in-principle to settle the Consolidated Action and resolve Lead Plaintiffs' claims on the basis that Defendants and/or their insurers would pay $19 million to be distributed to the Class; and, in the event that Venoco did not file for bankruptcy, Defendant Marquez would provide 25% of his equity interest in Venoco to the Class;

WHEREAS, throughout the course of the Consolidated Action, Defendants and third parties produced, and Lead Counsel and other plaintiffs' counsel reviewed, over 220,000 pages of documents, including, *inter alia*, Board and Special Committee meeting minutes, bankers' presentations, projected financial information, and emails, and Lead Counsel and other plaintiffs' counsel took 16 depositions of defendant and third-party witnesses;

WHEREAS, throughout the course of the Consolidated Action, Lead Plaintiffs consulted with their own financial experts;

WHEREAS, without admitting any wrongdoing, Defendants acknowledge that the pendency of the Consolidated Action and the efforts of Lead Counsel were

the primary cause of the decisions of Defendants and their insurers to undertake the obligation to make the Settlement Payment (defined below) pursuant to the Settlement;

WHEREAS, Defendants have denied, and continue to deny, all allegations of wrongdoing, fault, liability, or damage with respect to all claims asserted in the Consolidated Action, including that they have committed any violations of law or breaches of duty or that they have engaged in any wrongful acts or acted improperly in any way, and that they have any liability or owe any damages of any kind to Lead Plaintiffs and/or the Class, and Defendants expressly maintain that they diligently and scrupulously complied with applicable fiduciary, disclosure and other legal and equitable duties;

WHEREAS, Defendants are entering into this Stipulation solely because they consider it desirable that the Consolidated Action be settled and dismissed with prejudice in order to, among other things, (i) eliminate the uncertainty, burden, inconvenience, expense, and distraction of further litigation, and (ii) fully and finally put to rest and terminate all claims that were or could have been asserted by Lead Plaintiffs or any other member of the Class against Defendants in the Consolidated Action or in any other action, in any court or tribunal, relating to the Acquisition;

WHEREAS, the entry by Lead Plaintiffs into this Stipulation is not an admission as to the lack of any merit of any claims asserted in the Consolidated Action. In negotiating and evaluating the terms of this Stipulation, Lead Counsel considered the legal and factual defenses to Lead Plaintiffs' claims that Defendants raised and might have raised throughout the pendency of the Consolidated Action and the difficulty they would have likely had in enforcing any judgment they might have obtained at a trial of this action. In addition, Lead Plaintiffs considered the benefits to be provided to the Class through the Settlement Payment. Based upon their evaluation, Lead Plaintiffs and Lead Counsel have determined that the Settlement set forth in this Stipulation is fair, reasonable, and adequate to Lead Plaintiffs and the Class, and that it confers substantial benefits upon the Class;

WHEREAS, the Parties recognize the time and expense that would be incurred by further litigation and the uncertainties inherent in such litigation;

WHEREAS, the Settlement (defined below) of the Consolidated Action on the terms and conditions set forth herein includes, but is not limited to, a release of all claims that were or could have been asserted in the Consolidated Action;

NOW, THEREFORE, IT IS HEREBY STIPULATED, CONSENTED TO AND AGREED, by Lead Plaintiffs, for themselves and on behalf of the Class, and Defendants that, subject to the approval of the Court and, if Venoco files for bankruptcy, the Bankruptcy Court, and pursuant to Court of Chancery Rule 23 and

the other conditions set forth herein, for the good and valuable consideration set forth herein and conferred on Lead Plaintiffs and the Class, the Consolidated Action shall be finally and fully settled, compromised, and dismissed, on the merits and with prejudice, and that the Released Claims shall be finally and fully compromised, settled, released, and dismissed with prejudice as to the Released Parties, in the manner and upon the terms and conditions hereafter set forth.

A. Definitions

1. The following capitalized terms, used in this Stipulation and its Exhibits, shall have the meanings specified below:

(a) "Account" means an account at Signature Bank, with Lead Counsel (defined herein) as escrow agent, which is to be maintained by the Paying Agent (defined herein) and into which the Settlement Amount shall be deposited. The funds deposited into the Account shall be invested in instruments backed by the full faith and credit of the United States Government or an agency thereof, or if the yield on such instruments is negative, in an account fully insured by the United States Government or an agency thereof.

(b) "Administrative Costs" means all costs and expenses associated with administering or carrying out the terms of the Settlement.

(c) "Class" means all persons or entities who held shares of Venoco common stock (or any interest therein), either of record or beneficially, for

the period from and including May 1, 2011, through and including October 3, 2012, including any and all of their respective successors-in-interest, successors, predecessors-in-interest, predecessors, representatives, trustees, executors, administrators, estates, heirs, assigns or transferees, immediate and remote, and any person or entity acting for or on behalf of, or claiming under, any of them, and each of them; provided, however, that excluded from the Class are Defendants, members of the immediate family of any Defendant, any entity in which a Defendant has or had a controlling interest, Venoco, Marquez, Denver Parent, Merger Sub, and persons who were officers of Venoco during the Class Period, as well as the legal representatives, heirs, successors, or assigns of any such excluded person.

