Carbon TerraVault Provides 2023 Update

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Carbon TerraVault (CTV) today provided an update on its 2023 operations. California Resources Corp. (NYSE: CRC) conducts its carbon management business through Carbon TerraVault which pursues carbon capture and sequestration projects that are directly sited or within close proximity to significant sources of carbon dioxide (CO_2) emissions in California.

"During 2023, our team meaningfully advanced the expansion of our carbon management business by announcing new Carbon Dioxide Management Agreements (CDMAs)[1], submitting new permits to the EPA and attracting new greenfield project capital to California," said Francisco Leon, CRC's President and Chief Executive Officer. "The most recent release of California's first draft Class VI permits for the 26R reservoir and the Department of Energy (DOE) development grant awarded to the California Direct Air Capture (DAC) Hub reflects our continued commitment to carbon management solutions for hard-to-abate industries and decarbonization technologies in the Golden State. Finally, the recently announced agreement to combine with Aera Energy will enhance our carbon management business, providing greater scale with which to accelerate CRC's efforts to decarbonize California."

2023 Highlights

- The Environmental Protection Agency (EPA) released California's first draft Class VI well permits for underground CO_2 injection at the 26R storage vault, located at the proposed Clean Energy Park at Elk Hills Field in Kern County
- California DAC Hub, led by CTV's subsidiary CTV Direct, LLC, was selected to receive approximately $12 million in DOE funding for a regional initiative focused on the development of California's first full-scale DAC plus storage (DAC+S) network
- Submitted 51 million metric tons (MMT) of Class VI permits to EPA for CTV IV and CTV V storage reservoirs in Northern California. In total, CTV has submitted permits for 191 MMT of CO_2 storage with an estimated injection rate of 5.3 MMT per year
- Announced CTV's first capture-to-storage project at CRC's Elk Hills cryogenic gas plant, located in Kern County. This project is expected to sequester 100 thousand metric tons per year (KMTPA) of CO_2 in the 26R reservoir by year-end 2025
- Signed 760 KMTPA of storage-only CDMAs[1] with several greenfield project developers, helping to decarbonize California's energy value chain
- CTV's total CO_2 injection rate capacity under CDMAs[1] or agreements is 1.1 million metric tons per year (MMTPA)
- Awarded two DOE research and development grants under the CarbonSAFE initiative for a total of approximately $18 million
- Built the carbon management business to approximately 50 full-time equivalent employees, including many technical experts with decades of subsurface experience in California who transferred from CRC
- Acquired additional pore space in strategic locations that build upon CRC's leading mineral, surface, and seismic data position in California

EPA Class VI Permitting and Kern County Draft Environmental Impact Review (EIR) Update

In December 2023, EPA released draft Class VI permits for CTV's "CTV I - 26R" carbon capture and sequestration (CCS) project located at CRC's Elk Hills field in Kern County. These are the first draft permits released by EPA in California. In December 2023, Kern County also released the draft EIR prepared in connection with the conditional use permit application for CTV I - 26R. The draft Class VI permits and draft

EIR are subject to public review and comment. CTV anticipates that EPA and Kern County will deliver their final decisions on the permits in the second half of 2024.

DOE Carbon Storage Validation and Testing Funding for Carbon TerraVault Projects

CRC's carbon management business continues to attract federal funding for research and development and deployment of carbon capture technologies to help mitigate the impacts of climate change and benefit communities across California by improving air quality and creating new energy transition employment opportunities. In November 2023, two projects were awarded DOE funding under the CarbonSAFE initiative for a total of approximately $18 million (80% of the total project cost). These awards are expected to de-risk carbon storage via a newly drilled data well. CTV's share of the total project cost is approximately 20%. These research projects will be performed over the next 24 months. For further information, please see: https://www.energy.gov/fecm/project-selections-foa-2711-carbon-storage-validation-and-testing-round-2

CalCapture Update

CalCapture is a post-combustion CCS project that is designed to capture CO_2 from the Elk Hills Power Plant, a 550-megawatt (MW) natural gas, combined-cycle power plant, located in Kern County, California, and inject that CO_2 underground for permanent sequestration in a co-located underground storage reservoir. To date, two front-end engineering and design (FEED) studies have been completed. CRC continues to evaluate the technical and economic aspects of this project such as engineering designs, energy optimizations, capital requirements, existing regulatory framework and availability of government assistance for this and other low CO_2 stream concentration projects. CRC expects to provide additional commentary on the progress of this project in 2025.

