



VENOCO, INC.

Goleta Economic Forecast

September 17, 2009



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Government Relations Manager



State of the Industry

New York Times July 30, 2009:

- ExxonMobil said Thursday that its second-quarter profit tumbled 66%

New York Times January 30, 2009:

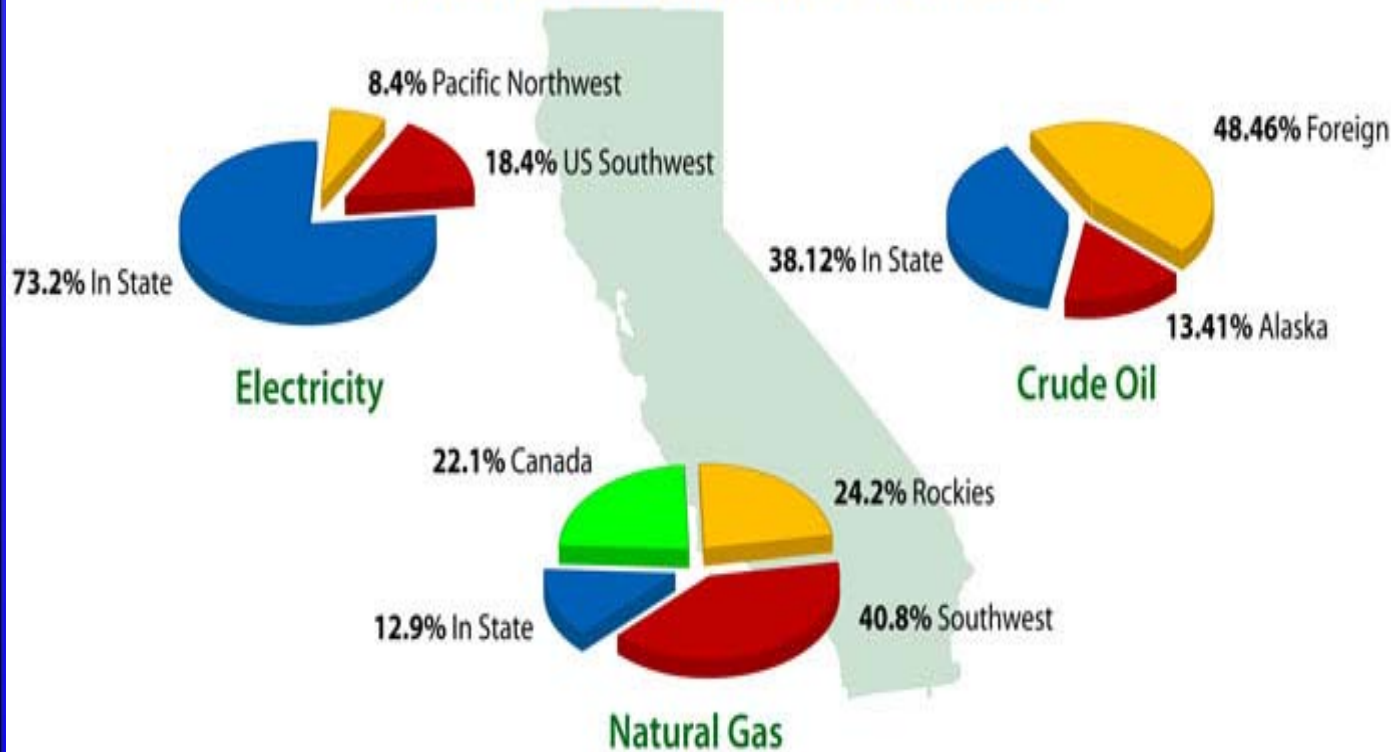
- ExxonMobil earned \$45.2 billion in 2008, beating the record it set in 2007 for most profitable corporation, at \$40.6 billion.



