Carbon TerraVault Announces Two New Storage-Only Carbon Dioxide Management Agreements and Submission of Another Class VI Permit to the EPA

May 1, 2023

LONG BEACH, Calif.--(BUSINESS WIRE)-- California Resources Corporation (NYSE: CRC) today announced a storage-only Carbon Dioxide Management Agreement (CDMA) between Carbon TerraVault Holdings, LLC (CTV), a subsidiary of CRC that provides services including the capture, transport and storage of carbon dioxide (CO_2), and Yosemite Clean Energy, LLC (Yosemite). CRC also announced a second storage-only CDMA between CTV and InEnTec Inc. (InEnTec).

“2023 began on a good note for Carbon TerraVault as we continued to expand our carbon management storage capacity by submitting another Class VI permit to the EPA and entering into two additional Carbon Dioxide Management Agreements with reputable partners who are committed to energy transition in California,” said Mac McFarland, Chairman of the CTV Board. “We expect to receive a draft Class VI permit for CTV I by the end of the year and plan to further expand and diversify CTV’s portfolio of customers across the energy spectrum in the state of California.”

Francisco Leon, CRC’s President and Chief Executive Officer, added, “We are evaluating the strategic positioning of our carbon management business which could include a potential separation from our legacy oil and gas business. We are excited about CTV’s progress to date and believe a future separation could unlock additional value for our shareholders while continuing to help California achieve its climate goals.”

Primary Highlights

- Submitted a Class VI permit to the EPA for 34 million metric tons (MMT) of CO_2 storage for CTV IV, bringing CTV’s total potential permitted storage to 174 MMT
- Signed storage-only CDMAs with Yosemite Clean Energy, LLC and InEnTec Inc. for 40,000 and 100,000 metric tons per annum (MTPA) of CO_2 injection, respectively, bringing the total CTV injection rate to 610,000 MTPA with 200,000 MTPA targeted to Elk Hills reservoir and 410 MTPA targeted in the Sacramento basin area

Yosemite Clean Energy, LLC CDMA

In April 2023, CTV entered into a CDMA with Yosemite, a bioenergy development company that specializes in transforming farm and forest wood waste into carbon-negative hydrogen and renewable fuel, to sequester at least 40,000 MTPA of CO_2 at CTV carbon storage vaults from a new hydrogen plant to be constructed in Oroville, Northern California. Called the Yosemite Hydrogen Facility, the plant is expected to produce 24,000 kilogram (KG) per day of hydrogen. Over the next 10 years, Yosemite plans to construct two additional hydrogen facilities in California with similar technical and production characteristics.

The initial Yosemite Hydrogen Facility will utilize dual bed gasification technology to sustainably convert woody biomass waste from local forest and agricultural producers into syngas while the generated CO_2 will be captured and then stored permanently underground by CTV. Syngas is a combination of hydrogen, methane, CO_2, carbon monoxide, and other trace gases that is used to produce other fuels. California generates an estimated 50 million tons of forest and farm woody biomass waste annually, which when left to burn, decay, and decompose, emits immense amounts of greenhouse gases and black carbon, or soot, which is part of fine particulate air pollution. Yosemite’s plans to sustainably convert biomass into syngas, from which carbon negative hydrogen is produced, is in line with California's leading emission targets as it transitions to a carbon neutral economy.

“We are excited to work with such an experienced renewable fuels partner that is dedicated to powering California’s future,” said Francisco Leon, CRC’s President and Chief Executive Officer. “This new agreement underscores the need for CCS services to help reduce emissions in the state’s rapidly growing new energy economy. It also expands CRC's carbon management business in Northern California and meaningfully demonstrates our dedication to helping decarbonize California across the full spectrum of the energy value chain.”

“California continues to lead the country in the development of innovative, sustainable and economically feasible solutions that help reduce its carbon emissions and transition to a carbon neutral economy,” added Thomas Hobby, Yosemite’s Chief Executive Officer. “Our green hydrogen facilities will not only help to sustainably convert existing biomass into commercial scale carbon negative hydrogen for the California fuel markets but will also support local farmers and forest landowners to further enhance their operations and better position them for the future. CTV’s unique value proposition, leading CO_2 storage permitting process, storage asset position, and expertise provides us with confidence that we have found a solid partner in our quest for a sustainable, cleaner, more resilient environment for all Californians.”