Pending Aera Merger

On February 7, 2024, CRC entered into a definitive merger agreement (Merger Agreement) to combine with Aera Energy, LLC (Aera) in an all-stock transaction with an effective date of January 1, 2024. The merger will expand CRC's leading carbon management business through the addition of surface acreage and subsurface rights, and significant new CO_2 pore space to enable future CCS development. As a result of this combination, CRC will obtain a pending EPA Class VI permit application for 27 MMT of storage capacity in the Belridge Field. CRC also expects to submit an additional Class VI permit for approximately 27 MMT of storage at the Coles Levee Field. The Company will have the potential to nearly double its injection rate capacity in the San Joaquin Basin, creating a premier "decarbonization hub" for CO_2 storage.

The transaction is subject to certain closing conditions, including among others, regulatory approvals and approval of the stock issuance by CRC's shareholders. The transaction is expected to close in the second half of 2024. For more information about this transaction please visit: https://www.crc.com/news/news-details/2024/California-Resources-Corporation-to-Combine-with-Aera-Energy/default.a

[1] The CDMA frames the contractual terms between parties by outlining the material economics and terms of the project and includes conditions precedent to close. The CDMA provides a path for the parties to reach final definitive documents and final investment decision.

About Carbon TerraVault

Carbon TerraVault Holdings, LLC (CTV), a subsidiary of CRC, provides services that include the capture, transport and storage of carbon dioxide for its customers. CTV is engaged in a series of CCS projects that inject CO_2 captured from industrial sources into depleted underground reservoirs and permanently store CO_2 deep underground. For more information about CTV, please visit www.carbonterravault.com.

About Carbon TerraVault Joint Venture

Carbon TerraVault Joint Venture (CTV JV) is a carbon management partnership focused on carbon capture and sequestration development, and was formed between Carbon TerraVault Holdings, a subsidiary of CRC,

and Brookfield Renewable. CTV JV will develop both infrastructure and storage assets required for CCS development in California. CRC owns 51% of the CTV JV with Brookfield Renewable owning the remaining 49% interest.

About California Resources Corporation

California Resources Corp. (CRC) is an independent energy and carbon management company committed to energy transition. CRC has some of the lowest carbon intensity production in the US and it is focused on maximizing the value of its land, mineral and technical resources for decarbonization by developing CCS and other emissions reducing projects. For more information about CRC, please visit www.crc.com.

Additional Information and Where to Find It

This communication may be deemed to be solicitation material in respect of the transactions contemplated by the merger agreement pursuant to which California Resources Corp. ("CRC") has agreed to combine with Aera Energy, LLC ("Aera") (the "Merger Agreement"), including the proposed issuance of CRC'S common stock pursuant to the Merger Agreement. In connection with the transaction, CRC will file a proxy statement on Schedule 14A with the U.S. Securities and Exchange Commission ("SEC"), as well as other relevant materials. Following the filing of the definitive proxy statement, CRC will mail the definitive proxy statement and a proxy card to its stockholders. INVESTORS AND SECURITY HOLDERS OF CRC ARE URGED TO READ THE PROXY STATEMENT AND OTHER RELEVANT DOCUMENTS FILED OR TO BE FILED WITH THE SEC CAREFULLY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT CRC, AERA, THE TRANSACTION AND RELATED MATTERS. Investors and security holders will be able to obtain copies of the proxy statement (when available) as well as other filings containing information about CRC, Aera and the transaction, without charge, at the SEC's website, www.sec.gov. Copies of documents filed with the SEC by CRC will be available, without charge, at CRC's website, www.crc.com.

Participants in Solicitation

CRC and its directors and executive officers may be deemed to be participants in the solicitation of proxies in connection with the transaction. Information about the directors and executive officers of CRC is set forth in the proxy statement for CRC's 2023 Annual Meeting of Stockholders, which was filed with the SEC on March 16, 2023. Investors may obtain additional information regarding the interest of such participants by reading the proxy statement regarding the transaction when it becomes available.

