

VENOCO, INC.

CORPORATE GOVERNANCE GUIDELINES

Director Qualifications

The Board of Directors (the "Board") of Venoco, Inc., a Delaware corporation (the "Company") will have a majority of directors who meet the criteria for independence required by the New York Stock Exchange. Nominees for directorship will be recommended to the Board by the Corporate Governance/Nominating Committee in accordance with its charter. No director may serve on more than three other public company boards without the express authorization of the Corporate Governance/Nominating Committee.

Director Responsibilities

The primary responsibility of the Board is to foster the long-term success of the Company, consistent with representing the interests of the stockholders. The day-to-day business and affairs of the Company are conducted by its employees and officers, under the direction of the chief executive officer ("CEO") with oversight by the Board. In discharging the obligation of oversight, directors are encouraged and expected to ask questions of and raise issues with management as part of their oversight. In discharging their obligations, directors shall be entitled to rely on the honesty and integrity of the Company's senior executives and its outside advisors and auditors. If deemed appropriate under the particular circumstances, the Board may take into account the concerns of interested third-parties including employees, customers, suppliers, and the public at large in discharging its primary responsibility to the Company and its stockholders.

Information and data that are important to the Board's understanding of the business to be conducted at a Board meeting should generally be distributed in writing to the Board before the meeting. Directors should review in advance any materials sent to them before the meeting. A director should endeavor to attend all Board meetings and all meetings of Board committees on which he or she sits.

The non-management directors will meet in regularly scheduled executive sessions at least quarterly. The name of the director who presides at these meetings will be disclosed as required by applicable New York Stock Exchange rules and the rules and regulations of the Securities and Exchange Commission. If the group of non-management directors includes any directors who are not independent, at least once per year an executive session comprising only independent directors will be scheduled. The Lead Director will preside over all such executive sessions (see "Lead Director"). In the absence of the Lead Director, the independent directors will appoint another director to preside over the executive session.

Board Committees

The Board will have at all times an Audit Committee, a Compensation Committee and a Corporate Governance/Nominating Committee. All of the members of these committees will be independent directors, and each committee will have its own charter. The charters will set forth the purposes, goals and responsibilities of the committees as well as qualifications

for committee membership, procedures for committee member appointment and removal, committee structure and operations and committee reporting to the Board. The charters will also provide that each committee will annually evaluate its performance and regularly review the adequacy of its charter. The Board will receive a report from each committee on these matters and review recommended changes. The Board may, from time to time, establish or maintain additional standing or ad hoc committees as necessary or appropriate.

Lead Director

In the event the Chairman of the Board is not independent, the independent members of the Board will appoint one independent director to serve as the Lead Director. The Lead Director will (i) preside at executive sessions of the non-management and/or independent directors, (ii) preside at meetings of the Board in the absence of the Chairman, (iii) review agendas for Board meetings, (iv) obtain from and review with the CEO his or her annual goals and objectives for the coming year, (v) recommend agreed upon CEO goals and objectives to the Board for its review and approval, (vi) consult with the Board regarding its evaluation of the performance of the CEO against previously approved goals and objectives, (vii) discuss the Board's evaluation with the CEO and receive his or her input, in advance of evaluation by the Compensation Committee of the performance of the CEO, (viii) provide input to the Compensation Committee, as it shall request, related to (iv)-(vii) as part of the Compensation Committee's process of review and approval of the performance of the CEO against corporate goals and objectives related to the Compensation of the CEO, (ix) assume such other functions as the Board may deem appropriate, (x) as appropriate, serve as liaison between the CEO and the independent directors (without diminishing or restricting any direct communication between the CEO and any independent director), (xi) consult with the Chairman on the appropriate schedule of Board meetings to assure that there is sufficient time for discussion of all agenda items; and (xii) have the authority to call special executive sessions of directors, in which event the Lead Director will promptly inform the Chairman of the substance of any such meeting held, unless otherwise inappropriate.

Director Access to Officers and Employees

Directors have full and free access to officers and employees of the Company. Any meetings or contacts that a director wishes to initiate may be arranged through the CEO or the Secretary or directly by the director. The directors should use appropriate discretion to minimize any disruption from such contact to the business operations of the Company and will, to the extent not inappropriate under the circumstances, advise the CEO in advance of contacting any employee, and copy the CEO on any written communications between a director and an officer or employee of the Company. If inappropriate to copy the CEO, the director should copy the Lead Director.

The Board and each committee of the Board have the power to hire independent legal, financial or other advisors as they may deem necessary, without consulting or obtaining the approval of any officer of the Company in advance.

The Board generally welcomes regular attendance at each Board meeting of senior officers of the Company. If the CEO wishes to have additional Company personnel attend

Board meetings on a regular basis, this suggestion should be brought to the Board for approval.

