



Carbon TerraVault Provides Second Quarter 2023 Update

July 31, 2023

CTV Doubles the Storage Reservations at the CRC's Net Zero Industrial Park at Elk Hills Field and Announces the Submission of Another Class VI permit to the U.S. EPA

LONG BEACH, Calif.--(BUSINESS WIRE)-- California Resources Corporation (NYSE: CRC) today announced a storage-only Carbon Dioxide Management Agreement (CDMA) between Carbon TerraVault JV HoldCo, LLC (CTV JV), a subsidiary of CRC that provides services including the capture, transport and storage of carbon dioxide (CO₂), and Verde Clean Fuels Inc. (Verde), a company that utilizes an innovative and proprietary liquid fuels technology to produce renewable and lower-carbon intensity gasoline and other liquid fuels from feedstocks such as biomass, agricultural waste, or flared natural gas. CRC also more than doubled the expected sequestration volume of its previously announced Lone Cypress Energy Services, LLC, (Lone Cypress) blue hydrogen project.

"The Carbon TerraVault team continued to make substantial progress through the first half of the year, with four administratively complete EPA Class VI permit applications and 191 million metric tons (MMT) of CO₂ storage capacity submitted to EPA for Class VI permits to date. The team has executed five CDMA's with promising greenfield projects that can accelerate the new energy economy in California and leverage Carbon TerraVault's decarbonization solutions," said Francisco Leon, CRC's President and Chief Executive Officer. "The most recent expansion of the Lone Cypress blue hydrogen facility and our new partnership with Verde Clean Energy further demonstrates the benefits CRC's unique asset position and carbon management strategy can deliver to California's energy transition goals."

Primary Highlights

- Signed storage-only CDMA with Verde for minimum volume commitment of 100 thousand metric tons per annum (KMTA) of CO₂ injection
- Expanded its previously announced Lone Cypress blue hydrogen project to 205 KMTA of associated CO₂ that will be permanently sequestered at CTV I reservoir
- CTV's total projected CO₂ injection rate under CDMA's now stands at 815 KMTA with targeted 405 KMTA in the San Joaquin Basin and 410 KMTA in the Sacramento basin
- Submitted a 17 MMT Class VI permit to the EPA for CTV V CO₂ reservoir in the Sacramento Basin bringing CTV's total projected storage capacity with Class VI permits submitted the EPA to 191 MMT

Verde Clean Energy, LLC CDMA

In July 2023, CTV JV entered into a CDMA with Verde to sequester a minimum of 100 KMTA of CO₂ at the CTV I carbon storage vault from a new renewable gasoline plant to be constructed at CRC's Net Zero Industrial Park at Elk Hills in Kern County, California. This new facility is expected to produce 21,000 gallons per day of renewable gasoline from biomass and other agricultural waste feedstock to help support decarbonization of California's economy and its transportation sector.

"Doubling the CO₂ storage opportunities under CDMA's at our CRC's Net Zero Industrial Park at Elk Hills field in a matter of eight months further underscores CRC's carbon management strategy and dedication to energy transition in California," said Leon. "This new agreement between CTV JV and Verde Clean Fuels provides an innovative approach to renewable fuels at the heart of energy development in the state, and further validates CRC's decarbonization efforts by a publicly traded company looking to expand in California."

"Traditional gasoline used today is refined from crude oil and makes up over half of greenhouse gas emissions from the U.S. transportation sector. We believe our proprietary technology and our scientific approach will further enable California's consumers of gasoline to seamlessly and materially participate in the decarbonization of our atmosphere and help achieve California's climate goals," said Ernest Miller, Verde Chief Executive Officer. "Our agreement with CTV solidifies our domestic growth ambitions and provides a concrete pathway to the decarbonization of the transportation sector with the leading carbon management business in the US."

Highlights of Verde CDMA include:

- The renewable gasoline facility will employ Verde proprietary and innovative liquid fuels technology to convert synthetic gas (syngas) produced by InEnTec's gasification system, into renewable gasoline. The project is expected to produce more than 7.5 million gallons per year of renewable gasoline for use as transportation fuel. A minimum of 100 KMTA of associated CO₂ is expected to be permanently sequestered at CTV I
- Project Final Investment Decision (FID) is targeted for 2025, with operations expected to begin in 2027

- The CDMA also provides Verde with a lease for 50 acres at CRC's Net Zero Industrial Park at Elk Hills field on which to construct its facility
- CTV JV will provide in-field transportation and a permanent CO₂ sequestration site at CTV I in exchange for an injection fee on a per MT basis that fits within the previously disclosed economic type-curve for projects that require a storage-only solution
- The project's location at the CRC's Net Zero Industrial Park will eliminate the need for long haul CO₂ transportation and reduce certain midstream capital requirements
- CTV JV and Verde are discussing CRC's potential financial participation in the RG facility, including potentially a significant equity stake
- 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

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 CO₂ captured from industrial sources into depleted underground reservoirs and permanently store CO₂ deep underground. For more information about CTV, please visit www.carbonterravault.com.

About Carbon TerraVault Joint Venture

Carbon TerraVault Joint Venture is a carbon management partnership focused on carbon capture and sequestration development, and was formed between Carbon TerraVault, a subsidiary of CRC, and Brookfield Renewable. The CTV JV develops 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 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.

About Lone Cypress Energy Services

Lone Cypress Energy Services, LLC is an independent energy company focused on the development and operation of infrastructure across the entire energy value chain. Headquartered in Tulsa, OK, Lone Cypress offers a full suite of technology-enabled solutions including project development, project management, EPC contracting, and asset operations. Lone Cypress specializes in the development of hydrogen generation and distribution projects, waste to energy plant solutions, and traditional oil and gas midstream facilities. For more information, please visit www.lonecypressenergyservices.com.

About Verde Clean Fuels, Inc

Verde Clean Fuels, Inc. (Verde) is a renewable energy company focused on the development of commercial production plants to convert syngas, derived from diverse biomass feedstocks, such as yard waste, agricultural waste, and sorted municipal solid waste, as well as stranded or flared natural gas (including renewable natural gas) into gasoline through its innovative and proprietary liquid fuels technology, the STG+® process. Through its STG+® process, Verde converts syngas into fully finished fuels that require no additional refining, such as Reformulated Blend-stock for Oxygenate Blending ("RBOB") gasoline. To learn more about Verde, please visit www.verdecleanfuels.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 CRC's 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 CRC's 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 CRC's forward-looking statements include:

- CRC's ability to finalize definitive documents and reach a final investment decision with respect to Verde's project contemplated by its CDMA;
- the ability of Verde's project to achieve expected production volumes and associated CO₂ generation and the ability of the CTV to sequester such CO₂ volumes, respectively;
- CRC's ability to successfully execute on the construction of Verde's project 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;
- 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 CO₂;
- 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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