Forward-Looking Statements

This document contains statements that CRC believes to be "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than historical facts are forward-looking statements, and include statements regarding CRC's future financial position, business strategy, projected revenues, earnings, costs, capital expenditures and plans and objectives of management for the future. Words such as "expect," "could," "may," "anticipate," "intend," "plan," "ability," "believe," "seek," "see," "will," "would," "estimate," "forecast," "target," "guidance," "outlook," "opportunity" or "strategy" or similar expressions are generally intended to identify forward-looking statements. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in, or implied by, such statements. Additionally, the information in this report contains forward-looking statements related to the recently announced Aera merger.

Although CRC believes the expectations and forecasts reflected in its forward-looking statements are reasonable, they are inherently subject to numerous risks and uncertainties, most of which are difficult to predict and many of which are beyond its control. No assurance can be given that such forward-looking statements will be correct or achieved or that the assumptions are accurate or will not change over time. Particular uncertainties that could cause CRC's actual results to be materially different than those expressed in its forward-looking statements include:

- CRC's ability to finalize definitive documents and reach a final investment decision with respect to new projects contemplated by CDMAs;

- the ability of new projects to achieve expected production volumes and associated CO_2 generation and the ability of the CTV to sequester such CO_2 volumes, respectively;
- CRC's ability to successfully execute on the construction of new projects and other aspects of infrastructure projects and enter into third party contracts on contemplated terms;
- fluctuations in commodity prices and the potential for sustained low commodity prices;
- equipment, service or labor price inflation or unavailability;
- the ability to successfully integrate the business of Aera assuming the Aera merger is completed;
- the timing, receipt and terms and conditions of any required governmental and regulatory approvals of the Aera merger that could reduce anticipated benefits or cause the parties to abandon the Aera merger;
- the occurrence of any event, change or other circumstances that could give rise to the termination of the Aera merger;
- the possibility that the stockholders of CRC may not approve the issuance of new shares of common stock in the Aera merger;
- the ability to obtain the required debt financing in connection with the Aera merger and, if obtained, the potential impact of additional debt on its business and the financial impacts and restrictions due to the additional debt;
- legislative or regulatory changes, including those related to (i) the management of energy, water, land, greenhouse gases (GHGs) or other emissions, (ii) the protection of health, safety and the environment, (iii) CRC's ability to claim and utilize tax credits or other incentives, or (v) the transportation, marketing and sale of CRC's products and CO_2;
- availability or timing of, or conditions imposed on, permits and approvals necessary for drilling or development activities and carbon management projects;
- changes in business strategy and CRC's capital plan;
- CRC's ability to realize the benefits contemplated by the business strategies and initiatives related to energy transition, including carbon capture and storage projects and other renewable energy efforts;
- CRC's ability to successfully identify, develop and finance carbon capture and storage projects and other renewable energy efforts, including those in connection with the CTV;
- global geopolitical, socio-demographic and economic trends and technological innovations;
- limitations on CRC's financial flexibility due to existing and future debt;
- insufficient cash flow to fund CRC's capital plan and other planned investments, stock repurchases and dividends;
- insufficient capital or lack of liquidity in the capital markets or inability to attract potential investors;
- limitations on transportation or storage capacity;
- CRC's ability to successfully gather and verify data regarding emissions, its environmental impacts and other initiatives;
- the compliance of various third parties with CRC's policies and procedures and legal requirements as well as contracts it enters into in connection with CRC's climate-related initiatives;
- climate-related conditions and weather events;
- disruptions due to accidents, mechanical failures, power outages, transportation or storage constraints, natural disasters, labor difficulties, cyber-attacks or other catastrophic events;
- pandemics, epidemics, outbreaks, or other public health events, such as the COVID-19; and

- other factors discussed in Part I, Item 1A - Risk Factors in CRC's Annual Report on Form 10-K and its other SEC filings available at www.crc.com.

CRC cautions you not to place undue reliance on forward-looking statements contained in this document, which speak only as of the filing date, and CRC undertakes no obligation to update this information. This document may also contain information from third party sources. This data may involve a number of assumptions and limitations, and CRC has not independently verified them and do not warrant the accuracy or completeness of such third-party information.

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