(d) "Class Member" or "Class Members" mean a member or members of the Class.

(e) "Class Period" means May 1, 2011, through and including October 3, 2012.

(f) "Effective Date" means the first business day following the date on which all of the conditions set forth in Paragraph 14 hereof shall have occurred.

(g) "Fee and Expense Award" means an award to Lead Counsel of fees and expenses to be paid from the Settlement Amount (defined herein) approved by the Court in accordance with this Stipulation and in full satisfaction of

any and all claims for attorneys' fees that have been, could be, or could have been asserted by Lead Counsel or any other counsel for any member of the Class.

(h) "Final," when referring to the Order and Final Judgment, means that the Order and Final Judgment has been entered by the Court and one of the following has occurred: (i) the time for the filing or noticing of any motion for reconsideration, appeal, or other review of the Order and Final Judgment has expired without any such filing or notice, or (ii) the Order and Final Judgment has been affirmed in all material respects on an appeal or after reconsideration or other review and is no longer subject to review upon appeal, reconsideration, or other review, and the time for any petition for reconsideration, reargument, appeal, or review of the Order and Final Judgment or any order affirming the Order and Final Judgment has expired; provided, however, that any disputes or appeals relating solely to the amount, payment, or allocation of attorneys' fees and expenses shall have no effect on finality for purposes of determining the date on which the Order and Final Judgment became final, and shall not otherwise prevent, limit, or otherwise affect the Order and Final Judgment or prevent, limit, delay, or hinder the Order and Final Judgment's becoming final.

(i) "Final Bankruptcy Approval" means an order or judgment of the Bankruptcy Court approving this Stipulation and the Settlement set forth herein, which has been entered on the docket, and that has not been stayed,

reversed, modified or amended and as to which the time to file an appeal, a motion for rehearing, reargument or reconsideration or a petition for writ of certiorari has expired or been waived by the debtors or the reorganized debtors, as applicable, and as to which no appeal, petition for certiorari, or other proceedings for re-argument, reconsideration or rehearing are then pending; provided, however, that neither the possibility that a motion under Rule 60 of the Federal Rules of Civil Procedure, or analogous rule under the Bankruptcy Rules, may be filed with respect to such order or judgment nor the possibility that the order or judgment of the Bankruptcy Court approving this Stipulation and the Settlement may be conditioned upon approval by the Delaware Court of Chancery or other court of competent jurisdiction, shall preclude such order or judgment from being or becoming a Final Bankruptcy Approval.

(j) "Final Approval of the Fee Application" shall be deemed to occur on the first business day following the date any award of attorneys' fees and expenses in connection with the Fee Application (defined herein) becomes final and no longer subject to further appeal or review, whether by affirmance on or exhaustion of any possible appeal or review, lapse of time, or otherwise.

(k) "Lead Counsel" means Robbins Arroyo LLP and Wolf Popper LLP.

(l) "Net Settlement Amount" means the Settlement Amount as defined herein less any Fee and Expense Award and Administrative Costs.

(m) "Order and Final Judgment" means the Order and Final Judgment to be entered in the Consolidated Action substantially in the form attached as Exhibit D hereto or as modified by the Court with the written consent of the Parties or as modified by agreement of the Parties in writing.

(n) "Person" means any individual, corporation, partnership, limited liability company, association, affiliate, joint stock company, estate, trust, unincorporated association, entity, government and any political subdivision thereof, or any other type of business or legal entity.

(o) "Released Claims" means any and all manner of claims, demands, rights, liabilities, losses, obligations, duties, damages, costs, debts, expenses, interest, penalties, sanctions, fees, attorneys' fees, actions, potential actions, causes of action, suits, agreements, judgments, decrees, matters, issues and controversies of any kind, nature, or description whatsoever, whether known or unknown, disclosed or undisclosed, accrued or unaccrued, apparent or not apparent, foreseen or unforeseen, matured or not matured, suspected or unsuspected, liquidated or not liquidated, fixed or contingent, including Unknown Claims (defined below), that plaintiffs or any or all other Class Members ever had, now have, or may have, whether direct, derivative, individual, class, representative,

legal, equitable, or of any other type, or in any other capacity, against any of the Released Parties (defined below), whether based on state, local, foreign, federal, statutory, regulatory, common or other law or rule (including, but not limited to, any claims under federal securities laws, including such claims within the exclusive jurisdiction of the federal courts, or state disclosure law or any claims that could be asserted derivatively on behalf of Venoco), which, now or hereafter, are based upon, arise out of, relate in any way to, or involve, directly or indirectly, (i) the Acquisition, (ii) any deliberations or negotiations in connection with the Acquisition, (iii) the consideration received by Class Members or by any other Person in connection with the Acquisition, (iv) the Proxy or any other disclosures, public filings, periodic reports, press releases, proxy statements, or other statements issued, made available, or filed relating, directly or indirectly, to the Acquisition, (v) the fiduciary duties and obligations of the Released Parties in connection with the Acquisition, (vi) any of the allegations in any complaint or amendment(s) thereto filed in the Consolidated Action, including in any of its constituent actions (*e.g.*, the *Frazier* and *Feldbaum* actions), or (vii) any other actions, transactions, occurrences, statements, representations, misrepresentations, omissions, allegations, facts, practices, events, claims, or any other matters, things, or causes whatsoever, or any series thereof, that were, could have been, or in the future can or might be alleged, asserted, set forth, claimed, embraced, involved, or