Director Compensation

The form and amount of director compensation will be recommended by the Compensation Committee in accordance with its charter, and the Compensation Committee will conduct a periodic review of director compensation. The Compensation Committee will consider that directors' independence may be jeopardized if director compensation and perquisites exceed customary levels, if the Company makes substantial charitable contributions to organizations with which a director is affiliated or if the Company enters into consulting contracts with (or provides other indirect forms of compensation to) a director or an organization with which the director is affiliated.

Director Orientation and Continuing Education

All new directors must participate in the Company's Orientation Program, which should be conducted within two months of the election of each new director to the Board. This orientation will include presentations by senior management to familiarize new directors with the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its conflict policies, code of ethics and other controls, its principal officers and its internal and independent auditors. The Orientation Program may include visits to Company headquarters and, to the extent practical, certain of the Company's significant facilities. The Orientation Program will also address current legal requirements and best practices relating to Board functions. Existing directors may also attend the Orientation Program.

From time to time, the Company will provide Board members with information from the Company or third party experts on topics that will assist Board members in carrying out their duties. Board members are also encouraged to attend accredited third-party training programs for directors.

CEO Evaluation and Management Succession

The Compensation Committee will conduct an annual review of the CEO's performance, as set forth in its charter. The Board will review the Compensation Committee's report.

The Board will review with the Compensation Committee the succession plan for the CEO and other key officers of the Company (with such input from the Corporate Governance/Nominating Committee as the Board deems desirable) and, when applicable, evaluate and recommend potential successors to the CEO. The CEO should make available his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

Annual Performance Evaluation

The Board will conduct an annual self-evaluation. The Corporate Governance/Nominating Committee will receive comments from all directors and senior management and report annually to the Board with an assessment of the Board's performance. The assessment will address areas where the performance of the Board is satisfactory and also areas where the Board could improve. The Board will receive a report on the annual evaluation of each of the principal Board Committees.

Annual Strategic Planning Session

The Board and senior management of the Company will hold an annual strategic planning session to discuss major business objectives for the year and other significant strategic issues. The Board will review the Company's proposed strategic plan, the assumptions upon which the plan is based and the process by which the plan was developed.

Standard Subjects for Inclusion in Board Meeting Agendas

The agenda for each regularly scheduled meeting of the Board will include a review of (i) the status of the implementation of the Company's strategic plan, (ii) the effectiveness of management in implementing the plan, (iii) any significant legal or regulatory compliance issues, and (iv) risk management.

Code of Ethics

The Company will adopt and periodically review a code of ethics that will address, among other things, actual and apparent conflicts of interest; full, fair, accurate, timely and understandable public disclosure; and compliance with applicable governmental laws, rules and regulations.

Selection of Agenda Items for Board Meetings

The Chairman of the Board and the CEO (if the Chairman is not the CEO) will establish the agenda for each Board meeting and, if there is a Lead Director, review such agenda in advance of the meeting with the Lead Director.

Any Board member may request the inclusion of items(s) on the agenda.

The Board expects the CEO to keep the Board informed of all developments of which it needs to be aware to carry out its responsibilities.

Directors Who Change Their Principal Occupation or Business Association or Whose Circumstances Change

A director whose principal occupation or business association substantially changes other than from normal retirement from those held when he or she were elected to the Board should so advise the Corporate Governance/Nominating Committee and is expected to tender his or her resignation from the Board. The Board does not believe that such a change means

that directors should necessarily leave the Board under such circumstances. However, there should be an opportunity for the Board, with recommendation from the Corporate Governance/Nominating Committee, to review the continued appropriateness of Board membership under changed circumstances and decide what action, if any, should be taken with respect to the resignation.

Other changes that should suggest reconsideration of Board service include conflicts of interest and substantial changes in the level of other commitments. If the Board determines that continued Board service would not be appropriate, the director is expected to tender his or her resignation.

Term Limits

The Board does not believe it should establish term limits. Term limits might bring fresh ideas and viewpoints to the Board, but at a cost of losing the benefits of continuity and insight into the Company and its operations that come with longer service.

As an alternative to term limits, the Corporate Governance/Nominating Committee, in consultation with the Chairman of the Board and the Chief Executive Officer, will review each director's continuation on the Board every year prior to the nomination for reelection of the class of which such director is a member. This will also allow each director the opportunity to conveniently confirm his/her desire to continue as a member of the Board.

Board and Senior Officer Equity Ownership

Each member of the Board and each senior officer is required to own a minimum number of shares of the Company's Common Stock as specified in the Company's Stock Ownership Guidelines, as amended from time to time.

Officers Serving on the Board

Any officer serving on the Board is required to submit a letter of resignation from the Board upon termination of employment, unless such officer holds ten percent or more of the Company's Common Stock outstanding at that time. The Board, through the Corporate Governance/Nominating Committee, shall then review the appropriateness of such individual's continuation on the Board and, as appropriate, shall accept or reject such individual's letter of resignation.