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California Energy Sources

CALIFORNIA'S ENERGY SOURCES



Crude Oil (2008)

- In-State 38.1%
- Alaska 13.41%
- Foreign 48.5%

Electricity (2008)

- In-State 73.2%
- Natural Gas 46.5%
- Nuclear 14.9%
- Large Hydro 9.6%
- Coal* 15.5%
- Renewable 13.5%
- Imports 26.8%
- PNW 8.4%
- USSW 18.4%

Natural Gas (2007)

- In-State 12.9%
- Canada 22.1%
- Rockies 24.2%
- Southwest 40.8%

Source: California Energy Commission

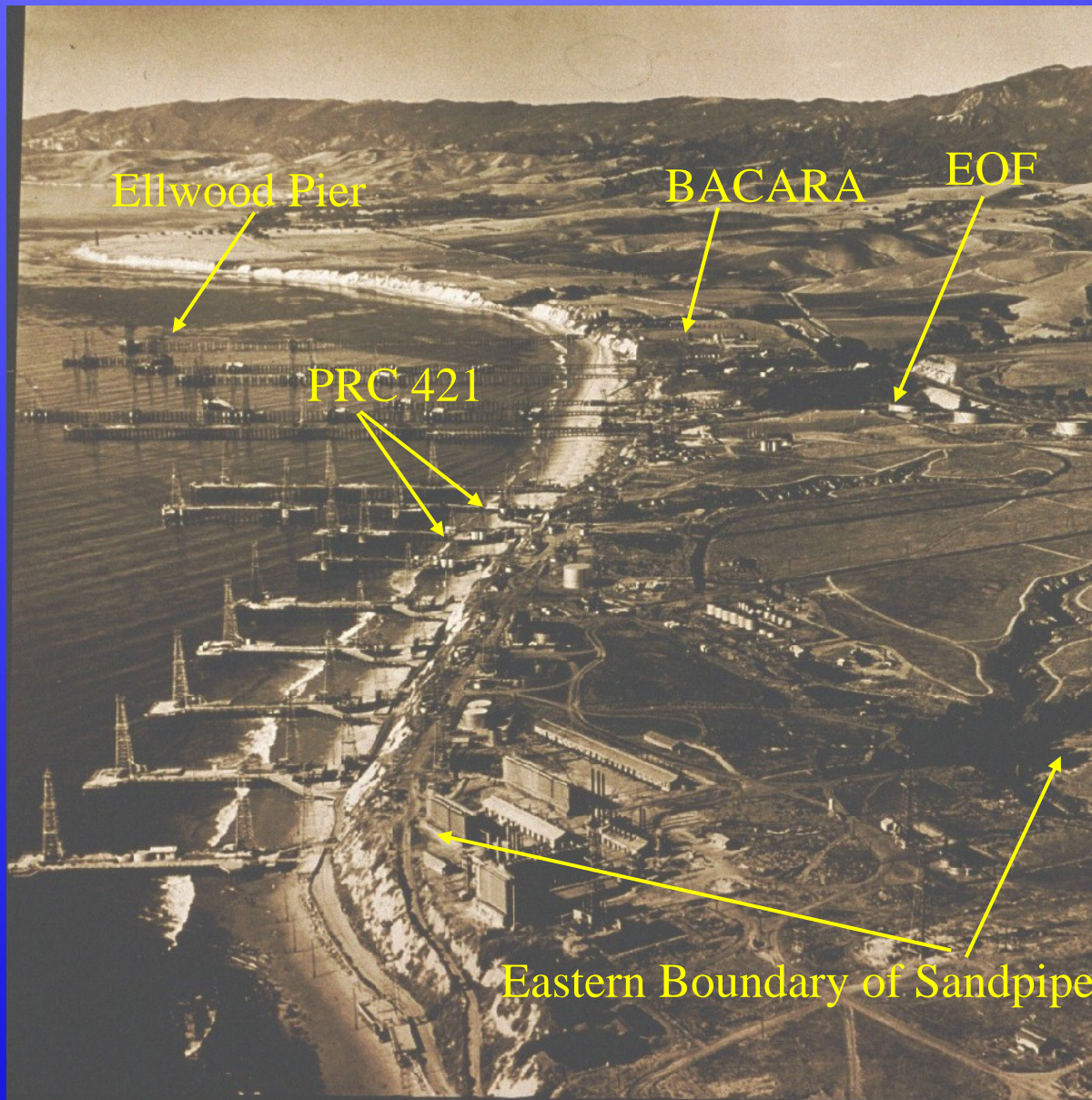
* Intermountain and other California utility-owned coal plants, though outside California, are considered "in-state," since they are in California utilities' control areas.



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Ellwood Field Around 1934

Feb. 1942,
Japanese
submarine I-17
fired 25 5-inch
shells



Eastern Boundary of Sandpiper G.C.