referred to in, or otherwise related, directly or indirectly, in any way to, the Consolidated Action or the subject matter of the Consolidated Action; provided, however, that the Released Claims shall not include claims to enforce the Settlement or any claims or rights of any Defendant against its insurers or its insurers' successors or assignees.

(p) Whether or not any or all of the following Persons were named, served with process or appeared in the Consolidated Action, "Released Parties" means (i) Defendants, (ii) any Person which is, was, or will be related to or affiliated with any or all of Defendants or in which any or all of Defendants has, had, or will have a controlling interest, (iii) Venoco, (iv) Denver Parent, Merger Sub, and Marquez, and (v) each and all of the foregoing's respective past, present, or future family members, spouses, heirs, trusts, trustees, executors, estates, administrators, beneficiaries, distributees, insurers and reinsurers, foundations, agents, employees, fiduciaries, general or limited partners or partnerships, joint ventures, member firms, limited liability companies, corporations, parents, subsidiaries, divisions, affiliates, associated entities, stockholders, principals, officers, managers, directors, managing directors, members, managing members, managing agents, predecessors, predecessors-in-interest, successors, successors-in-interest, assigns, financial or investment advisors, advisors, consultants, investment bankers, entities providing any fairness opinion, underwriters, brokers, dealers,

lenders, commercial bankers, attorneys, personal or legal representatives, accountants, insurers, co-insurers, reinsurers, and associates.

(q) "Settlement" means the settlement of the Consolidated Action between and among Lead Plaintiffs, on behalf of themselves and the Class, and Defendants, as set forth in this Stipulation.

(r) "Settlement Amount" means a total of $19 million dollars in cash; however, if Venoco does not file for bankruptcy before April 1, 2016, the Settlement Amount shall additionally include twenty-five percent (25%) of Marquez's equity interest in Venoco.

(s) "Settlement Hearing" means the hearing to be held by the Court to: (i) consider the proposed Settlement; (ii) determine whether Lead Plaintiffs and Lead Counsel have adequately represented the interests of the Class in the Consolidated Action; (iii) determine whether this Stipulation, and the terms and conditions of the Settlement proposed in this Stipulation, are fair, reasonable, and adequate to the Class Members and should be approved by the Court; (iv) determine whether the Order and Final Judgment should be entered dismissing the Consolidated Action and Released Claims with prejudice as against Lead Plaintiffs and the Class, releasing and discharging with respect to Lead Plaintiffs and all Class Members the Released Claims against the Released Parties, and permanently barring and enjoining prosecution of any and all Released Claims in any forum; (v)

hear and rule on any objections to the Settlement; (vi) consider and rule on the Fee Application, and any objections thereto; and (vii) rule on other such matters as the Court may deem appropriate.

(t) "Settlement Payment Recipients" means all Class Members who were beneficial holders of Venoco common stock at any time during the period of May 1, 2011, through and including October 3, 2012 (the "Closing"), and who received consideration for shares of Venoco common stock in the Acquisition, and who submitted a valid claim form substantially in the form attached hereto as Exhibit C (the "Proof of Claim") to the Paying Agent (defined herein) in accordance with this Stipulation.

(u) "Unknown Claims" means any claim that any plaintiff or any other Class Member does not know or suspect exists in his, her, or its favor at the time of the release of the Released Claims as against the Released Parties, including without limitation those which, if known, might have affected the decision to enter into the Settlement or to object or to not object to the Settlement. With respect to any of the Released Claims, the Parties stipulate and agree that upon the occurrence of the Effective Date, Lead Plaintiffs shall expressly and each Class Member shall be deemed to have, and by operation of the Order and Final Judgment shall have, expressly waived, relinquished, and released any and all provisions, rights, and benefits conferred by or under Cal. Civ. Code § 1542 or any

law of the United States or any state of the United States or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to Cal. Civ. Code § 1542, which provides:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Lead Plaintiffs acknowledge, and the Class Members by operation of law shall be deemed to have acknowledged, that they may discover facts in addition to or different from those now known or believed to be true with respect to the Released Claims, but that it is the intention of Lead Plaintiffs, and by operation of law the Class Members, to completely, fully, finally and forever extinguish any and all Released Claims, known or unknown, suspected or unsuspected, which now exist, or heretofore existed, or may hereafter exist, and without regard to the subsequent discovery of additional or different facts. Lead Plaintiffs acknowledge, and the Class Members by operation of law shall be deemed to have acknowledged, that the inclusion of "Unknown Claims" in the definition of "Released Claims" was separately bargained for and was a material element of the Settlement and was relied upon by each and all of Defendants in entering into the Settlement Agreement.

