

AMENDMENT OF STATE OIL AND GAS LEASES
PRC 421.1, PRC 3120.1 AND PRC 3242.1
AND INDUSTRIAL LEASES
PRC 3904.1 AND PRC 5515.1

Whereas the State of California by and through the State Lands Commission did lease certain lands known as PRC 421.1 in Santa Barbara County to Bankline Oil Company on October 22, 1949, and through successive assignments to Venoco LLC effective on August 1, 1997; and

Whereas the State of California by and through the State Lands Commission did lease certain lands known as PRC 3120.1 in Santa Barbara County to Atlantic Richfield Company and Mobil Oil Corporation on April 29, 1964, and through successive assignments to Venoco LLC effective on August 1, 1997; and

Whereas the State of California by and through the State Lands Commission did lease certain lands known as PRC 3242.1 in Santa Barbara County to Atlantic Richfield Company and Mobil Oil Corporation on April 8, 1965, and through successive assignments to Venoco LLC effective on August 1, 1997; and

Whereas the State of California by and through the State Lands Commission did lease certain lands known as PRC 3904.1 in Santa Barbara County to Signal Oil and Gas Company on February 29, 1968, and through successive assignments to Venoco LLC effective on August 1, 1997; and

Whereas the State of California by and through the State Lands Commission did lease certain lands known as PRC 5515.1 in Santa Barbara County to Aminoil USA, Inc., Atlantic Richfield Company and Exxon Corporation on June 20, 1980, and through successive assignments to Exxon Corporation and Venoco LLC effective on August 1, 1997; and

Whereas it has been determined to be in the State's best interest to make certain modifications in the security requirements for faithful performance by the lessee under the above-referenced leases; and

NOW THEREFORE, Venoco LLC and the State Lands Commission mutually agree as follows:

1. The Lessee shall, on or before the effective date of the assignment of the above-referenced leases to Venoco LLC, furnish and maintain a good and sufficient bond in favor of the State of California in the penal sum of \$7,500,000 to guarantee the faithful performance by the Lessee of the terms, covenants, and conditions of the leases as amended now and hereafter and of the

provisions of Division 6 of the Public Resources Code, Statutes of California, and of the rules and regulations promulgated thereunder, including the maintenance of all structures, platform Holly and pipelines, and the removal thereof at the request of the State upon expiration or sooner termination of these leases.

2. The amount of the bond shall be subject to review and modification every three years based on the change of Bureau of Labor Statistics Index Code No. 0561 Crude Petroleum (Domestic Production), with January 1997 Index of 74.0. If for any reason Index Code No. 0561 is discontinued or is modified in such a manner that does not reflect the intent of the parties to this Amendment, then a mutually agreed upon replacement Index will be determined.
3. On or before the anniversary of the effective date, the Lessee and the State may annually review the security requirements of the above-referenced leases and, if appropriate, mutually agree on modification and amendment of the security requirements of the leases.
4. It is further agreed that all other terms and conditions of Leases PRC 421.1, PRC 3120.1, PRC 3242.1, PRC 3904.1 and PRC 5515.1, as amended, remain unchanged and in full force and effect.
5. The effective date of these amendments shall be August 1, 1997.

This Amendment will become binding on the State only when duly executed on behalf of the State Lands Commission of the State of California.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment of Leases PRC 421.1, PRC 3120.1, PRC 3242.1, PRC 3904.1 and PRC 5515.1 as of the date hereafter affixed.

LESSEE:
Venoco LLC

STATE OF CALIFORNIA
STATE LANDS COMMISSION

By [Signature]
Title PRESIDENT
Dated JULY 17, 1997

By [Signature]
Title Chief MRMD
Dated Aug 27, 1997

FILE COPY 8/26	
APPROVED:	
Section Head	<u>[Signature]</u>
Legal	<u>JST/FOL</u>

Acknowledgment

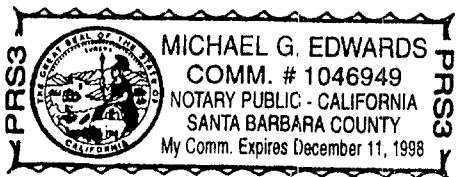
State of California
County of Santa Barbara

On July 17, 1997 before me, MICHAEL G. EDWARDS, Notary Public
DATE NAME, TITLE OF OFFICER - E.G. "JANE DOE, NOTARY PUBLIC"

personally appeared TIMOTHY M. MARQUEZ
NAME(S) OF SIGNER(S)

personally known to me - OR - proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.



(seal)

[Handwritten Signature]
Signature of Notary

1997 JUL 1

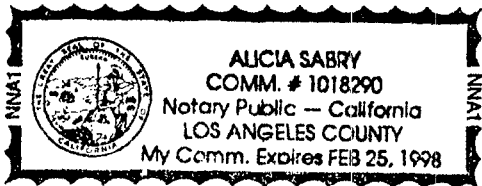
CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California }
} ss.
County of Los Angeles }

On August 27, 1997 before me, Alicia Sabry, Notary Public,

personally appeared Paul B. Mount II

personally known to me - OR - proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Alicia Sabry
SIGNATURE OF NOTARY

OPTIONAL SECTION

CAPACITY CLAIMED BY SIGNER

- Individual
Corporate Officer
Partners(s)
Attorney-In-Fact
Trustee(s)
Guardian/Conservator
Other: Chief, Mineral Resources Management Division

DESCRIPTION OF ATTACHED DOCUMENT

Lease Amendment - Oil & Gas Leases
PRC 421.1, PRC 3120.1, PRC 3242.1,
Industrial Leases PRC 3904.1 & PRC 5515.1
2
8/27/97

Signer is representing:

Name of Person(s) or Entity(ies)

California State Lands Commission

Timothy Marquez

Signer(s) Other than Named Above

This document must be attached to the Document described above.