State of the Industry

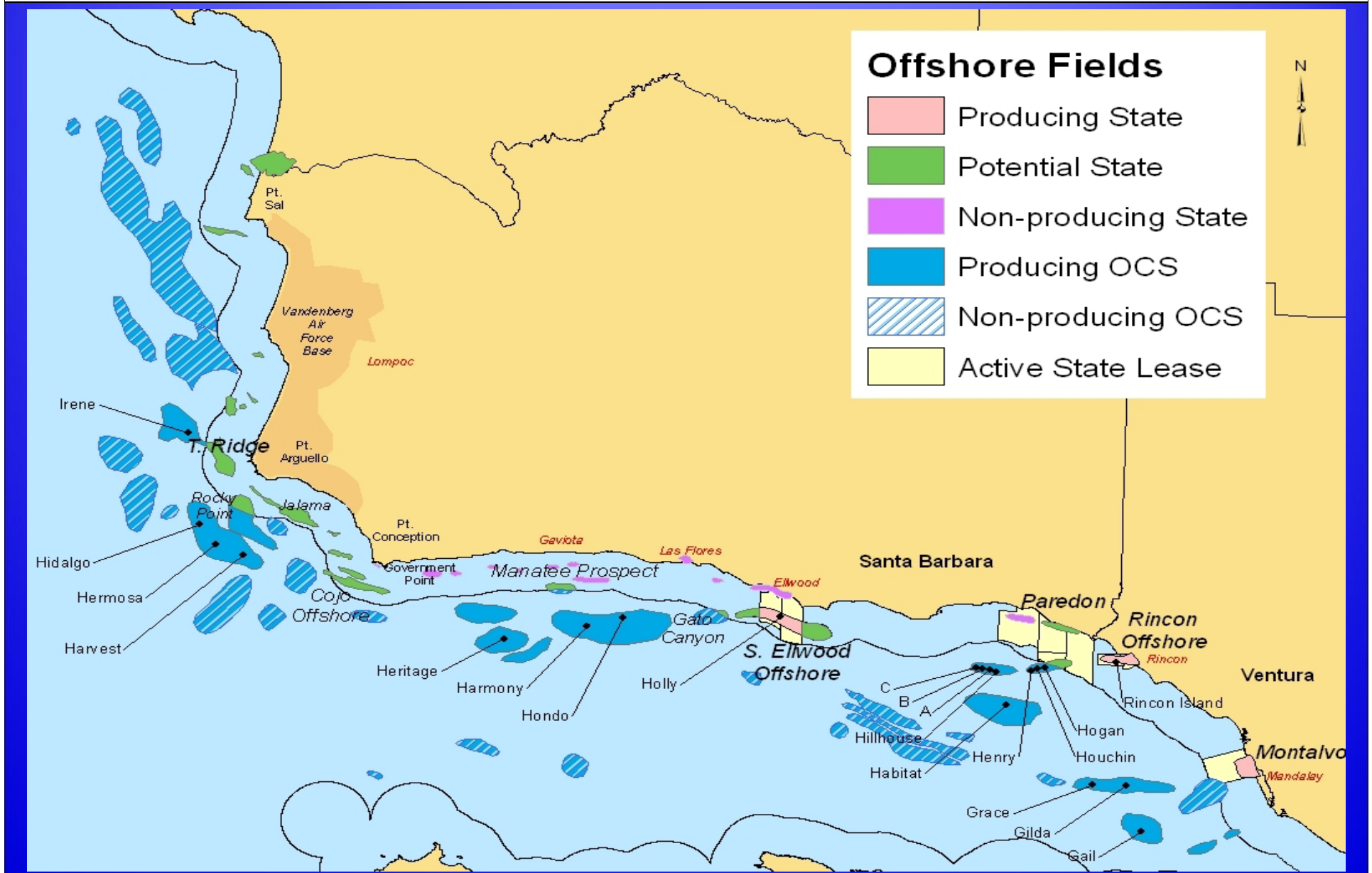
California Oil Production

- 3rd Largest Oil Producing State in U.S.
- 1st Largest Oil Consuming State in U.S.
- 6 of the 10 Largest Oil Fields in Lower 48 States
- 2008 - \$378 million in Ad Valorem taxes
- 2008 - \$350 million in royalty payments
- 2007 - \$142 million in corporate income taxes