B. Settlement Consideration

2. In consideration for the full and final release, settlement, dismissal, and discharge of any and all Released Claims against the Released Parties, the Parties have agreed to the following consideration:

(a) The "Settlement Payment":

(i) Within ten (10) business days after the Effective Date, Venoco and/or Defendants' insurer(s) shall deposit the cash portion of the Settlement Amount into the Account, provided that Lead Counsel has provided, on or before the Effective Date, complete wire transfer information and instructions (or, if payment will be made by check, other appropriate payment information and instructions) to Defendants and/or Defendants' insurer(s), along with any other information reasonably requested to facilitate payment (including an IRS Form W-9, if requested). The Account shall be administered by a paying agent chosen by Lead Counsel (the "Paying Agent") and shall be used (i) to pay any Fee and Expense Award, (ii) to pay Administrative Costs, and (iii) following the payment of the foregoing (i) and (ii), for subsequent disbursement of the Net Settlement Amount to the Settlement Payment Recipients as provided in Paragraph 2(b) hereof.

(ii) Should Venoco not file for bankruptcy prior to April 1, 2016, Defendant Marquez will, within ten (10) business days of April 1, 2016, and

in compliance with applicable federal and state securities laws, transfer 25% of his equity interest in Venoco to an entity (to be determined by Lead Counsel) to be held in escrow for the benefit of the Class, subject to the occurrence of the Effective Date and, if Venoco files for bankruptcy after April 1, 2016, but before the Effective Date, the confirmation of a plan of reorganization by the Bankruptcy Court.

(iii) The payment specified in subparagraph (a)(i) of this Paragraph 2 will be made by Venoco and/or Defendants' insurer(s) on behalf of the Defendants, who shall not be required to personally fund any part of the Settlement Amount. Nothing in this paragraph shall have an effect on the respective rights and obligations between or among Defendants or their respective insurers, or upon any separate agreements concerning the claims, defenses, debts, obligations, or payments between or among Defendants. Apart from the payment of the Settlement Amount in accordance with this Paragraph 2(a), none of Defendants, Venoco, or Defendants' insurer(s) shall have any further monetary obligation to Lead Plaintiffs, the Class, any Class Member, Lead Counsel, or any other plaintiffs' counsel.

(iv) Lead Counsel shall be solely responsible for determining whether any taxes of any kind are due on income earned by the Account, for filing any necessary tax returns, and for causing any necessary taxes to be paid. Any

such taxes, as well as any expenses incurred by Lead Counsel in connection with determining the amount of, and paying, such taxes shall be considered Administrative Costs and shall be paid out of the Settlement Amount.

(b) Distribution of the Net Settlement Amount: As soon as reasonably practicable after the Effective Date and subject to compliance with all applicable federal and state securities laws, the Net Settlement Amount will be disbursed by the Paying Agent to the Settlement Payment Recipients and will be allocated on a per-share basis amongst the Settlement Payment Recipients who have submitted to the Paying Agent a valid Proof of Claim by the deadline provided in the Notice (defined herein) based on the number of shares of Venoco common stock held by the applicable Settlement Payment Recipient upon the Closing (provided that if a Settlement Payment Recipient held shares of Venoco common stock in registered form and has not submitted a letter of transmittal as of the Effective Date, such payment shall be allocated to such Settlement Payment Recipient but will not be remitted until such Settlement Payment Recipient has submitted his, her, or its letter of transmittal or other satisfactory proof sufficient to determine whether such Class Member is a Settlement Payment Recipient) (the "Initial Distribution"). If any equity interest is to be distributed as part of the Net Settlement Amount pursuant to this Paragraph, no such equity interest shall be distributed or transferred from escrow unless and until the occurrence of the

Effective Date and, if Venoco files for bankruptcy after April 1, 2016, but before the Effective Date, the confirmation of a plan of reorganization by the Bankruptcy Court. None of Venoco, any of the Defendants, or Defendants' insurers shall have any input, responsibility, or liability for any claims, payments, or determinations by the Paying Agent in respect of Class Member claims for payment under this Settlement. If Lead Plaintiffs and/or the Paying Agent have made reasonable efforts to have Settlement Payment Recipients claim their payments, and the amount of the Net Settlement Amount that remains unclaimed by the Settlement Payment Recipients (the "Unclaimed Amount") exceeds $100,000 after a period of six (6) months after the Initial Distribution, then the Unclaimed Amount will be re-disbursed by the Paying Agent for payment to all Settlement Payment Recipients, who claimed their payments in the Initial Distribution, on a *pro rata* basis. If, however, after a period of six (6) months after the Initial Distribution, the amount of the Unclaimed Amount is equal to or less than $100,000, or if any of the Unclaimed Amount remains unclaimed after the re-disbursement described in the preceding sentence, then any such unclaimed amount of the Net Settlement Amount shall be transferred to the Office of the State Escheator for handling in accordance with the laws of interstate escheat.

