



Carbon TerraVault Provides Third Quarter 2024 Update

November 5, 2024

*Received Kern County Board of Supervisors' Conditional Use Permits Approval for CTV I CCS project
Signed a Brownfield MOU for up to ~1.5 MMTPA of CO₂ Emissions*

LONG BEACH, Calif., Nov. 05, 2024 (GLOBE NEWSWIRE) -- Carbon TerraVault Holdings, LLC (CTV), a carbon management subsidiary of California Resources Corporation (NYSE: CRC), today provided a third quarter 2024 update. The Company plans to host a conference call and webcast at 1 p.m. ET (10 a.m. PT) on Wednesday, November 6, 2024. Participation details can be found within this release. In addition, supplemental slides are available on CRC's website at www.crc.com.

Highlights

- Received Kern County Board of Supervisors' approval of the conditional use permits for the Carbon TerraVault I (CTV I) CCS project at CRC's Elk Hills Field
- Targeting final Class VI permits for "CTV I – 26R" reservoir in late 2024 and Final Investment Decision (FID) for CTV's first capture-to-storage project at CRC's Elk Hills cryogenic gas plant shortly thereafter
- Signed a memorandum of understanding¹ (MOU) to develop carbon capture and storage (CCS) solutions with Hull Street Energy LLC, a leading California power partner, for proposed sequestration of up to 1.5 million metric ton per annum (MMTPA) of brownfield CO₂ emissions by 2030
- Expanded CTV's scale and scope – total potential CO₂ injection rate of all projects under consideration now stands at 4.2 MMTPA
- Selected, in partnership with California State University Bakersfield, for approximately \$27 million in funding from the U.S. Department of Energy (DOE) for a California-based project, "Elk Hills CO₂ Storage (EHStore)," under the Carbon Storage Assurance Facility Enterprise (CarbonSAFE) initiative
- Awarded, in partnership with Colorado School of Mines, \$8.9 million from the DOE for a California-based project under the CarbonSAFE initiative
- Became the Los Angeles Rams' official carbon management partner, launching "Football Without the Footprint," a new initiative that will allow the Rams to reduce or offset future carbon emissions from the team's operations
- Announced an MOU¹ with Sage Geosystems, Inc to pursue projects and joint funding opportunities related to subsurface energy storage and geothermal power generation in California
- Launched CTV I Elk Hills Community Benefits Plan (CBP) in Kern County

"We continue to expand our carbon management business and are finding innovative solutions for our business partners and California. The Kern County Board of Supervisors' recent approval of the conditional use permits for our CTV I project is the first of its kind and a testament to these efforts. We expect to receive final approval of the U.S. EPA's first Class VI permit in California for CTV I - 26R later this year," said Francisco Leon, CRC President and Chief Executive Officer. "Our latest MOU with one of the state's leading power players highlights our potential to decarbonize large-scale brownfield emissions. California is at the forefront of the climate transition, and CRC is here to support it."

Third Quarter 2024 Financial Results

Selected Financial Statement Data and non-GAAP measures:

(\$ in millions)

Selected Expenses

	3rd Quarter 2024	2nd Quarter 2024
Operating expenses	\$ 13	\$ 15
General and administrative expenses	\$ 2	\$ 2
<i>Adjusted general and administrative expenses²</i>	\$ 2	\$ 3

Capital and Non-GAAP Measures

Capital investments ³	\$	4	\$	(2)
Free cash flow ²	\$	(15)	\$	(19)

EPA Class VI Permitting

In December 2023, the EPA released draft Class VI permits for the “CTV I – 26R” CCS project at CRC’s Elk Hills Field in Kern County. These are the first draft permits released by the EPA in California.

In October 2024, the Kern County Board of Superiors approved the conditional use permits for the CTV I CCS project located at CRC’s Elk Hills Field. These permits authorize the construction and operation of the project, and are the first of its kind in California. This decision follows the Kern County Planning Commission’s recommendation in September and marks a key milestone in CRC’s efforts to develop its first carbon capture and storage project.

CTV expects receipt of the EPA Class VI permit for its "CTV I – 26R" reservoir in late 2024 with FID for CTV's first capture-to-storage project at CRC's Elk Hills to follow. For additional information regarding CTV's Class VI permits, please visit www.epa.gov

Brownfield MOU¹ (Capture-to-Storage)

CTV announced a third-party MOU¹ with Hull Street Energy LLC, a private equity firm specializing in the power sector, to develop CCS solutions for brownfield emissions in California. The MOU¹ contemplates the sequestration and potential capture and transport of up to 1.5 MMTPA of CO₂ in 2030.

This agreement marks CRC's first third-party brownfield MOU¹ and signifies an important step towards the decarbonization of California’s essential power industries.

DOE Funding for California-Based 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 October 2024, California-based project EHStore, led by California State University Bakersfield in partnership with CTV, was selected for approximately \$27 million in funding from the U.S. Department of Energy (DOE), under the CarbonSAFE initiative. This amount of potential total funding is expected to cover nearly 80% of the total project cost with the remainder to be covered by CTV. EHStore will help facilitate the development of CCS and provide valuable information that supports future storage development. Additional project objectives also include ensuring that local communities participate in project planning and directly benefit from the project. For further information, please see: <https://www.energy.gov/fecm/project-selections-foa-2711-carbon-storage-validation-and-testing-round-3>

Also in October 2024, as previously announced, Mines and CTV were awarded \$8.9 million from the DOE for another CarbonSAFE project in California. The grant will allow Mines, CTV, and industry partners Blade Energy Partners and Providence Strategic Consulting to conduct a feasibility study on the CTV III CO₂ Storage Project, an underground carbon storage reservoir in San Joaquin County, California. The project will store up to an expected 71 million metric tons (MMT) of carbon emissions.

Strategic Partnerships and Local Community Development

In October 2024, CRC and the Los Angeles Rams announced “Football Without the Footprint,” a carbon management initiative that will allow the Rams to reduce or offset carbon emissions from the team’s operations in coming years. CRC and the Rams will also invest in community impact efforts such as garden builds, beautification projects, and science, technology, engineering, art, and math (STEAM) initiatives that will integrate carbon management practices and education. Through this partnership, CRC will become the Rams’ Official Carbon Management Partner.

In September 2024, Sage and CRC signed an MOU¹ to establish a collaborative framework for pursuing commercial projects and joint funding opportunities related to subsurface energy storage and geothermal power generation in California. This strategic partnership between Sage and CRC will focus on developing clean and reliable energy solutions in the State of California. By leveraging combined expertise and resources, the companies aim to achieve significant progress in the field of subsurface energy storage and geothermal power generation.

Also in September 2024, CRC launched its CTV I Elk Hills CBP in Kern County, California. Through this comprehensive CBP, CTV will commit 1% of each CTV I project investment toward developing or expanding programs and partnerships with labor, community organizations and academic institutions that will provide transformative benefits to local communities throughout the region.

¹ Memorandum of Understanding

¹The MOU is non-binding and subject to negotiation of definitive agreements.

²See Attachment 3 of the CRC 3Q24 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.

³Capital 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.

About Carbon TerraVault

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

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, 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;
- 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.

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