Highlights of the Yosemite CDMA include:

- The Yosemite Hydrogen Project is expected to produce 24,000 KG per day of hydrogen. This translates to an initial 80,000 MTPA of associated CO_2,40,000 MTPA of which will be used for Yosemite's internal needs and the other half will be permanently sequestered at CTV locations
- Yosemite has entered into a letter of intent for a master offtake agreement with Gunvor USA in an amount up to the facility's total hydrogen production
- The project is expected to be commercial by the beginning of 2026, aligning with CTV's goal of 5 million MTPA by the end of 2027
- Yosemite plans to deliver produced CO_2 to a CTV location via a fleet of low emissions trucks
- The project's location and CO_2 transportation method provides a unique opportunity for CTV to deliver CO_2 to various sequestration locations across California
- CTV will provide a CO_2 truck offloading facility and permanent CO_2 storage site 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
- CO_2 capture capital will be effectively eliminated as CO_2 capture equipment, the most capital-intensive portion of CCS projects, is incorporated into the base design of the new Yosemite hydrogen facility
- CTV will have the right to take a stake in the total outstanding equity of the project company that holds the hydrogen project
- CTV will have a right of first look to provide storage services for subsequent Yosemite hydrogen projects in California
- 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 a final investment decision (FID).

InEnTec, Inc. CDMA

In April 2023, the CTV entered into a CDMA with InEnTec, an industry leader in gasification systems that economically and responsibly turns the world's waste into valuable green products, fuels and energy.

The CDMA contemplates that InEnTec will build a new renewable dimethyl ether (rDME) production facility at CRC's Net Zero Industrial Park in Kern County California, and CTV will sequester initially at the minimum 100,000 MTPA of CO_2 from InEnTec's facility in the CTV I carbon storage vault. The rDME facility is expected to produce 80 to 100 tons per day of rDME from biomass and other waste materials to help support the decarbonization of California's economy and its transportation sector.

"This promising agreement between CTV and InEnTec provides an innovative approach to production of renewable fuel at the heart of the Kern County energy hub," said Francisco Leon, CRC's President and Chief Executive Officer. "Doubling our CO_2 supply commitments at CTV I in a matter of four months at our groundbreaking Elk Hills Net Zero Industrial Park further underscores the rising need for our carbon management solutions in California."

"InEnTec's proprietary technology will reduce CO_2 emissions from the production and use of transportation fuels and help California achieve its critically important climate goals," added Jeffrey E. Surma, InEnTec's President and Chief Executive Officer. "This facility will benefit from many synergies with CTV and solidify InEnTec's company growth plans as we work to help decarbonize both the transportation and industrial sectors of the U.S. economy."

Highlights of the InEnTec CDMA include:

- The rDME facility will use InEnTec's proprietary gasification technology to convert waste materials into high quality synthesis gas, and then convert the syngas into rDME using technology expected to be supplied by InEnTec's partner Verde Clean Fuels (NASDAQ: VGAS). The facility is expected to produce 80 to 100 TPD of rDME for use as transportation fuel and subsequently at the minimum 100,000 MTPA of associated CO_2 that will be permanently sequestered at CTV I
- InEnTec entered into a master offtake agreement with Superior Plus Energy Services Inc. (Superior) to supply Superior with rDME. Superior is a U.S. operating subsidiary of Superior Plus Corp. (TSX: SPB)
- Project FID is targeted in late 2024, with operations expected to begin in the first half of 2026
- The CDMA also provides InEnTec with a lease for 50 acres at the Elk Hills Net Zero Industrial Park to construct its facility
- CTV will provide infield transportation and a permanent CO_2 sequestration site at CTV I in exchange for an injection fee on a per ton basis that fits within the previously disclosed economic type-curve for projects that require a storage-only solution
- The project's location at the Elk Hills Net Zero Industrial Park will eliminate the need for long haul CO_2 transportation and certain midstream capital requirements
- CTV and InEnTec are discussing CRC's potential financial participation in the rDME 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 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 California Resources Corporation

California Resources Corporation (CRC) is an independent energy and carbon management company committed to energy transition. CRC produces some of the lowest carbon intensity oil in the US and is focused on maximizing the value of its land, mineral and technical resources for decarbonization efforts. For more information about CRC, please visit www.crc.com.

About Yosemite

Yosemite Clean Energy, LLC (Yosemite) is a bioenergy development company that specializes in transforming farm and forest wood waste into carbon-negative biofuels, including green hydrogen and renewable natural gas. Yosemite provides renewable solutions to California's transportation and broader energy sectors while reducing risk of wildfires, raising air quality, and creating jobs and economic stimulus in underserved rural communities. Over the last decade, these areas have experienced a significant rise in catastrophic wildfire due to mismanagement of the forests, causing billions of dollars of property and environmental damage. Yosemite is developing a network of biofuels plants that are partially owned by the forest and agricultural communities they serve. The company is at various stages of development planning on biofuels plants across the state of California. For further information, visit yosemiteclean.com.

About InEnTec

InEnTec Inc.(InEnTec) is an industry leader in gasification systems that provides solutions to economically and responsibly turn the world's waste into valuable green products, fuels, and energy. To learn more about InEnTec, please visit www.inentec.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 Yosemite's and InEnTec's projects contemplated by their respective CDMAs;
- the ability of Yosemite's and InEnTec's 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 Yosemite's and InEnTec 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;
- 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.

Joanna Park (Investor Relations)
818-661-3731
Joanna.Park@crc.com
Richard Venn (Media)
818-661-6014
Richard.Venn@crc.com

Source: California Resources Corporation