(c) Costs of Distribution and Reservation of Rights: Lead Plaintiffs or their designee shall pay out of the Account any and all costs associated with the

allocation and distribution of the Net Settlement Amount (including the costs of any re-distribution of the Net Settlement Amount and the costs associated with any transfer to the Office of the State Escheator).

(d) Other than as provided herein, Defendants, their insurers, and the Released Parties shall have no involvement in, responsibility for, or liability relating to the distribution of the Net Settlement Amount to Class Members. No Class Member shall have any claim against any plaintiff, any counsel for any plaintiff, any Defendant, any of the Released Parties, or any of their counsel or insurers based on the distributions made substantially in accordance with this Stipulation and/or orders of the Court.

C. Settlement Consideration, Releases, and Scope of the Settlement

3. Venoco shall make or Defendants shall cause their insurers to make the Settlement Payment pursuant to Paragraph 2(a) hereof.

4. The Settlement Payment having been agreed to and provided in consideration for the full and final settlement and dismissal with prejudice of the Consolidated Action and the release of any and all Released Claims, no Defendant or other Released Party shall have any obligation to pay or bear any additional amounts, expenses, costs, damages, or fees to or for the benefit of plaintiffs or any Class Member in connection with this Settlement, including but not limited to attorneys' fees and expenses for any counsel to any Class

Member; provided, however, that Venoco or its insurers shall bear financial responsibility for providing notice to the Class.

5. As of the Effective Date, the Consolidated Action and the Released Claims shall be dismissed with prejudice, on the merits and without costs.

6. As of the Effective Date, plaintiffs and all Class Members, on behalf of themselves, and any and all of their respective successors-in-interest, successors, predecessors-in-interest, predecessors, representatives, trustees, executors, administrators, estates, heirs, assigns or transferees, immediate and remote, and any person or entity acting for or on behalf of, or claiming under, any of them, and each of them, agree to release and forever discharge, and by operation of the Order and Final Judgment shall release and forever discharge, all Released Claims as against all Released Parties.

7. As of the Effective Date, Defendants agree to fully, completely, finally, and forever release, relinquish, and discharge Lead Plaintiffs and Lead Counsel from all claims, including Unknown Claims, arising out of or relating to the institution, prosecution, settlement, or resolution of the Consolidated Action (provided, however, that this release, relinquishment, and discharge shall not include claims by the Parties hereto to enforce the terms of the Settlement or Settlement Agreement or any claims or rights of any Defendant against its insurers or its insurers' successors or assignees).

8. As of the Effective Date, the Released Parties shall be deemed to be released and forever discharged from all of the Released Claims.

9. As of the Effective Date, Lead Plaintiffs and all Class Members, and any and all of their respective successors-in-interest, successors, predecessors-in-interest, predecessors, representatives, trustees, executors, administrators, estates, heirs, assigns or transferees, immediate and remote, and any person or entity acting for or on behalf of, or claiming under, any of them, and each of them, will be forever barred and enjoined from commencing, instituting, maintaining, prosecuting, or asserting, either directly or in any other capacity, in any forum, any Released Claims against any of the Released Parties.

D. Submission of the Settlement to the Court for Approval

10. As soon as practicable after this Settlement Agreement has been executed, the Parties shall jointly apply to the Court for entry of an Order substantially in the form attached hereto as Exhibit A (the "Scheduling Order"), providing for, among other things: (a) the mailing to the Class Members of the Notice of Pendency of Class Action, Proposed Settlement of Class Action and Settlement Hearing (the "Notice") substantially in the form attached hereto as Exhibit B together with a Proof of Claim substantially in the form attached hereto as Exhibit C; (b) the scheduling of the Settlement Hearing; and (c) the injunction against the prosecution of any of the Released Claims pending further order of the

Court. At the Settlement Hearing, the Parties shall jointly request that the Order and Final Judgment be entered substantially in the form attached hereto as Exhibit D.

11. Lead Plaintiffs shall be responsible for providing notice of the Settlement to the Class. Defendants shall cooperate with Lead Plaintiffs toward Lead Plaintiffs' obligation for providing notice, including but not limited to providing the last known address and phone number (if any) of all stockholders of record of Venoco common stock as of the Closing. All costs of providing notice of the Settlement to the Class shall be paid by Venoco or its insurers. Notice shall be provided in accordance with the Scheduling Order.

12. Prior to the Settlement Hearing (as defined herein), Lead Counsel and/or any administrator retained by them shall file with the Court an appropriate declaration or affidavit with respect to the preparation and mailing of the Notice.

