

**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)

**NOTICE OF AUCTION AND SALE HEARING FOR
THE SALE OF CERTAIN OF THE DEBTORS' ASSETS**

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. Bankruptcy Filing. On April 17, 2017, Venoco, LLC and its debtor affiliates, as debtors and debtors in possession (collectively, the “Debtors”), each filed a voluntary petition for relief pursuant to chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”).

2. Motion to Approve Bidding Procedures. On May 4, 2017, the Debtors filed a motion [D.I. 93] (the “Motion”), pursuant to sections 105, 363 and 365 of the Bankruptcy Code; Rules 2002, 6004 and 6006 of the Federal Rules of Bankruptcy Procedure (“Bankruptcy Rules”); and the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”). The Motion sought the entry of an order (the “Bidding Procedures Order”): (a) approving procedures (the “Bidding Procedures”) for interested parties to submit bids to purchase certain of the Debtors’ properties, assets and related infrastructure, as described in more detail on Exhibit A thereto (collectively, as amended,

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Venoco, LLC (3555); TexCal Energy (LP) LLC (0806); Whittier Pipeline Corporation (1560); TexCal Energy (GP) LLC (0808); Ellwood Pipeline, Inc. (5631); and TexCal Energy South Texas, L.P. (0812). The Debtors’ main corporate and mailing address for purposes of these chapter 11 cases is: Venoco, LLC, 370 17th Street, Suite 3900, Denver, CO 80202-1370.

modified or supplemented from time to time, the “Assets” and, such schedule, the “Asset Schedule”); (b) scheduling one or more auctions (each, an “Auction”) for the sale(s) of some or all of the Assets; (c) scheduling one or more hearings to approve the sale(s) of some or all of the Assets (each, a “Sale Hearing”); (d) approving the form and manner of the notice of the Auction and the Sale Hearing; and (e) approving procedures for the assumption, assignment and sale of the Assumed and Assigned Agreements (as defined in the Bidding Procedures Order) to any purchaser(s) of the Assets, and/or to resolve any objections thereto (the “Contract Procedures”).

3. Motion for Entry of Sale Order(s). The Motion also expressly sought the entry of one or more orders (each, a “Sale Order”)² approving the sale of some or all of the Assets to successful bidders in the Bidding Procedures (each, a “Successful Bidder”) after a Sale Hearing to consider such sale transaction.

4. Free and Clear Sales; Good Faith Purchaser. Pursuant to section 363(f) of the Bankruptcy Code, and except as otherwise provided in the final agreement approved by the Bankruptcy Court, all of the Debtors’ right, title and interest in and to the Assets are proposed to be sold free and clear of all liens, claims (as such term is defined in section 101(5) of the Bankruptcy Code), encumbrances and other interests (collectively, “Liens”), with any Liens to attach to the proceeds of the sale as provided in the final Sale Order. In addition, the Sale Order will include proposed findings that the any successful bidder is a “good faith purchaser,” as that term is defined in section 363(m) of the Bankruptcy Code, and has not violated section 363(n) of the Bankruptcy Code.

² The Debtors have provided or will provide access to the Sale Order to parties interested in bidding that have satisfied the requirements set forth in the Bidding Procedures.

5. The Bidding Procedures Order. On May 25, 2017, the Bankruptcy Court entered the Bidding Procedures Order, approving the Bidding Procedures [D.I. 201]. Under the Bidding Procedures, interested potential purchaser must fulfill certain requirements to (a) participate in the bid process and (b) become “Qualified Bidders” and submit “Qualified Bids.” Among other things, Qualified Bidders must propose to purchase of certain Assets by showing the proposed changes to a form of Asset Purchase Agreement (“APA”)³ and a form of Sale Order provided to bidders. The modified forms of these documents proposed by bidders are referred to as the “Marked Documents.”