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Offshore California Oil & Gas Resources (Santa Barbara & Ventura Counties)





Expanded Energy Access = More Jobs & More Economic Stimulus

Estimated economic benefits of increased OCS access:

- More than 14,000 new jobs in California
- 10.4 billion more barrels of oil
- 18 trillion more cubic feet of natural gas
- \$3 billion in new economic output
- \$691 million in additional employment income
- \$12 billion in new government revenue



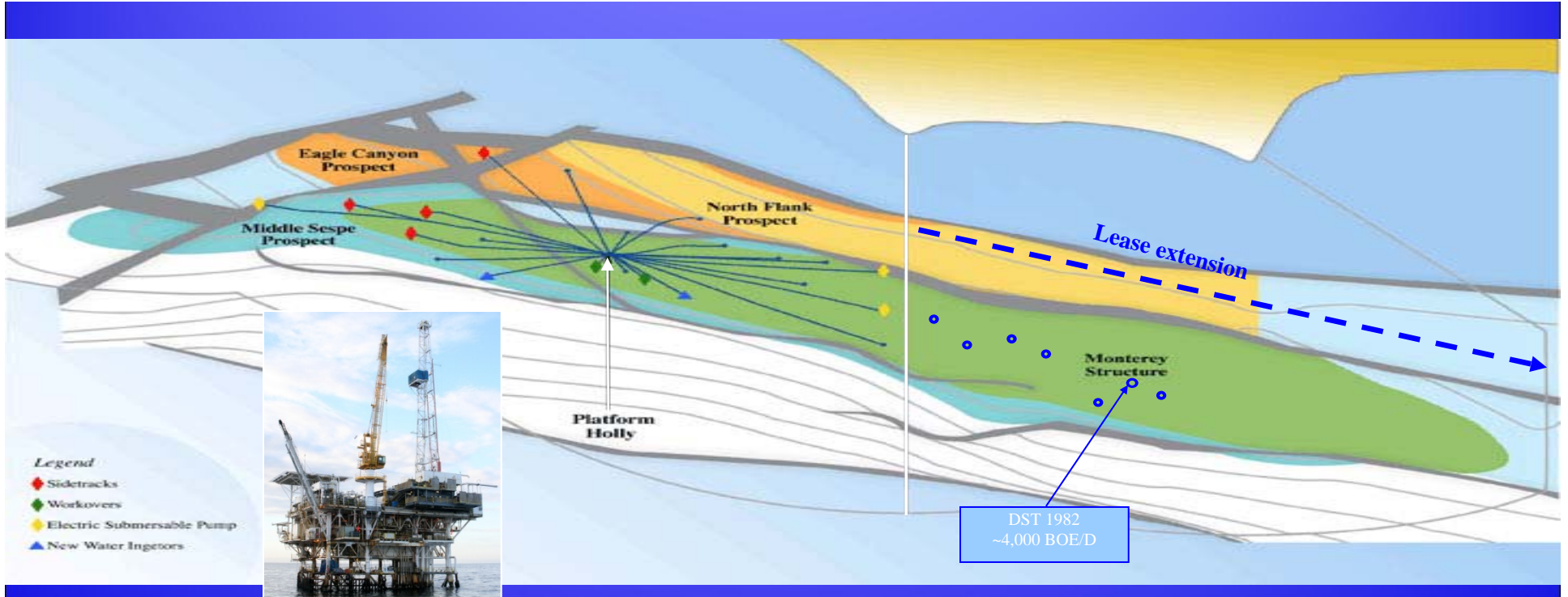
¹As of 2030, assuming development of California OCS resources currently off limits

Source: API; Strengthening Our Economy: The Untapped U.S. Oil and Gas Resources," ICF International,
December 5, 2008



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South Ellwood Field Development



Project Description

- OOIP Extension = 1.2B BBLS
- Unrisked Potential Reserves = 42.4 MMBOE⁽¹⁾
- Developed using existing infrastructure
- Onshore oil pipeline to replace barge for crude transportation

(1) Internal estimates of unrisked reserve potential.