13. In the event that Venoco files for bankruptcy, as soon as practicable after such filing and the execution of this Settlement Agreement, such debtors or reorganized debtors, as applicable, shall apply to the Bankruptcy Court for Final Bankruptcy Approval. All Parties and their agents shall cooperate in obtaining Final Bankruptcy Approval and confirmation of a plan of reorganization by the Bankruptcy Court.

E. Conditions of Settlement

14. This Settlement Agreement is expressly conditioned on and subject to each of the following conditions and, except as provided in Paragraph 20, shall be cancelled and terminated unless:

(a) The Court enters the Scheduling Order substantially in the form attached hereto as Exhibit A;

(b) The Court enters the Order and Final Judgment;

(c) The Order and Final Judgment becomes Final; and

(d) If Venoco files for bankruptcy, Final Bankruptcy Approval is obtained.

F. Attorneys' Fees and Expenses

15. Lead Counsel, on behalf of all plaintiffs' counsel, intend to petition the Court for an award of attorneys' fees in an aggregate amount not to exceed 30% of the Settlement Amount plus reimbursement of expenses incurred in connection with the Consolidated Action (the "Fee Application"), which petition will be wholly inclusive of any request for attorneys' fees and expenses on behalf of any Class Member or his, her, or its counsel in connection with the Settlement. Defendants agree not to oppose this request and shall take no position as to the Fee Application. The Parties acknowledge and agree that any attorneys' fees and expenses awarded by the Court in the Consolidated Action to Lead Counsel shall

be paid solely from the Settlement Amount, and that none of Venoco, Defendants, or Defendants' insurers shall have any responsibility therefor other than as stated herein. The Fee Application shall be the only petition for attorneys' fees and expenses filed by or on behalf of Lead Plaintiffs and Lead Counsel. The Parties shall cooperate in opposing any other petition for an award of attorneys' fees or reimbursement of expenses in connection with any other litigation concerning the Acquisition. In the event that the Court awards any attorneys' fees or reimbursement of expenses to counsel for any Class Member other than Lead Counsel in connection with the Settlement, such fees and/or expenses shall be paid out of the Settlement Amount and none of Venoco, Defendants, or Defendants' insurers shall have any responsibility therefor.

16. Prior to disbursement of the Net Settlement Amount, and in any event within three (3) business days of the latter of (i) the entry of an Order by the Court awarding attorneys' fees and expenses to plaintiffs' counsel or (ii) the funding of the cash portion of the Settlement Amount in the Account as described in Paragraph 2(a), the Paying Agent shall disburse from the Account to Lead Counsel an amount equal to the cash portion of the Fee and Expense Award. At this time Lead Counsel will be authorized to remove the equity portion of the Fee and Expense Award from the entity in which such equity had been transferred by Defendant Marquez pursuant to paragraph 2(a)(ii) herein. In the event that the Fee

and Expense Award is disapproved, reduced, reversed, or otherwise modified as a result of any further proceedings, including any successful collateral attack, then Lead Counsel shall, within five (5) business days after Lead Counsel receives notice of any such disapproval, reduction, reversal, or other modification of the Fee and Expense Award, return to the Account or Defendant Marquez, as applicable, either the entirety of the Fee and Expense Award or the difference between the attorneys' fees and expenses awarded by the Court in the Fee and Expense Award, on the one hand, and any attorneys' fees and expenses ultimately and finally awarded on appeal, further proceedings on remand or otherwise, on the other hand.

17. Final resolution by the Court of the Fee Application shall not be a precondition to the Settlement or the dismissal of the Consolidated Action in accordance with the Settlement and this Stipulation, and the Fee Application may be considered separately from the Settlement. Neither any failure of the Court or any other court (including any appellate court) to approve the Fee Application in whole or in part, nor any other reduction, modification, or reversal of the award order or failure of the award order to become final, shall have any impact on the effectiveness of the Settlement, provide any of the Parties with the right to terminate the Settlement or this Stipulation, or affect or delay the binding effect or finality of the Order and Final Judgment and the release of the Released Claims. Notwithstanding any other provision of this Stipulation, no fees or expenses shall

be paid to plaintiffs' counsel in the absence of the occurrence of Final Approval of the Fee Application.

18. Lead Counsel warrant that no portion of any Fee and Expense Award shall be paid to any plaintiff or any Class Member, except as approved by the Court. Lead Counsel intend to petition the Court for incentive awards for Lead Plaintiffs Frazier and Feldbaum not to exceed $25,000 each (the "Incentive Award") to be paid from the Settlement Amount, subject to Court approval. None of Venoco, any of the Defendants, or any of Defendants' insurers shall have any responsibility or liability for any claims, payments, or determinations in respect of any Incentive Award.

G. Stay Pending Final Court Approval

19. Lead Plaintiffs agree to stay the proceedings in the Consolidated Action, and to stay and not to initiate any and all other proceedings other than those incident to the Settlement itself, pending the occurrence of the Effective Date. The Parties' respective deadlines to respond to any filed or served pleadings or discovery requests are extended indefinitely. The Parties also agree to use their best efforts to prevent, stay or seek dismissal of or oppose entry of any interim or final relief in favor of any Class Member in any other litigation against any of the Released Parties which challenges the Settlement, the Acquisition, including any

transactions contemplated thereby, or otherwise involves, directly or indirectly, a Released Claim.

