

Carbon TerraVault Provides Second Quarter 2024 Update

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Doubled Central California CO₂ potential storage capacity with new EPA Class VI permit application

Nearly tripled storage-only project with NLC Energy

Carbon TerraVault Holdings, LLC (CTV) today provided a second quarter 2024 update. [California Resources Corp.](#) (NYSE: CRC) conducts its carbon management business through CTV and its subsidiaries, which pursues carbon capture and sequestration (CCS) projects that are directly sited or within close proximity to significant sources of carbon dioxide (CO₂) emissions in California.

"Our Carbon TerraVault team continues to advance its business, recently submitting an application to the EPA for a new Class VI permit for CTV VI, which upon approval, will expand our portfolio of premier pore space assets in California and carbon management offering in Central California," said Francisco Leon, CRC's President and Chief Executive Officer. "With the merger with Aera Energy now complete, we expect further opportunities from Aera's low carbon solutions portfolio when fully integrated with CRC's carbon management business. Looking ahead, I am excited about our progress towards CTV's targeted second half 2024 milestones as we advance toward first injection by the end of 2025."

Highlights

- Targeting final permit receipts for CTV I - 26R reservoir and the release of draft permits for CTV I - A1 / A2 reservoir in the second half of 2024
- Continue to target Final Investment Decision (FID) for CTV's first capture-to-storage project at CRC's Elk Hills cryogenic gas plant, located in Kern County in the second half of 2024
- Submitted a ~102 million metric ton (MMT) Class VI permit to the EPA for CTV VI CO₂ reservoir in Central California; bringing CTV's total projected storage capacity for permits submitted to the EPA to ~320 MMT
- Expect to submit an ~27 MMT Class VI permit to the EPA for Coles Levee CO₂ reservoir in Central California by the end of 2024
- Brookfield funded its second installment of \$46 million for CTV I - 26R reservoir in April 2024
- With Aera, doubled the capacity of the combined company's behind the meter solar projects under development to 84 megawatts (MW)
- Post quarter-end, expanded the previously announced storage-only Carbon Dioxide Management Agreement (CDMA)¹ for a renewable natural gas (RNG) project with NLC Energy LLC (NLCE) to 430 thousand metric tons per annum (KMTA) of CO₂ emissions
- CTV's total projected CO₂ injection rate of all projects under consideration now stands at 2,745 KMTA targeting 2,335 KMTA in Central California and 410 KMTA in Northern California

Second Quarter 2024 Financial Results

Selected Financial Statement Data and non-GAAP measures: 2nd Quarter 1st Quarter

(\$ in millions)	2024	2024
Selected Expenses		
Carbon management business expenses	\$ 15	\$ 8
CMB General and administrative expenses	\$ 3	\$ 2

CMB Adjusted general and administrative expenses² \$ 3 \$ 2

Capital and Non-GAAP Measures

CMB Capital investments³ \$ (2) \$ 4

Free cash flow^{2,4}:

CMB \$ (19) \$ (7)

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

In December 2023, the EPA released draft Class VI permits for the "CTV I - 26R" CCS project located at CRC's Elk Hills field in Kern County. These are the first draft permits released by the 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 and released a recirculated draft EIR on June 4, 2024. The CTV I - 26R Class VI EPA public comment period ended on July 18, 2024. The EPA and Kern County are reviewing and addressing the respective comments with the goal of final permit issuance. CTV anticipates that the EPA and Kern County will deliver their final decisions on the permits in the fourth quarter of 2024. For additional information regarding CTV's Class VI permits, please visit www.epa.gov

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 FID.

² See Attachment 3 of the CRC 2Q24 earnings release for the non-GAAP financial measures of adjusted general and administrative expenses and free cash flow including reconciliations to their most directly comparable GAAP measure, where applicable.

³ Capital for the three months ended June 30, 2024 reflects a \$3 million reclassification from capital (PP&E) to expense for engineering costs incurred during the three months ended December 31, 2023 and the three months ended March 31, 2024. Before this reclassification, CMB capital was \$1 million for the three months ended June 30, 2024.

⁴ CMB free cash flow previously reported for the first three months of 2024 was \$(17) million and was corrected to \$(7) million to account for noncash add backs related to leases.