6. The Auction. Pursuant to the Bidding Procedures Order, if more than one Qualified Bid is received for a particular Asset or group of Assets, the Debtors will conduct an Auction for the applicable Assets. The initial Auction is scheduled to take place at the Crowne Plaza Ventura Beach, 450 E Harbor Blvd, Ventura, CA 93001 or such other location as the Debtors determine in their sole discretion, on June 16, 2017 at 10:00 a.m. (prevailing Pacific Standard Time), or such later date that is seven (7) days from the Bid Deadline. Only parties that have submitted a Qualified Bid, as set forth in the Bidding Procedures Order, by no later than June 9, 2017 at 5:00 p.m. (prevailing Pacific Standard Time), or such later date that is four (4) days from the date the Debtors file their respective Schedule of Assets and Liabilities and Statement of Financial Affairs (the “Bid Deadline”), or that otherwise are Potential Bidders under the Bidding Procedures and are invited by the Debtors, may bid at the Auction. Subject to the terms of the Bidding Procedures, any party that wishes to take part in this process and submit a bid for any portion of the Assets must submit their competing bid prior to the Bid Deadline and in accordance with the Bidding Procedures. Under the Bidding Procedures, the Debtors may

³ The Debtors may propose alternate forms of APA or purchase agreements for certain assets, as well as modified versions of the Sale Order (as defined herein).

reschedule the Auction for some or all of the Assets upon notice to the Qualified Bidders. In addition, if no viable competing bid is received for a particular Asset or under other circumstances described in the Bidding Procedures, the Debtors may designate a bidder as a Successful Bidder for particular Assets without conducting the Auction.

7. **Rights Notice.** **If any person asserts that any property or right (including an Assumed and Assigned Agreement) cannot be transferred, sold, assumed, and/or assigned free and clear of all liens, claims, encumbrances and other interests on account of one or more alleged approval rights, consent rights, preferential purchase rights, rights of purchase, rights of first refusal, rights of first offer, tag-along rights, or similar rights, then such person shall file with the Court and serve a notice with all supporting documentation (a “Rights Notice”) on or before the Objection Deadline. For the avoidance of doubt, a Rights Notice may be included in an objection. Each Rights Notice must identify the properties or rights that are subject to such alleged right, identify the type of right(s) claimed by such party, identify the agreement, document, or statute giving rise to such right, and identify the portion of the agreement, document, or statute giving rise to such right. The assertion of a Rights Notice shall not require an exercise of the underlying right asserted. Any person failing to timely file and serve a Rights Notice shall be: (a) forever barred from objecting to the transfer, sale, assumption, and/or assignment of the Debtors’ right, title and interest in, to and under the properties to be sold, assumed and/or assigned pursuant to a definitive agreement for any Sales Transaction (as applicable), including, without limitation, the rights to act as operator under the operating agreements to be assumed and assigned, free and clear of all Encumbrances with respect to the Debtors’ transfer, sale, assumption, and/or assignment of the Debtors’ right, title and interest in, to**

and under such properties, as set forth in a definitive agreement for any Sales Transaction; and (b) deemed to consent to and approve of the transfer, sale, assumption, and/or assignment of such right, title and interest in, to and under such properties, free and clear of all liens, claims, encumbrances and other interests (regardless of whether such consent must be in writing). If any person timely files and serves a Rights Notice in accordance with this Order, the Debtors shall have the opportunity to object to any alleged approval rights, consent rights, preferential purchase rights, rights of purchase, rights of first refusal, rights of first offer, tag-along rights, or similar rights asserted such person by filing an objection to such Rights Notice at any time prior to the Sale Hearing. Nothing herein shall be deemed to be a waiver of any rights of the Debtors to contest any rights asserted by any person in Rights Notices; all such rights of the Debtors are expressly preserved.

8. Notice of Successful Bidder. Upon the Debtors designating a Successful Bidder for some or all of the Assets, the Debtors will file with the Bankruptcy Court a notice of the Successful Bid, along with copies of the Marked Documents showing the proposed changes to the forms of APA and Sale Order (a "Notice of Successful Bid"). A Notice of Successful Bid shall be filed not later than four days after the Auction. The Debtors will serve the Notice of Successful Bid as set forth in the Bid Procedures Order.