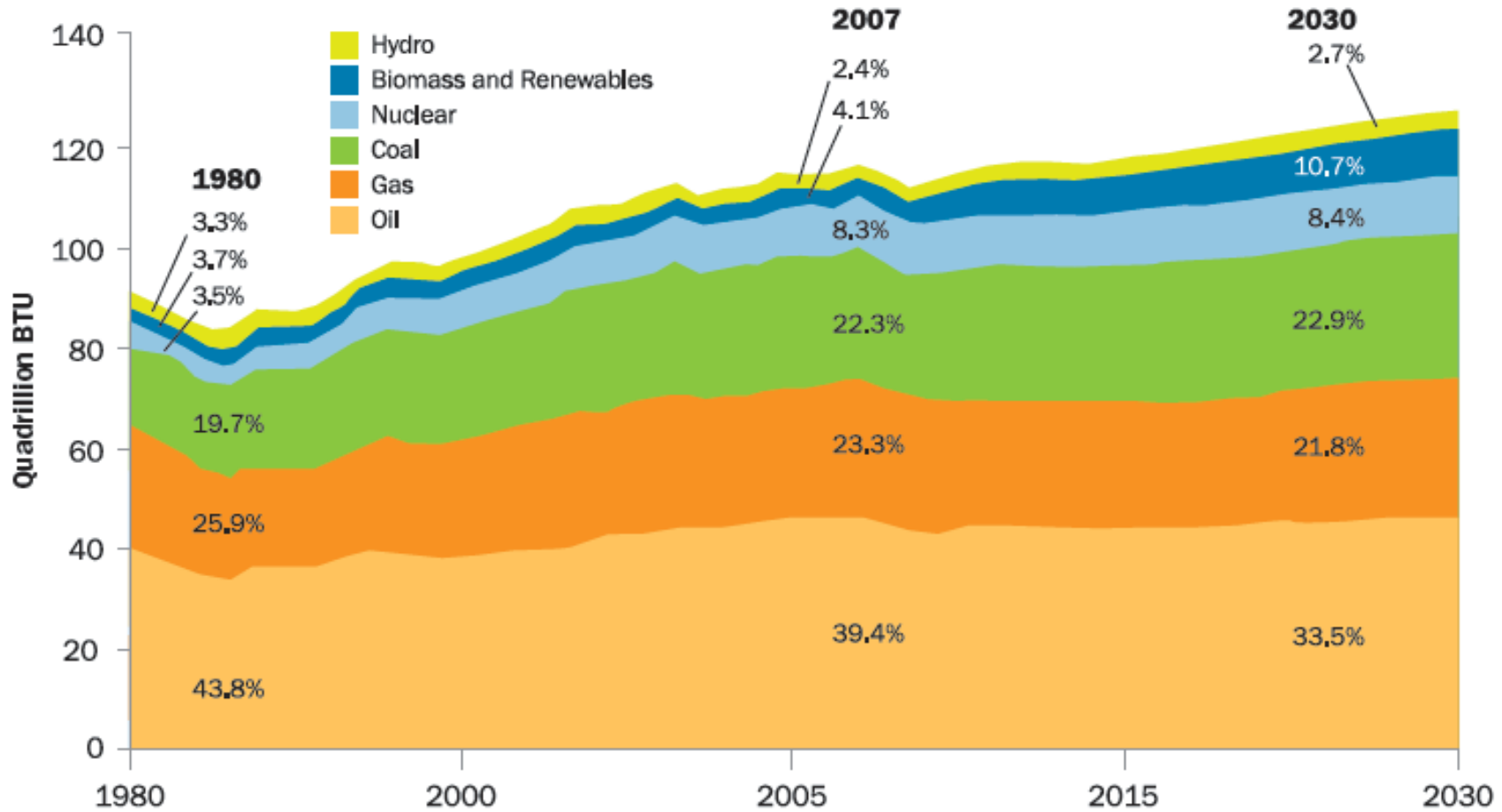


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Putting Future Energy Into Perspective

Future U.S. Energy Demand

The U.S. will require 9 percent more energy in 2030 than in 2007.



Source: EIA, Updated AEO 2009 Tables A1 and A17



The Future

The future will require multiple sources/strategies

- Despite drop in demand, the U.S. needs to improve energy security by better utilizing domestic energy supplies
- We can develop U.S. energy safely and with environmental sensitivity
- We must:
 - ✓ Add domestic supplies through greater access
 - ✓ Conserve energy
 - ✓ Use energy more efficiently
 - ✓ Develop alternative and renewable fuels and technologies