About Carbon TerraVault

Carbon TerraVault Holdings, LLC (CTV), a subsidiary of CRC, is developing services that include the capture, transport and storage of carbon dioxide for customers. Through its subsidiaries and a joint venture, CTV is engaged in the development of a series of proposed CCS projects to inject CO₂ captured from industrial sources into reservoirs for permanent storage 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 formed between Carbon TerraVault I, LLC, a subsidiary of CRC, and Brookfield Renewable, to 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 Corporation (CRC) is an independent energy and carbon management company committed to energy transition. CRC is committed to environmental stewardship while safely providing local, responsibly sourced energy. CRC is also focused on maximizing the value of its land, mineral ownership, and energy expertise for decarbonization by developing CCS and other emissions reducing projects. For more information about CRC, please visit www.crc.com.

About NLC Energy LLC

NLC Energy (NLCE) is a leading waste-to-energy provider, which owns and operates renewable natural gas facilities. Methane is captured and harvested from organic waste to produce energy, as well as renewably sourced, food-grade dry ice, and beverage-grade liquid CO₂. NLC Energy has the ability to process both manure and food waste as feedstocks, and has a track record of safe and reliable production. A seasoned team includes experts in bio engineering, anaerobic digester technology, and advanced control systems. This team is committed to creating durable environmental solutions, and has developed new technologies that are already shaping the future of renewable natural gas production. To learn more about NLC Energy, visit www.nlcenergy.com.

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.

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:

- fluctuations in commodity prices, including supply and demand considerations for CRC's products and services, and the impact of such fluctuations on revenues and operating expenses;
- decisions as to production levels and/or pricing by OPEC or U.S. producers in future periods;
- government policy, war and political conditions and events, including the military conflicts in Israel, Ukraine and Yemen and the Red Sea;
- the ability to successfully integrate Aera's business;
- regulatory actions and changes that affect the oil and gas industry generally and CRC in particular, including (1) the availability or timing of, or conditions imposed on, permits and approvals necessary for drilling or development activities or its carbon management business; (2) the management of energy, water, land, greenhouse gases (GHGs) or other emissions, (3) the protection of health, safety and the environment, or (4) the transportation, marketing and sale of CRC's products;
- the impact of inflation on future expenses and changes generally in the prices of goods and services;
- changes in business strategy and CRC's capital plan;
- lower-than-expected production or higher-than-expected production decline rates;
- changes to CRC's estimates of reserves and related future cash flows, including changes arising from its inability to develop such reserves in a timely manner, and any inability to replace such reserves;
- the recoverability of resources and unexpected geologic conditions;
- general economic conditions and trends, including conditions in the worldwide financial, trade and credit markets;
- production-sharing contracts' effects on production and operating costs;
- the lack of available equipment, service or labor price inflation;
- limitations on transportation or storage capacity and the need to shut-in wells;
- any failure of risk management;
- results from operations and competition in the industries in which CRC operates;
- CRC's ability to realize the anticipated benefits from prior or future efforts to reduce costs;
- environmental risks and liability under federal, regional, state, provincial, tribal, local and international environmental laws and regulations (including remedial actions);
- the creditworthiness and performance of CRC's counterparties, including financial institutions, operating partners, CCS project participants and other parties;
- reorganization or restructuring of CRC's operations;
- CRC's ability to claim and utilize tax credits or other incentives in connection with its CCS projects;

- CRC's ability to realize the benefits contemplated by its energy transition strategies and initiatives, including CCS 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 JV, and its ability to convert its CDMA's to definitive agreements and enter into other offtake agreements;
- CRC's ability to maximize the value of its carbon management business and operate it on a standalone basis;
- CRC's ability to successfully develop infrastructure projects and enter into third party contracts on contemplated terms;
- uncertainty around the accounting of emissions and its ability to successfully gather and verify emissions data and other environmental impacts;
- changes to CRC's dividend policy and share repurchase program, and its ability to declare future dividends or repurchase shares under its debt agreements;
- 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 and return capital to shareholders;
- changes in interest rates;
- CRC's access to and the terms of credit in commercial banking and capital markets, including its ability to refinance its debt or obtain separate financing for its carbon management business;
- changes in state, federal or international tax rates, including CRC's ability to utilize its net operating loss carryforwards to reduce its income tax obligations;
- effects of hedging transactions;
- the effect of CRC's stock price on costs associated with incentive compensation;
- inability to enter into desirable transactions, including joint ventures, divestitures of oil and natural gas properties and real estate, and acquisitions, and CRC's ability to achieve any expected synergies;
- disruptions due to earthquakes, forest fires, floods, extreme weather events or other natural occurrences, accidents, mechanical failures, power outages, transportation or storage constraints, labor difficulties, cybersecurity breaches or attacks or other catastrophic events;
- pandemics, epidemics, outbreaks, or other public health events, such as the COVID-19 pandemic; 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 it 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 does not warrant the accuracy or completeness of such third-party information.

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