9. Sale Hearing. The Sale Hearing to consider approval of the sale(s) of the Assets to the Successful Bidder(s), free and clear of all Encumbrances, will be held on July 10, 2017 at 2:00 p.m. (prevailing Eastern Time). The Sale Hearing will be held before the Honorable Kevin Gross, United States Bankruptcy Judge, United States Bankruptcy Court for the District of Delaware, 6th Floor, Courtroom 3, 824 N. Market Street, Wilmington, DE 19801. The Sale Hearing may be adjourned from time to time, for some or all of the Assets without further notice

to creditors or parties in interest other than by announcement of the adjournment in open court on the date scheduled for the Sale Hearing or by the filing of a notice of adjournment with the Bankruptcy Court prior to the commencement of the Sale Hearing (which may be included in a hearing agenda letter).

10. Objections and Deadline. Objections, if any, to the potential sale of the Assets on the terms proposed in the APA and Sale Order filed with the Bankruptcy Court, must (a) be in writing (each, an "Objection"); (b) state with specificity the nature of the objection; (c) comply with the Bankruptcy Rules and Local Rules; and (d) be filed with the clerk of the Bankruptcy Court on or before June 28, 2017 at 5:00 p.m. (prevailing Eastern Time), or such later date that is nine (9) days from the filing of the Notice of Successful Bid(s) (the "Objection Deadline"); and (e) be served on the parties registered to receive notice through this Court's ECF noticing system.

11. Failure to File an Objection. UNLESS AN OBJECTION IS TIMELY SERVED AND FILED, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT AND THE BANKRUPTCY COURT MAY GRANT THE RELIEF REQUESTED WITHOUT FURTHER HEARING AND NOTICE.

12. Bidding Procedures Order Controls. This Notice of Auction and Sale Hearing is subject to the terms and conditions of the Bidding Procedures Order (including the Bidding Procedures attached thereto), with the Bidding Procedures Order controlling in the event of any conflict. As such, the Debtors encourage parties-in-interest to review such documents carefully and in their entirety.

13. Separate Contract Procedures Notice. Parties to executory contracts and unexpired leases proposed to be assumed and assigned to purchasers of the Assets will receive a separate notice under the Contract Procedures.

14. Parties Interested in Bidding. Parties interested in the sale of the Assets, participating in the Auction and becoming Qualified Bidders thereunder should, as soon as possible, direct inquiries to SGS at 400 Poydras Street, Suite 3100, New Orleans, LA 70130, Attn: Michael H. Schmidt (MSchmidt@seaportglobal.com).

15. Other Inquiries. Parties with inquiries other than those interested in bidding, such as questions related to any of the related documents or other matters regarding the Bankruptcy Court approval process, the Contract Procedures or the objection procedures, may make a written request to: proposed counsel to the Debtors, Bracewell LLP, 1251 Avenue of the Americas, 49th Floor, New York, NY 10020, Attn: Robert G. Burns (Robert.Burns@bracewell.com) and David M. Riley (David.Riley@bracewell.com); and CityPlace I, 34th Floor, 185 Asylum Street, Hartford, Connecticut 06103, Attn: Mark E. Dendinger (Mark.Dendinger@bracewell.com); and 2001 M Street, NW, Washington, District of Columbia 20036, Attn: Jason B. Hutt (Jason.Hutt@bracewell.com; and proposed co-counsel for the Debtors, Morris, Nichols, Arsht & Tunnell LLP, 1201 North Market Street, 16th Floor, P.O. Box 1347, Wilmington, DE 19899, Attn: Robert J. Dehney (rdehney@mnat.com) and Andrew R. Remming (aremming@mnat.com). In addition, copies of the Motion, the Bidding Procedures Order and the Bidding Procedures and this Notice are on file with the Bankruptcy Court, and may be accessed free of charge on the Debtors' website maintained in these cases at <https://cases.primeclerk.com/venoco>.

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Dated: June 9, 2017
Wilmington, Delaware

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