



Carbon TerraVault and Net Power Sign MOU to Develop Low Carbon, Reliable Power Solutions in California

December 9, 2024

Net Power's Greenfield Facilities Initially Target up to 1GW of Reliable, Low Carbon Baseload Power

Carbon TerraVault Expected to Transport and Sequester up to 3.6 Million Metric Tons of CO₂ Emissions Annually

LONG BEACH, Calif. & DURHAM, N.C.--(BUSINESS WIRE)-- California Resources Corporation (NYSE: CRC), and its carbon management business, Carbon TerraVault (CTV), today announced the signing of a Memorandum of Understanding (MOU) with Net Power Inc. (NYSE: NPWR), to develop Net Power's ultra-low emission power plants in California ¹.

Under the terms of the MOU, the parties plan to conduct feasibility studies on locating Net Power's facilities in proximity to CTV's underground storage vaults, which would reduce carbon dioxide (CO₂) transportation costs and midstream investments for CTV's operations. The parties plan to facilitate the initial deployment of up to 1 gigawatt (GW) of power capacity from Net Power's new modular plants in Northern California, resulting in up to 3.6 million metric tons per annum (MMTPA) of CO₂ emissions for permanent sequestration in CTV's nearby reservoirs. Each of Net Power's utility-scale modular plants is expected to require less than 20 acres, generate up to 250 megawatts, and be deployable in multi-plant configurations.

The partnership is expected to enable the state to reduce greenhouse gas emissions and provide new, reliable energy sources. Net Power's plants will be designed to generate reliable power while eliminating substantially all carbon emissions with near-zero air particulate and gaseous pollutants, including nitrogen oxides (NO_x) and sulfur oxides (SO_x). These projects would support California's air quality standards and emissions goals.

"This partnership with Net Power combines our strategically located carbon storage and natural gas assets with California's call for more clean power. We are solidifying our position as a leader in carbon management solutions in the Golden State," said Francisco Leon, CRC's President and Chief Executive Officer. "CRC is committed to advancing innovative clean energy solutions while attracting new investments to California. Together, we are working to meet our State's critical power needs with new, reliable, and low carbon energy."

Danny Rice, Net Power's Chief Executive Officer, commented, "CTV is an industry leader in advancing responsible and safe carbon sequestration in California, and we look forward to collaborating with them and local stakeholders to responsibly unlock the full potential of CTV's world-class assets. CTV possesses the resource potential to support the deployment of many Net Power facilities in California. This partnership can strengthen California's pathway to achieve its environmental and energy goals while attracting new businesses that value 24/7 low carbon power – all made possible by our innovative ultra-low emissions technology in collaboration with CTV."

This MOU marks Net Power's initial entry into California's power market and positions CTV as an early strategic partner in the deployment of Net Power's power technology. Including this agreement, CTV's carbon capture and sequestration (CCS) projects under consideration total approximately 7.8 MMTPA of CO₂ emissions and if successful, would enable up to 2.1 GWs of new, low-carbon power capacity in California.

¹This MOU is a non-binding collaboration agreement that is subject to certain conditions precedent. The consummation of the project is subject to negotiation of definitive documents, a final investment decision by the parties and receipt of EPA Class VI permits and other regulatory approvals.

About Carbon TerraVault

Carbon TerraVault (CTV), CRC's carbon management business, is developing services to capture, transport and permanently store CO₂ for its customers. CTV is engaged in a series of proposed CCS projects that if developed will inject CO₂ captured from industrial sources into depleted reservoirs deep underground for permanent sequestration. For more information, visit carbonterravault.com.

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 Net Power

Net Power (NYSE: NPWR) is an energy technology company developing its proprietary Net Power Cycle, which transforms natural gas into ultra-low emissions, reliable, and affordable power. The Company is on a mission to deploy its utility-scale plants across the world by partnering with electricity generators, energy producers, technology providers, local communities, and other stakeholders. Net Power was founded in 2010 and has offices in Durham, North Carolina (HQ) and Houston, Texas. For more information, visit www.netpower.com.

Forward-Looking Statements

This document contains statements that CRC and Net Power believe 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 and Net Power’s respective 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, Lebanon, Ukraine, Yemen and the Red Sea;
- the ability to successfully execute integration efforts in connection with CRC’s merger with Aera Energy LLC, and achieve projected synergies and ensure that such synergies are sustainable;
- 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, EPA and other governmental 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;
- CRC’s ability to rely on the Class VI permits depends in part on (i) the expiration of a 30-day waiting period during which petitions concerning the permits may be submitted to the EPA and the satisfactory resolution of any such petitions, (ii) completion of construction of sequestration wells and surface facilities that are consistent with permit requirements and are approved by the EPA, and (iii) final authorization from the EPA to inject CO₂;
- the efforts of activists to delay or prevent oil and gas activities or the development of CRC’s carbon management business through a variety of tactics, including litigation;
- 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 Carbon TerraVault JV, and its ability to convert its CDMAs and MOUs 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 stand alone 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.

Forward-looking statements may relate to the development of Net Power's technology, the anticipated demand for Net Power's technology and the markets in which NPWR operates, the timing of the deployment of plant deliveries, and Net Power's business strategies, capital requirements, potential growth opportunities and expectations for future performance (financial or otherwise). Forward-looking statements are based on current expectations, estimates, projections, targets, opinions and/or beliefs of Net Power, and such statements involve known and unknown risks, uncertainties and other factors. Actual results may differ materially from those discussed in forward-looking statements as a result of factors, risks and uncertainties over which Net Power has no control. These factors, risks and uncertainties include, but are not limited to, those described under the headings "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" in Net Power's Annual Report on Form 10-K for the year ended December 31, 2023, its subsequent annual reports on Form 10-K and quarterly reports on Form 10-Q, and in its other filings made with the SEC from time to time, which are available via the SEC's website at www.sec.gov. Forward-looking statements speak only as of the date they are made. Readers are cautioned not to put undue reliance on forward-looking statements, and Net Power assumes no obligation and does not intend to update or revise these forward-looking statements, whether as a result of new information, future events, or otherwise. Net Power does not give any assurance that it will achieve its expectations.



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