H. Effect of Disapproval, Cancellation or Termination

20. If either (a) the Court does not enter the Order and Final Judgment, (b) the Court enters the Order and Final Judgment but on or following appellate review the Order and Final Judgment is modified or reversed in any material respect, (c) Final Bankruptcy Approval is not obtained, or (d) any of the other conditions of Paragraph 14 is not satisfied, this Stipulation shall be cancelled and terminated unless each of the Parties to this Stipulation, within ten (10) business days from receipt of such ruling or notice of such event, agrees in writing with counsel for the other Parties hereto to proceed with this Stipulation and Settlement, including only with such modifications, if any, as to which all other Parties in their sole judgment and discretion may agree in writing. For purposes of this paragraph, an intent to proceed shall not be valid unless it is expressed in a writing signed by a Party's counsel. Neither a modification nor a reversal on appeal of the amount of fees, costs, and expenses awarded by the Court to Lead Counsel in the Consolidated Action shall be deemed a material modification of the Order and Final Judgment or this Stipulation. Notwithstanding any other provision hereof, each Defendant shall have the right to withdraw from the Settlement in the event that any claim related to the subject matter of the Consolidated Action, the Acquisition, or the Released

Claims is commenced or prosecuted against any of the Released Parties in any court prior to the Effective Date, and (following a motion by any Defendant and subject to the Parties' obligations in Paragraph 19 hereof) any such claim is not dismissed with prejudice or stayed in contemplation of dismissal with prejudice following the Effective Date.

21. If this Stipulation is terminated pursuant to Paragraph 20 hereof, (a) Lead Plaintiffs shall within ten (10) business days: (i) cause to be refunded to Venoco and/or its insurers all cash amounts held in the Account as of the date of termination and (ii) cause to be returned to Defendant Marquez all Venoco equity that had been transferred by Defendant for the benefit of the Class; and (b) all of the Parties to this Stipulation shall be deemed to have reverted to their respective litigation status immediately prior to the execution of the Stipulation, and they shall proceed in all respects as if the Stipulation had not been executed (except for Paragraphs 4, 20, 21, 27, and 28 hereof, which shall survive the occurrence of any such event) and the related orders had not been entered, and in that event all of their respective claims and defenses as to any issue in the Consolidated Action shall be preserved without prejudice in any way. Furthermore, in the event of such termination, Lead Plaintiffs and Lead Counsel agree that neither this Stipulation, nor any statements made in connection with the negotiation of this Stipulation, may be used or entitle any Party to recover any fees, costs, or expenses incurred in

connection with the Consolidated Action or in connection with any other litigation or judicial proceeding.

I. Miscellaneous Provisions

22. All of the Exhibits referred to herein shall be incorporated by reference as though fully set forth herein.

23. This Stipulation may be amended, modified, or waived only by a written instrument signed by counsel for all Parties hereto or their successors.

24. The Parties represent and agree that the terms of the Settlement were negotiated at arm's length and in good faith by the Parties, and reflect a settlement that was reached voluntarily based upon adequate information and sufficient discovery and after consultation with experienced legal counsel.

25. If any deadline set forth in this Stipulation or the Exhibits thereto falls on a Saturday, Sunday, or legal holiday, that deadline will be continued to the next business day.

26. The headings in this Stipulation are solely for the convenience of the attorneys for the Parties and the relevant courts. The headings shall not be deemed to be a part of this Stipulation and shall not be considered in construing or interpreting this Stipulation.

27. Neither this Stipulation, nor the fact or any terms of the Settlement, or any negotiations or proceedings in connection therewith, is evidence, or a

presumption, admission, or concession by Venoco or any Party in the Consolidated Action, any signatory hereto, or any Released Party, of any fault, liability, or wrongdoing whatsoever, or lack of any fault, liability, or wrongdoing, as to any facts or claims alleged or asserted in the Consolidated Action, or any other actions or proceedings. This Stipulation is not a finding or evidence of the validity or invalidity of (i) any claims or defenses in the Consolidated Action or any other actions or proceedings, or any wrongdoing by Venoco, any of the Defendants named therein, or any other Released Party or (ii) any damages or injury to any Class Member. Neither this Stipulation, nor any of the terms and provisions of this Stipulation, nor any of the negotiations or proceedings in connection therewith, nor any of the documents or statements referred to herein or therein, nor the Settlement, nor the fact of the Settlement, nor the settlement proceedings, nor any statements in connection therewith, (a) shall (i) be argued to be, used or construed as, offered, or received in evidence as, or otherwise constitute an admission, concession, presumption, proof, evidence, or a finding of any liability, fault, wrongdoing, injury, or damages, or of any wrongful conduct, acts, or omissions on the part of any of the Released Parties, or of any infirmity of any defense, or of any damage to any plaintiff or Class Member, or (ii) otherwise be used to create or give rise to any inference or presumption against any of the Released Parties concerning any fact alleged or that could have been alleged, or any claim asserted or that could

have been asserted in the Consolidated Action, or of any purported liability, fault, or wrongdoing of the Released Parties or of any injury or damages to any person or entity, or (b) shall otherwise be admissible, referred to, or used in any proceeding of any nature, for any purpose whatsoever; provided, however, that (x) the Stipulation and/or Order and Final Judgment may be introduced in any proceeding, whether in the Court or otherwise, as may be necessary to argue that the Stipulation and/or Order and Final Judgment has *res judicata*, collateral estoppel, or other issue or claim preclusion effect or to otherwise consummate or enforce the Settlement and/or Order and Final Judgment; (y) Plaintiffs and Plaintiffs' counsel may refer to the final, executed version only of this Stipulation in connection with the Fee Application; and (z) in the event that Venoco files for bankruptcy, Venoco may refer to and introduce this Stipulation and the fact of this Settlement in connection with its application to the Bankruptcy Court for Final Bankruptcy Approval pursuant to Paragraph 13 hereof.

28. In the event that the Court or any other court is called upon to interpret this Stipulation, no one Party or group of Parties shall be deemed to have drafted this Stipulation.

29. To the extent permitted by law and any applicable Court Rules, all agreements made and orders entered during the course of the Consolidated Action

relating to the confidentiality of documents or information shall survive this Stipulation and the Effective Date.

30. The waiver by any Party of any breach of this Stipulation by any other Party shall not be deemed a waiver of that or any other prior or subsequent breach of any provision of this Stipulation by any other Party.

31. This Stipulation and the Exhibits constitute the entire agreement among the Parties and supersede any prior agreements among the Parties with respect to the subject matter hereof. No representations, warranties, or inducements have been made to or relied upon by any Party concerning this Stipulation or its Exhibits, other than the representations, warranties, and covenants expressly set forth in such documents.

32. This Stipulation may be executed in one or more counterparts, including by facsimile, authorized electronic signature, or in portable document format (.pdf), and as executed, shall constitute one agreement.

33. The Parties and their respective counsel of record agree that they will use their best efforts to obtain (and, if necessary, defend on appeal) all necessary approvals of the Court required by this Stipulation (including, but not limited to, using their best efforts to resolve any objections raised to the Settlement); provided, however, that Defendants shall have no obligation to file briefs or otherwise advocate in favor of the Fee Application referenced in

Paragraph 15, and, as specified in Paragraph 15, Defendants agree not to oppose the Fee Application and shall take no position as to the Fee Application.

34. Lead Plaintiffs and Lead Counsel represent and warrant that Lead Plaintiffs are Class Members and that none of the Lead Plaintiffs' claims or causes of action referred to in this Stipulation have been assigned, encumbered, or otherwise transferred in any manner in whole or in part.

35. Each counsel signing this Stipulation represents and warrants that such counsel has been duly empowered and authorized to sign this Stipulation.

36. This Stipulation shall be binding upon and shall inure to the benefit of the Parties and the Class (and, in the case of the releases, all Released Parties) and the respective legal representatives, heirs, executors, administrators, transferees, successors, and assigns of all such foregoing Persons and upon any corporation, partnership, or other entity into or with which any Party may merge, consolidate, or reorganize.

37. Lead Plaintiffs agree that within thirty (30) calendar days of the Effective Date, they will return to the producing party all discovery material obtained from such producing party (the "Discovery Material") or destroy all such Discovery Material and, if requested by such producing party, certify to that fact; provided, however, that Lead Counsel shall be entitled to retain all filings, court papers, deposition transcripts, and attorney work product containing or

reflecting Discovery Material, subject to the requirement that Lead Counsel shall not disclose any Discovery Material contained or referenced in such materials to any person except pursuant to court order or agreement with Defendants. The Parties agree to submit to the Court any dispute concerning the return or destruction of Discovery Material.

38. The Stipulation, the Settlement, and any and all disputes arising out of or relating in any way to any of them, whether in contract, tort, or otherwise, shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to conflict of laws principles. Each of the Parties (a) irrevocably submits to the personal jurisdiction of any state or federal court sitting in Delaware, as well as to the jurisdiction of all courts to which an appeal may be taken from such courts, in any suit, action, or proceeding arising out of or relating to the Settlement and/or the Stipulation, (b) agrees that all claims in respect of such suit, action, or proceeding shall be brought, heard, and determined exclusively in this Court (provided that, in the event that subject matter jurisdiction is unavailable in the Court, then all such claims shall be brought, heard, and determined exclusively in any other state or federal court sitting in Delaware), (c) agrees that it shall not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from such court, (d) agrees not to bring any action or proceeding arising out of or relating to the Settlement or the Stipulation in any other court, and

(e) expressly waives, and agrees not to plead or to make any claim that any such action or proceeding is subject (in whole or in part) to a jury trial.

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